

NTABANKULU LOCAL MUNICIPALITY
ANNUAL BUDGET



2015/2016 MTREFF

ANNUAL BUDGET OF

NTABANKULU LOCAL MUNICIPALITY

2015/16 TO 2017/18
MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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Abbreviations and Acronyms

AMR	Automated Meter Reading
ASGISA	Accelerated and Shared Growth Initiative
BPC	Budget Planning Committee
CBD	Central Business District
CFO	Chief Financial Officer
MM	Municipality Manager
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DBSA	Development Bank of South Africa
DORA	Division of Revenue Act
DWA	Department of Water Affairs
EE	Employment Equity
EEDSM	Energy Efficiency Demand Side Management
M	Mayor
FBS	Free basic services
GAMAP	Generally Accepted Municipal Accounting Practice
GDP	Gross domestic product
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
HSRC	Human Science Research Council
IDP	Integrated Development Strategy
IT	Information Technology
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowat
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
OHS	Occupational Health and Safety
OP	Operational Plan
PBO	Public Benefit Organisations
PHC	Provincial Health Care

PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
PTIS	Public Transport Infrastructure System
RG	Restructuring Grant
RSC	Regional Services Council
SALGA	South African Local Government Association
SAPS	South African Police Service
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprises

Part 1 – Annual Budget

1.1 Mayor's Report

Madam Speaker,
Abantwana Begazi bezizwe Zalapha kwelaseNtabankulu zonke,
Ndikahlela kuni ndithi Ngqanga neentsiba zayo,
Former Councillors,
Fellow Members of the Executive,
Executive Mayors,
Fellow Mayors, Speakers and Whiperies from all Municipalities present here,
Dignitaries,
Ratepayers,
Religious Leaders,
Taxi Associations,
Business People,
Representatives from Civic organizations,
Principals and SGB Chairpersons,
Political Parties,
Councillors,
Ward Committees,
The people of Ntabankulu,
Compatriots and friends,

Allow me to greet you all as I stand before you today.

Today we are assembled in what will be the last State of the Municipality Adress of this term of council.

It is a historic moment for us as Council and the Executive.
Indeed we have come a long way to get to this moment here today.
Kude kwalapha inkosi yoxolo inathi.

As we travelled along this road of the National Democratic Revolution we were constantly reminded of **Amilcar Cabral** when he said “***Hide nothing from the masses of our people. Tell no lies. Expose lies whenever they are told. Mask no difficulties, mistakes, failures. Claim no easy victories...***”

Dear Guests, Friends and Compatriots.

These are the most trying times as we have just entered the second phase of the transition.
A transition on a journey to lead the country into a National Democratic State.
The world economics and politics do not seem to favour the developing world and Africa in particular.
Slow economic growth and dependance on grant funding continue to hamper us and we find ourselves depending on foreign aid and forein direct investments.

This has led to a decline in job creation and subsequently a great frustration from our youth and the people in general.

In worse cases, our people have taken their anger and frustration on our fellow brothers and sisters from outside the republic.

As community leaders, we must continue to fight Xenophobia and ethninc intolerance wherever it raises its ugly head.

We must promote africanism, unity and tolerance.

The current unfavourable economic conditions are not permanent.

We will defeat poverty in the same vein that we defeated apartheid and its champions.

Let us continue to work together as africans to put an end to poverty and unemployment.

Africa must unite, Africa must grow.

Dear friends

Over the past few weeks I have been going through highlights of some of the events that have led to this day.

Allow me therefore to take a moment to share some of those with you.

It has been a long journey for us.

We have learned many lessons along the way.

We made friends, forged alliances and made partnerships.

Equally we have witness hardships and challenges.

As the African landscape itself our road was made out of Mountains, Hills, Forests, glades, and deserts.

We traversed through the ever changing seasons of time.

We met rainy days, storms and we froze in frosts.

We survived winds and dark nights to see suny days.

Together as the people we have emerged stronger.

We got inspired.

We then waged a war on poverty and we made it not our war, but a people's war.

We endeavoured to unite Ntabankulu.

With that in mind we would constantly remind ourselve that **Amilcar Cabral** further said ***“Always bear in mind that the people are not fighting for ideas, for the things in anyone's head. They are fighting to win material benefits, to live better and in peace, to see their lives go forward, to guarantee the future of their children. . .”***

Against that understanding we sort to drive a municipality that is inspired by the will of the people of Ntabankulu.

Together we have travelled a long road to get where we are.

We spent the greater part of our term, trying to define ourselves.

Trying to understand the inspirations of our people.

Trying to undersand the depth and the characteristics of our poverty.

We spent it consulting, visiting wards and villages, interacting with the people.

We consulted academics, profesional, leaders and civil society.

It is through that massive consultation that it became clear to us that the road ahead was not gonna be easy.

We saw that, we could not achieve anything if we did not seek help.

Subsequently we embarked on a campaign to expose the poverty situation of Ntabankulu to other levels of government.

It was through our efforts that in his SONA, President Zuma committed on assisting Ntabankulu.

We are now in consultation with various Ministries in order to establish and to finalise what kind of help we can possibly get.

What we must mention is that it is our intention to involve everyone in everything that we are doing.

We are counting on everyone to be involved in all processes, especially on issues of development.

Together we will break a new ground.

Together, we will take Ntabankulu forward.

Our duty as the people of Ntabankulu is to carefully study and understand our role as we enter the second phase of the transition of the National Democratic Revolution.

To realise that it presents us with an opportunity to involve ourselves in Government.

To rally all our mass power behind the vision of the Municipality.

By so doing we will ensure an accountable state that is free of corruption.

Together we will do it.

Looking at the Past four years in brief

My fellow compatriots.

To consider that we worked against a limited availability of resources to execute our work, we have made significant strides.

One may look at what we have done and mischievously conclude that we should have done more, but if you look at the challenges, one should be able to see that we have exceeded our own expectations.

Through our constant and tireless efforts, we have made significant achievements.

As such allow me to point out some of these strides and Achievements.

DEVELOPMENT HIGHLIGHTS FOR THE PAST 4 YEARS

On Roads Infrastructure

In the Financial year 2011/2012 using Municipal Infrastructure Grant: R19M we completed the following:

- *Bisa –fort-Donald access road in ward 17*
- *Nyathi access road in ward 6*
- *Bhungeni – Magombeni in ward 16*

In the Financial year 2012/2013 using Municipal Infrastructure Grant of R23M we did

- *Siphethu to Dwaku access road in ward 4*
- *Chibini to Gqazi access road in ward 17*
- *Manzana access road in ward 18*
- *Ndile pre-school in ward 3*

In the Financial year 2013/2014 utilising Municipal Infrastructure Grant at an amount of R24.4M, we constructed:

- *Hlankomo Bridge in ward 14*
- *Mqatyeni access road in ward 6*
- *Caba access road in ward 10*
- *Tshongweni Via Mpisini to Dambeni access road in ward 14*
- *Nozolisa Via Nomgalashe passing Magcakaneni to Dambeni in ward 13*
- *Drayini to Mazwakazi access road in ward 7*

My dear citizens of Ntabankulu and friends, we have a good story to tell

On that note allow me to reflect on the current financial year and its achievements.

Siyaqhuba. Futhi siyaqhuba mpela, asidlali

In the Financial year ending we have implemented the following projects:

We have used Municipal Infrastructure Grant of: R25, 6M to build:

- *Landfill site in ward 9 which will roll over to financial year 2015/2016*
- *Multi Purpose centre here on these grounds, which will roll over to the financial year 2015/2016*
- *Rehabilitation of Sihlonyaneni access road*
- *Mhlonyaneni Sports Fields in ward 6*

It became clear to us that we could not afford to rely on MIG and would have to make sacrifices on the Equitable Share. As council we then took a decisive sacrifice to save on unnecessary expenditure.

We made a cut on lunches for internal meetings, cut on travelling, use internal fleet instead of renting transport and other areas.

We have further made a significant sacrifice by using Equitable share at a total amount of R11, M and constructed:

- *Driving Licence testing Ground in ward 9*
- *Saphukanduku to Ntshamanzi access road in ward 12*
- *Mjelweni bridge in ward 12*
- *Mabofu access road in ward 17*
- *Hawker Stalls in ward 9 (urban area to benefit 30 beneficiaries)*

Fellow compatriots on Infrastructure we have planned the following projects for the Financial year 2015/2016 : Using Municipal Infrastructure Grant of R26, 617, 00 we will construct:

- Dinwayo to Dunusweni access road ward 3
- Buhlambo access road ward 17
- Ntabankulu Sport Field ward 9
- Upgrade of community halls (Ward 5, 8,13, & 18)
- Multi purpose centre ward 9(urban area)
- Municipal Council Chamber ward 9(urban area)
- Transido upgrade ward 9 (urban area)

From our equitable share our Planned Projects, at a total cost of R4.5m for the Financial year 2015/2016 are as follows:

- Ablution facilities at Erf 85 and maintenance of Home Affairs ward 9 (urban area)
- Maintenance of 20 km gravel access roads
- Maintenance of Solar/LED hybrid 34 street lights & 5 high masts
- Installation of solar/LED hybrid 3 high masts and 20 street lights in the urban area

We have worked hard advocating for further support from various departments.

We have succeeded in securing funding from the Provincial Treasury at a total amount of R40 million to surface the internal streets in Town.

We will Upgrade of urban internal streets in ward 9 (urban area) starting with the main street. By this we aim at revamping the image of our beautiful town.

We love Ntabankulu and we will change its face

Our Planned Projects for the financial year 2015/2016 using Sustainable Service Delivery Funding R 6 929 000, are as follows:

- Feasibility study for Bhayi to Ntlangano access road
- Qhiphu access road ward 9

- Mafinyela access road ward 14
- Patch regravelling of Buntshentshe access road ward 10
- Xhopho and Mpoza Pre-school (ward 2 & 4)
- Public ablution facilities ward 9 (urban area)

Dear friends and Compatriots: ELECTRIFICATION IN THE PAST FOUR YEARS

We must concede that our sleepless nights have all been attributed to backlogs in electrification. Driven by impatience, our people have taken to the streets in protest for electricity.

We continue to urge our people that we are working day and night to one day end the back-log. Our main problem has always been lack of funding and dependence on our neighbouring municipalities for connection. This has led to a huge backlog on electricity.

With those challenges, we have been able to electrify the following areas

In 2010/2011 using Schedule 5B Funding of R15M, we electrified:

We electrified: Chibini, Manaleni and Mpolosa with 700 households

In the year 2011/2012 using Schedule 5B Funding of R15M, we electrified:

Ngcwamani, Dinwayo & Ntlambashe with 945 Households.

In the Financial year 2012/2013 we used R5M to connect houses in the following areas:

Ward 15: Mowa and Vulindlela with 133 households

In the Financial year 2013/2014 our Schedule 5B Funding of R20M enabled us to bring light to the following areas:

- *Ward 15: Vulindlela, Hlankomo 270 households*
- *Ward 14: Ncama 70 households*
- *Ward 10: , Magqaggeni & Kwa-Zulu 403 households*

On the other hand ESKOM Projects in the Financial year 2013/2014 a Schedule 6 allocation of R38M enabled us to electrify:

- *Ward 4: Zinyosini 400 households*
- *Ward 7: Madwakazana 226 households*

- *Ward 8: Bhukazi & Bhonga 569 Households*

We made a huge stride in the current financial year.

We made a record by securing the biggest allocation Ntabankulu has ever received in one year. We worked to respond to our people's needs.

Projects currently under implementation in the financial year 2014/2015 are as follows

Electrification through Schedule 5B: R30M is electrifying

Ward 6: Matshona, Taleni 551 households

Ward 10 Mangqoyini 65 households

Ward 17 Dedelo & Luncedweni 475 households

Ward 16 Marhamzeni at total of 264 households

We secured a loan from DBSA to increase our connections.

Electrification through DBSA Funding of R40M is currently electrifying the following areas:

- Ward 18 Jakuja & Lokhwe 524 households
- Ward 7 Ntsinyane & Jiliza/Ndakeni 465 households
- Ward 9 Qiphu & Mcepheni 281 households
- Ward 12 Tsita 220 households
- Ward 13 Magcakaneni 100 households
- Ward 14 Mbangweni 250 households

Indeed siyaqhuba and we have a good story to tell

Electrification distribution through Re-gazetted Funds of R4, 5M is currently electrifying the following:

- Ward 8 Sikhululweni/Dambeni at total of 269 households

In the coming financial year our planned Projects for the year 2015/2016 are as follows

Our friends from ESKOM are going to Electrification through Schedule 5B of R32,4M

- *Amacwera 132/22kv 20 MVA substation to roll over financial year 2016/2017*
- *Qumbu - Amacwera 132 Kv 40 km Chicadee line*
- *Qumbu s/s - Amacwera 132 Kv Feeder Bay*
- *Amanci Project (Ndwana): 100 households*
- *Xesibe(Gxwaleni) project: 150 households*
- *Kwa Veni 40 households*

In suport to those who have no electricity and are from poor backgrounds through our INDIGENT SUPPORT

2014/2015 Financial year: Equitable Share: R8.2 M

- *365 beneficiaries for electricity,*
- *5580 beneficiaries for paraffin &*
- *100 beneficiaries for solar*
- *Job creation through distribution of paraffin to all 18 wards at R540,000*

2015/2016 Financial year: Equitable Share: R8M

- *Additional categories on free basic service to Indigent beneficiaries will be rates and refuse for this financial year.*

ON LOCAL ECONOMIC DEVELOPMENT PROJECTS

Expanded Public Works Program Projects: Department of Environmental Affairs Funding: R5M we have the following projects

- *Street cleaning and Town beatification: 90 beneficiaries will receive Jobs*
- *Youth Jobs in waste: 9 beneficiaries*

Expanded Public Works Program Projects: EPWP Funding: R1. 502 681M

- *EPWP Safety and Security: 33 Security, 7 Traffic Wardens and other EPWP with 40 beneficiaries.*

Expanded Public Works Program Projects: DORA Funding: R1.293M

- *Cleansing Project Urban street cleaning and municipal sites: @ EPWP rate of R1 694.16 with 66 beneficiaries*

Unemployed Training & Development

- *Training on Traffic Diploma(1 year) through LGSETA and Equitable Share funding of R528 208.00 for 5 unemployed young people of Ntabankulu*
- *Services Seta internship: 17 interns: Paid stipend of R3 000,00 per month*
- *LGSETA Internship: 20 Interns: Paid stipend of R1500 per month Treasury Internship: 4 interns: Paid stipend R8 333.00 per month*
- *Municipal Internships: 8 interns: Paid stipend of R3500,00 @ R336,000 per annum*
- *Ward Secretaries trained on Office Administration for all wards R180,000*

SMME & Cooperative Support

- *Support to Babondla Cooperative R119,645*
- *Beans production in ward 11: R200,000*

Special Programs Unit Support

- *Beauty contest: Miss Ntabankulu: 1st Prize, 2nd Prize & 3rd Prize @ R15,500 (3 beneficiaries @ ward 11)*
- *Top Matric achievers awards: First runner, Second runner & Third runner R30,000 (3 beneficiaries @ ward 9,11 & 12)*

Planned projects for the financial year 2015/2016**Expanded Public Works Program Projects: DORA Funding: R1.031M**

- *38 beneficiaries from Siyacoca, 10 beneficiaries for pothole patching, 10 beneficiaries for Grass cutting and 4 beneficiaries for Rangers. (62 beneficiaries)*

Expanded Public Works Program Projects: EPWP Funding: R565 000

- *20 Hall caretakers and 15 Traffic Wardens*

Unemployed Training & Development

- *Unemployed training: computer literacy. 21 beneficiaries at R70,000 budget*

- Unemployed training on CPMD through LGSETA Discretionary Grant at R150,000
- Unemployed training: LED at R300,000

SMME & Cooperative Support

- Support for One vegetable cooperative at R250,000
- Support for livestock improvement at R20,00 budgeted
- Support for Babondla Poultry at R80,000
- Support for Manufacturing of wood benches and chairs at R100,00 in Ward 2
- Support for one car wash at R100,000 in ward 9
- Grade 12 achievers awards, Learners license drivers program at R250,000
- Tourism, Arts and Culture development @ R100,000

Special Programs Unit Support

- School uniform to 30 identified OVC's and stimulation material to 3 pre-schools at a budgeted amount of R50,000
- Three elderly project as per need analysis @ R50,000
- Two women projects as per need analysis at budgeted amount of R50,000
- Disabled sector plan at budgeted amount of R25,000
- Mayoral cup games @ R250,000
- 5 library programs (library week, career exhibition, literacy day, holiday program through funding from DSRAC and Ntabankulu Local Municipality R250,000

Waste Management projects

- Landfill site plant machinery @ R1M
- Recycling Machinery @ R400,000

My dear friends and Compatriots

I now bring before you the budget

NTABANKULU LOCAL MUNICIPALITY BUDGET FINANCIAL YEAR 2015/2016

ANNUAL BUDGET 2015/2016		
DESCRIPTION	INCOME	EXPENDITURE
Council	12 097 250	12 097 250

Municipal manager	10 195 371	10 195 371
Budget & Treasury	35 876 755	35 876 755
Corporate Services	14 406 105	14 406 105
Community Services	19 348 558	19 348 558
Strategic Planning & Dev.	8 846 023	8 846 023
Infrastructure	6 095 010	6 095 010
Traffic	100 000	100 000
Public Safety	2 009 000	2 009 000
Refuse	400 000	400 000
Total Operational Budget	109 374 072	109 374 071,92
Capital Budget	111 536 150	111 536 150
Total Budget	220 910 222	220 910 221,92
Total Budget Surplus/Deficit		-

My fellow Councillors, Ward Committes, Comrades and Colleagues.

Our time as this council is closing nearer to the end.

Allow me to take this emotional moment to say to you, thank you for your contribution to this council. Your dedication to your work as elected representatives have been remarkable.

We have had our fair share of debates and disagreements.

We have agreed, disagreed and sometimes agreed to disagree.

We did all that with the inspirations of the people of Ntabankulu at heart.

Your wisdom and dedication has brought us to this day.

Your enthusiasm in your work has enabled us to achieve more than our detractors thought we would.

I will never forget the times we had as councillors.

In our hearts, it will remain forever that we served our people.

In their hearts, our people will remember us.

We made a difference.

As men and women of sacrifice we changed Ntabankulu forever.

Soldiers who were disciplined enough never to betray the cause of the revolution of our people.

I am proud to have led you during these trying times.

Management and Staff of Ntabankulu,

Allow me to say thank you for having executed our instructions with eagerness.

You made our work easier by being humble to us and to the people of Ntabankulu.

Your sleepless nights in boardrooms and with us on the ground is much appreciated.

May you continue to serve the people of Ntabankulu with pride.

My fellow compatriots, the People of Ntabankulu.

Allow me to take this moment to say to you it has been a great pleasure serving you.

Being Mayor has made me grow, both as a person and as a leader.

You have taught me that being a leader requires a person to lose his self and live his life in the service of the people. I have learnt to be humble and to understand that we are all equal before the eyes of justice

We have been through it all together and I thank you.

**Ndiyabulela,
Enkosi,
Thank you,
Kealebowa,
Biaa Dankei,**

1.1 Council Resolutions

On 27th of May 2015 the Council of Ntabankulu Local Municipality met in Municipal Hall to consider the Annual Budget of the municipality for the financial year 2015/2016. The Council approved and adopted the following resolutions:

1. That the Final IDP 2015/2016 be approved;
2. That the Final Budget 2015/2016 be approved as per section 22 of the MFMA.
3. That the Council approves the Final Budget of the Municipality for the financial year 2015/2016; and indicative for the two projected outer years 2016/2017 and 2017/2018 be approved as set out in the following;
 - Operating Revenue by Source ...
 - Operating Expenditure by Source ...
 - Capital Expenditure by vote ...
 - Capital Funding by source
4. Council approves that the measurable performance objectives for each vote reflected in adopted budget are approved for the final budget year 2015/2016.
5. The Council approves the amended and non-amended budget related policies that are as follows:-
 - Budget Policy
 - Asset Management Policy
 - Transport Policy
 - Credit Control & Debt Collection Policy
 - Supply Chain Management Policy

- Property Rates Policy
 - Indigent Policy
 - Cash & Investment Policy
 - Petty Cash Policy
 - Catering Policy
6. That the Council approves 2015/2016 Tariffs
 7. That the Council adopts Procurement Plan

1.2 Executive Summary

METHOD OF PREPARATION

The Annual Budget was prepared based on the Zero Based Method. It has also been prepared in line with National Priorities, Provincial Development Growth Plan (PDGP), In terms of the method all votes and line items were reduced to zero and every amount allocated had to be motivated. General Managers were requested to hand their requests to the Chief Financial Officer for inclusion on the budget. The Strategic planning session was arranged by Municipal Manager on 18th to the 19th of May 2015, to solicit information which was expected to reach the Chief Financial Officer within that week. All departments gave input that was to be used to finalise the Annual SDBIP.

The Municipality has developed a Revenue Enhancement Strategy that will assist in increasing the own revenue. The Municipality will implement the Credit Control policy to reduce the high level of revenue from outstanding debtors.

1.4 Operating Budget

In terms of GRAP format Capital Grants receivable are included in the Operating Budget. Capital Expenditure is not included in Operating Budget.

Operating expenditure is the day to day management items of the Municipality, i.e.:

- Salaries and Wages;
- Repairs and Maintenance;
- Depreciation on Assets,
- Insurance,
- Electricity,

- Telephone,
- Subsistence and Travelling Allowances,
- Fuel etc.

The total budget amounts to R220 910 222, the breakdown of which is operational budgeted revenue of R103 352 000, capital budget of R103 245 000, and internally generated funds (own revenue) of R14 313 223. Table 1 hereunder summarizes the budget per department

Allocations per line item are done by the departments themselves, as long as they don't exceed the amounts allocated per Table 1. Table 1 which is Consolidated Overview of the 2015/2016 Annual Medium Term Revenue Expenditure Forecast.

Table 1

	Adjustment Budget 2014/15	Annual Budget 2015/16	Budget Year +1 2016/17	Budget Year +2 2016/17
Total Revenue (excluding capital transfers and contributions)	105 557 761	117 313 222	109 459 612	106 051 846
Total Expenditure	99 756 428	109 374 072	113 247 701	119 319 385
Surplus/(Deficit) for the year	5 801 333	7 939 150	3 788 089	13 267 539
Total capital expenditure	109 642 603	111 536 150	62 115 900	58 498 200

Total Revenue by source

Revenue	Amount	Percentage
Property Rates	2 844 360	1.29%
Service Charges	279 947	0.13%
Rental of Facilities	1 083 539	0.49%
Interest earned – external	2 277 987	1.31%
Interest earned – internal	15 870	0%
Fines	1 700 746	0.76%
Government Grants	103 352 000	46.78%
Capital Grants	103 245 000	47.74%
Other	6 110 773	2.77%
Total	220 910 222	100%

Total Expenditure by type

Expenditure	Amount	Percentage
Employee Related Costs	45 887 860	41.95%
Remuneration of Councillors	11 291 884	10.32%
Provisions	1 922 936	1.76%
Depreciation	2 824 000	2.52%
Repairs and Maintenance	3 600 000	3.29%
Finance Charges	100 000	0.09%
General Expenses	43 747 391	40%
Sub-total	109 374 072	100%
Capital	111 536 150	
TOTAL	220 910 222	

Annual Budget per Department

Department	Expenditure	Income	Capital
Executive & Council	22 292 621	22 292 621	110 436 150
Budget & Finance	35 714 206.35	36 976 755	1 100 000
Corporate Services	14 406 105	14 406 105	
Community Services	21 457 558	21 457 558	
Economic & Environmental Services	14 941 033		
Trading services	400 000	400 000	
Deficit		0	
TOTAL	109 374 072	109 374 072	111 436 150

Capital Budget

Capital projects amounting to R111 436 150 has been included in this budget. The municipality's internally generated funds available to fund these projects amount to R9 400 000.

All projects presented in this report are the priorities as per the Final Integrated Development Plan which was reviewed from the month of August 2015 during the IDP Road-shows and the strategic planning session held in March 2015 by the municipality.

Funding of Capital Budget

DOE	30 000 000
MIG	25 286 150
Provincial Treasury	46 850 000
<i>Sub Total</i>	102 086 150
Internal funds	9 400 000
TOTAL	111 536 150

Property Rates

The new Property Valuation Roll came into effect the 1 July 2013 and this will come to expire at the end of 2016/17 financial year ending 30 June 2017. The Supplementary Valuation Roll 2 has been prepared and Final SV2 is available of which notifications were done to Rate Payers through advert and public notices to the Ratepayers. This was to give Ratepayers aggrieved by new General Valuation Values of their Properties to lodge objections as per requirements of Local Government: Municipal Property Rates Act. The Final Supplementary Valuation Roll 2 was implemented from April 2015. The tariffs have not been changed, the tariff increase was not considered. The R50 000 rebate on residential has been removed. The ratepayers will only benefit the gazetted rebates.

Refuse Removal and Other Tariff of Charges

Refuse tariffs were not based on increase of 5.8% but refuse tariffs have increased as follows:

- Residential 16.67%
- Government Departments 33.33
- Business 66.67

The municipality felt the need to do the effect the increases because the cost of refuse collection is way below the income generated on refuse collection.

ACCUMULATED DEFICIT/SURPLUS

The Annual Budget has a zero balance on deficit/surplus budget.

1.5 Operating Revenue Framework

For Ntabankulu Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The

reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for property rates and other key service charges;
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the Municipality.

The following table is a summary of the 2015/2016 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

EC444 Ntabankulu - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source											
Property rates	2	1,566	2,236	2,300	2,688	2,688	2,688	2,688	2,844	3,009	3,184
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	179	160	65	265	100	100	100	280	295	311
Service charges - other											
Rental of facilities and equipment		914	881	1,010	1,024	1,024	1,024	1,024	1,084	1,143	1,204
Interest earned - external investments		925	1,559	1,200	1,320	3,165	3,165	3,165	2,278	2,410	2,550
Interest earned - outstanding debtors		252	-	10	10	15	15	15	16	17	18
Dividends received											
Fines		480	433	1,600	1,012	1,012	1,012	1,012	1,701	1,794	1,889
Licences and permits											
Agency services											
Transfers recognised - operational		86,524	67,715	75,232	85,992	87,532	87,532	87,532	103,352	100,457	96,544
Other revenue	2	197	144	281	3,218	10,022	10,022	10,022	6,111	334	352
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		91,038	73,127	81,698	95,529	105,558	105,558	105,558	117,665	109,460	106,052

1.6.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No.51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio to residential properties to be 1:025.

The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17 (h) of the MPRA).
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a minimum total rebate of 40 per cent will be granted to owners of rateable property if the total gross income of the applicant and/or his/her spouse, if any, is the following:
 - Income not exceeding an amount equivalent to 2 old age pension income

In this regard the following stipulations are relevant:

- The rate-able property concerned must be occupied only by the applicant and his/her spouse.
- The applicant must submit proof of his/her age, identity and also proof of the annual income from a social pension;
- The applicant's account must be paid in full, or if not, an arrangement to the debt should be in place; and
- The property must be categorized as residential.

Classes such as churches, registered welfare organizations, institutions or organizations performing charitable work,
Sports grounds used for purposes of amateur sport.

In considering changes in property rates, cognizance was taken of the local economic conditions such as the gradual recovery in the property market, trends in household incomes and unemployment. Excessive increases in property rates and other tariffs are likely to be counterproductive, resulting in higher levels of non-payment and increased bad debts.

Table 3 Operating Transfers and Grant Receipts

EC444 Ntabankulu - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		72,219	70,309	92,434	85,462	85,502	85,502	102,752	100,457	96,544
Local Government Equitable Share		54,929	62,559	69,894	79,930	79,930	79,930	98,871	97,675	93,611
Finance Management		1,500	1,867	1,650	1,800	1,800	1,800	1,800	1,825	1,900
Municipal Systems Improvement		790	839	890	934	934	934	930	957	1,033
EPWP Incentive		15,000	5,044	20,000	2,798	2,798	2,798	1,031	-	-
LGSETA					-	40	40	120		
Provincial Government:		-	-	-	250	1,092	1,092	600	-	-
Sport and Recreation					250	1,092	1,092	200	-	-
Principin Plan								400		
District Municipality:		-	-	-	200	200	200	-	-	-
ANDM					200	200	200			
Other grant providers:		-	-	-	80	738	738	-	-	-
Vuna Awards					80	80	80			
DEDEA					-	658	658			
Total Operating Transfers and Grants	5	72,219	70,309	92,434	85,992	87,532	87,532	103,352	100,457	96,544
Capital Transfers and Grants										
National Government:		25,018	43,213	44,271	55,577	100,177	100,177	96,395	62,318	58,702
Municipal Infrastructure Grant (MIG)		25,018	28,213	24,271	25,577	25,577	25,577	26,395	27,318	28,702
Integrated National Electrification Programme			15,000	20,000	30,000	34,500	34,500	30,000	35,000	30,000
Rural Transport Services and Infrastructure								40,000	-	-
DBSA						40,100	40,100			
Provincial Government:		-	-	-	-	-	-	6,850	-	-
Provincial Treasury								6,850	-	-
District Municipality:		150	150	150	-	-	-	-	-	-
ANDM		150	150	150	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Vuna Awards										
Total Capital Transfers and Grants	5	25,168	43,363	44,421	55,577	100,177	100,177	103,245	62,318	58,702
TOTAL RECEIPTS OF TRANSFERS & GRANTS		97,387	113,672	136,855	141,569	187,709	187,709	206,597	162,775	155,246

Tariff-setting is a vital and strategic part of the compilation of any budget. When rates, tariffs and other charges were set, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

Table 4 Comparison of proposed rated levies for the 2014/15 financial year

Service Type	Category of user/users	Tariffs 2014-2015	Proposed Increase/ Decrease	New Tariffs 2015-2016
Property Rates	Domestic	R0.004	None	R0.004
	Business	R0.004	None	R0.004
	Government	R0.015	None	R0.004
Senior citizens with property valued less than R200.000.00		R1600.00 per annum	None	R1600.00 per annum

Waste Removal and Impact of Tariff Increases

Generally, in most municipalities, solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. The Municipality will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration.

A Drastic increase of 17% in the waste tariff on Residential properties, 33% on Government properties and 67% on Business properties was proposed and changed on the Draft budget. Higher increases will not be violable in 2015/2016 owing to significant increases implemented in previous financial years as well as the overall impact of higher inflation increases of other services. Any increase higher than 10 per cent would be counter-productive and will result in affordability challenges for individual rates payers raising the risk associated with bad debt.

The following table compares current and proposed amounts payable from 1 July 2015:

Table 11 Comparison between current waste removal fees and increases

Refuse Removal	Domestic	R60.00	None	R70.00
	Government	R90.00	None	R120.00
	Business	R90.00	None	R150.00

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2015/2016 budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Strict adherences to the principle of no project plan no budget. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the budget and MTREF (classified per main type of operating expenditure):

Table 13 Summary of operating expenditure by standard classification item

Expenditure By Type											
Employee related costs	2	25,246	28,431	28,931	39,151	39,151	39,151	39,151	41,596	43,408	45,647
Remuneration of councillors		7,739	8,114	9,547	9,748	9,748	9,748	9,748	10,433	10,880	11,511
Debt impairment	3	385	4,757	500	500	500	500	500	529	558	588
Depreciation & asset impairment	2	5,473	5,854	5,146	3,000	2,250	2,250	2,250	3,174	3,349	3,526
Finance charges		544	97	100	50	44	44	44	50	53	56
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	2,648	2,083	2,400	3,450	2,132	2,132	2,132	3,800	4,009	4,221
Contracted services		-	-	-	-	-	-	-	-	-	-
Transfers and grants		-	-	-	-	-	-	-	-	-	-
Other expenditure	4, 5	22,122	29,469	30,174	36,563	45,932	45,932	45,932	45,503	44,450	46,807
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Expenditure		64,158	78,804	76,799	92,462	99,756	99,756	99,756	105,086	106,707	112,355
Surplus/(Deficit)		26,880	(5,677)	4,899	3,067	5,819	5,819	5,819	4,432	1,015	(8,161)
Transfers recognised - capital		29,172	34,201	44,271	55,577	100,177	100,177	100,177	56,395	62,318	58,702
Contributions recognised - capital	6	(26,646)	(30,165)	(49,157)	(61,498)	(109,643)	(109,643)	(109,643)	(64,286)	(61,269)	(57,600)
Contributed assets		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		29,407	(1,641)	13	(2,854)	(3,646)	(3,646)	(3,646)	(3,459)	2,065	(7,059)

The budgeted allocation for employee related costs for the 2015/2016 financial year totals R45 888 million, which equals 42% per cent of the total operating expenditure. Based on the three year collective SALGBC agreement, salary increases have been factored into this budget at a

percentage increase of 5.8 per cent for the 2015/2016 financial year. An average annual increase of around 5.5 per cent for 2016/2017 and 5.3% for 2017/2018 financial years of the MTREF

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.

The provision of debt impairment was determined based on an annual collection rate of 85 per cent and the Debt Write-off Policy of the Municipality. For the 2015/2016 financial year this amount equates to R529 000 and escalates to R559 682 by 2016/2017 and 592 114 by 2017/2018. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R2 824 000 for the 2015/2016 financial and equates to 2.5 per cent of the total operating expenditure.

Other material comprises of amongst others the purchase of fuel, diesel, materials for maintenance, cleaning materials and chemicals. In line with the Municipality's repairs and maintenance plan this group of expenditure has been prioritised to ensure sustainability of the Municipality's infrastructure. The expenditure for other materials is expected to be constant over the MTERF period.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. Growth is expected to increase by 24 per cent in 2015/16.

The following table gives a breakdown of the main expenditure categories for the 2015/16 financial year.

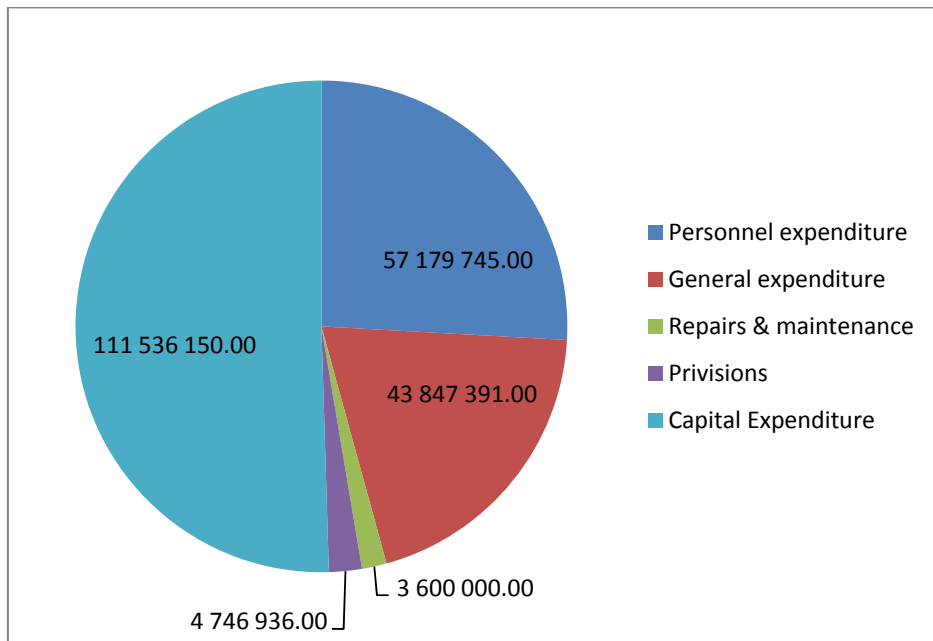


Figure 1 Main operational expenditure categories for the 2015/16 financial year

1.3.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality’s current infrastructure, the 2015/16 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration and purchases of materials

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 14 Repairs and maintenance per asset class

EC444 Ntabankulu - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		1,870	2,083	4,000	2,000	1,055	1,055	1,800	1,899	2,000
Infrastructure - Road transport		-	-	-	2,000	1,055	1,055	1,450	1,530	1,611
<i>Roads, Pavements & Bridges</i>										
<i>Storm water</i>					2,000	1,055	1,055	1,450	1,530	1,611
Infrastructure - Electricity		-	-	-	-	-	-	350	369	389
<i>Generation</i>										
<i>Transmission & Reticulation</i>										
<i>Street Lighting</i>								350	369	389
Infrastructure - Water		-	-	-	-	-	-	-	-	-
<i>Dams & Reservoirs</i>										
<i>Water purification</i>										
<i>Reticulation</i>										
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
<i>Reticulation</i>										
<i>Sewerage purification</i>										
Infrastructure - Other		1,870	2,083	4,000	-	-	-	-	-	-
<i>Waste Management</i>										
<i>Transportation</i>										
<i>Gas</i>										
<i>Other</i>										
Community		-	-	-	-	-	-	-	-	-
Parks & gardens										
Sportsfields & stadia										
Swimming pools										
Community halls										
Libraries										
Recreational facilities										
Fire, safety & emergency										
Security and policing										
Buses										
Clinics										
Museums & Art Galleries										
Cemeteries										
Social rental housing										
Other										
Heritage assets		-	-	-	-	-	-	-	-	-
Buildings										
Other										
Investment properties		-	-	-	-	-	-	-	-	-
Housing development										
Other										
Other assets		-	-	-	1,300	1,023	1,023	1,800	1,902	2,008
General vehicles					200	178	178	400	423	448
Specialised vehicles										
Plant & equipment										
Computers - hardware/equipment					150	22	22	50	53	56
Furniture and other office equipment					100	100	100	400	423	448
Abattoirs										
Markets										
Civic Land and Buildings										
Other Buildings					800	719	719	800	844	889
Other Land										
Surplus Assets - (Investment or Inventory)										
Other					50	4	4	150	159	168
Agricultural assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
Biological assets		-	-	-	-	-	-	-	-	-
<i>List sub-class</i>										
Intangibles		-	-	-	-	-	-	-	-	-
Computers - software & programming										
Other (<i>list sub-class</i>)										
Total Repairs and Maintenance Expenditure	1	1,870	2,083	4,000	3,300	2,078	2,078	3,600	3,801	4,008

For the 2015/16 financial year R3 6million of total repairs and maintenance will be spent on infrastructure assets.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The registering of households as indigents is a process that is reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR B10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 Capital expenditure

The following table provides a breakdown of budgeted capital expenditure by vote:

Table 5 2015/16 Medium-term capital budget per vote

Capital Expenditure - Standard											
<i>Governance and administration</i>		-	-	2,700	2,200	2,536	2,536	2,536	111,536	62,116	58,498
Executive and council									110,436	60,952	57,267
Budget and treasury office			2,700	2,200	2,536	2,536	2,536	2,536	1,100	1,164	1,231
Corporate services											
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-	-
Community and social services											
Sport and recreation											
Public safety											
Housing											
Health											
<i>Economic and environmental services</i>		25,018	28,213	46,757	27,298	30,436	30,436	30,436	-	-	-
Planning and development											
Road transport		25,018	28,213	46,757	27,298	30,436	30,436	30,436			
Environmental protection											
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-
Electricity											
Water											
Waste water management											
Waste management											
<i>Other</i>											
Total Capital Expenditure - Standard	3	25,018	28,213	49,457	29,498	32,971	32,971	32,971	111,536	62,116	58,498
Funded by:											
National Government		25,018	28,213	46,757	27,298	30,436	30,436	30,436	55,286	62,318	58,702
Provincial Government									46,850		
District Municipality											
Other transfers and grants				2,700	2,200	2,536	2,536	2,536	-	(202)	(204)
Transfers recognised - capital	4	25,018	28,213	49,457	29,498	32,971	32,971	32,971	102,136	62,116	58,498
Public contributions & donations	5										
Borrowing	6										
Internally generated funds									9,400		
Total Capital Funding	7	25,018	28,213	49,457	29,498	32,971	32,971	32,971	111,536	62,116	58,498

For 2015/16 an amount of R109 436 million has been appropriated for the development of infrastructure. This represents 98% of the total capital budget.

New assets total represents 100 per cent or R111 536 million of the total capital. Further detail relating to asset classes and proposed capital expenditure is contained in Table 26 MBRR B9 (Assets Management). In addition to the B9 MBRR, SB 18c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class. Some of the salient project to be undertaken over the medium term includes, amongst others.

Furthermore contains a detail breakdown of the capital per project over the MTRF.

1.7 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2015/16 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes*.

Table 17 MBRR Table A1 - Budget Summary

EC444 Ntabankulu - Table A1 Budget Summary

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands										
Financial Performance										
Property rates	1,566	2,236	2,300	2,688	2,688	2,688	2,688	2,844	3,009	3,184
Service charges	179	160	65	265	100	100	100	280	295	311
Investment revenue	925	1,559	1,200	1,320	3,165	3,165	3,165	2,278	2,410	2,550
Transfers recognised - operational	86,524	67,715	75,232	85,992	87,532	87,532	87,532	103,352	100,457	96,544
Other own revenue	1,843	1,458	2,901	5,264	12,072	12,072	12,072	8,911	3,288	3,463
Total Revenue (excluding capital transfers and contributions)	91,038	73,127	81,698	95,529	105,558	105,558	105,558	117,665	109,460	106,052
Employee costs	25,246	28,431	28,931	39,151	39,151	39,151	39,151	45,888	48,711	51,230
Remuneration of councillors	7,739	8,114	9,547	9,748	9,748	9,748	9,748	11,292	11,755	12,378
Depreciation & asset impairment	5,473	5,854	5,146	3,000	2,250	2,250	2,250	2,824	2,988	3,161
Finance charges	544	97	100	50	44	44	44	100	106	111
Materials and bulk purchases	2,648	2,083	2,400	3,450	2,132	2,132	2,132	3,600	3,801	4,008
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	22,507	34,226	30,674	37,063	46,432	54,062	54,062	45,670	45,887	48,431
Total Expenditure	64,158	78,804	76,799	92,462	99,756	107,387	107,387	109,374	113,247	119,319
Surplus/(Deficit)	26,880	(5,677)	4,899	3,067	5,801	(1,829)	(1,829)	8,291	(3,788)	(13,267)
Transfers recognised - capital	-	-	-	-	-	-	-	103,245	62,318	58,702
Contributions recognised - capital & contributed	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	26,880	(5,677)	4,899	3,067	5,801	(1,829)	(1,829)	111,536	58,530	45,435
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	26,880	(5,677)	4,899	3,067	5,801	(1,829)	(1,829)	111,536	58,530	45,435
Capital expenditure & funds sources										
Capital expenditure	25,018	28,213	49,457	29,498	32,971	32,971	32,971	111,536	62,116	58,498
Transfers recognised - capital	25,018	28,213	49,457	29,498	32,971	32,971	32,971	102,136	62,116	58,498
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	9,400	-	-
Total sources of capital funds	25,018	28,213	49,457	29,498	32,971	32,971	32,971	111,536	62,116	58,498
Financial position										
Total current assets	26,539	30,004	33,442	33,874	39,327	39,327	39,327	38,039	34,238	35,713
Total non current assets	9,264	11,805	11,808	11,751	11,751	11,751	11,751	11,751	11,751	11,751
Total current liabilities	-	-	-	-	-	-	7,760	6,165	6,165	6,165
Total non current liabilities	3,181	3,357	5,176	5,176	5,176	5,176	5,176	1,923	2,029	2,136
Community wealth/Equity	3,181	3,357	7,074	248,951	244,673	244,673	244,673	172,819	172,819	172,819
Cash flows										
Net cash from (used) operating	36,454	32,363	18,866	56,538	97,457	97,457	97,457	111,536	58,530	45,434
Net cash from (used) investing	(26,717)	(30,164)	(26,304)	(61,498)	(109,643)	(109,643)	(109,643)	(111,536)	(62,116)	(58,498)
Net cash from (used) financing	(168)	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	18,889	105,899	201,652	335,462	477,663	674,561	(11,302)	9,319	5,733	(7,331)
Cash backing/surplus reconciliation										
Cash and investments available	10,143	7,976	9,319	9,319	9,319	9,319	9,319	9,319	5,860	7,756
Application of cash and investments	(113)	(1,355)	(9,500)	(4,088)	(4,294)	(4,294)	3,466	2,789	(2,647)	(2,220)
Balance - surplus (shortfall)	10,256	9,331	18,819	13,407	13,613	13,613	5,853	6,530	8,507	9,976
Asset management										
Asset register summary (WDV)	133,621	141,197	156,483	155,209	158,515	158,515	223,202	223,202	285,317	343,816
Depreciation & asset impairment	5,473	5,854	5,146	3,000	2,250	2,250	2,824	2,824	2,988	3,161
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	1,870	2,083	4,000	3,300	2,078	2,078	3,600	3,600	3,801	4,008
Free services										
Cost of Free Basic Services provided	120	132	168	230	252	252	267	267	281	296
Revenue cost of free services provided	11,165	11,177	12,813	14,875	14,982	14,982	15,312	15,312	16,193	17,428
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the two outer years of the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget;
 - ii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive, and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

Table 18 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

EC444 Ntabankulu - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue - Standard	1									
<i>Governance and administration</i>		91,039	108,114	131,946	112,995	146,718	146,718	184,112	134,978	126,183
Executive and council		-	-	-	72,470	117,756	117,756	132,729	85,400	83,038
Budget and treasury office		91,039	108,114	131,946	26,689	15,266	15,266	36,977	34,408	27,130
Corporate services		-	-	-	13,835	13,697	13,697	14,406	15,170	16,016
<i>Community and public safety</i>		-	-	-	19,108	19,602	19,602	21,358	20,697	21,793
Community and social services		-	-	-	17,658	18,451	18,451	19,349	18,903	19,905
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	1,450	1,152	1,152	2,009	1,794	1,889
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	17,953	19,672	16,808	15,041	15,682	16,333
Planning and development		-	-	-	8,923	10,123	8,808	8,846	9,333	9,827
Road transport		-	-	-	9,030	9,549	8,000	6,195	6,349	6,506
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	1,050	812	812	400	422	444
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	1,050	812	812	400	422	444
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	91,039	108,114	131,946	151,106	186,804	183,940	220,910	171,778	164,754
Expenditure - Standard										
<i>Governance and administration</i>		37,104	46,251	53,807	116,616	170,308	170,298	72,575	75,664	79,905
Executive and council		13,612	13,323	15,174	73,670	123,196	123,186	22,293	23,080	24,315
Budget and treasury office		13,711	19,916	26,346	29,111	30,624	30,624	35,877	37,362	39,519
Corporate services		9,781	13,012	12,287	13,835	16,488	16,488	14,406	15,222	16,071
<i>Community and public safety</i>		10,576	12,720	13,478	19,108	8,192	8,192	21,358	20,908	22,016
Community and social services		10,576	11,820	12,728	17,658	7,040	7,040	19,349	19,114	20,127
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	900	750	1,450	1,152	1,152	2,009	1,794	1,889
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		14,767	34,502	57,143	17,953	16,808	16,808	15,041	16,104	16,777
Planning and development		7,656	6,789	8,886	8,923	8,808	8,808	8,846	9,755	10,272
Road transport		7,111	27,714	48,257	9,030	8,000	8,000	6,195	6,349	6,506
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	656	850	1,050	812	812	400	422	444
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	656	850	1,050	812	812	400	422	444
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	62,447	94,129	125,278	154,727	196,120	196,110	109,374	113,097	119,142
Surplus/(Deficit) for the year		28,592	13,985	6,668	(3,621)	(9,316)	(12,170)	111,536	58,681	45,612

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
- Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table B4.

Table 6 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

EC444 Ntabankulu - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue by Vote	1									
Vote 1 - COUNCIL		-	-	-	9,868	10,556	10,556	12,097	12,604	13,273
Vote 2 - MUNICIPAL MANAGER		-	-	-	62,602	107,199	107,199	120,632	72,795	69,765
Vote 3 - BUDGET & TREASURY OFFICE		91,039	108,114	131,946	26,689	34,269	34,269	36,977	34,408	27,130
Vote 4 - CORPORATE SERVICES		-	-	-	13,555	16,387	16,387	14,406	15,170	16,016
Vote 5 - COMMUNITY SERVICES		-	-	-	17,658	18,451	18,451	19,349	18,903	19,905
Vote 6 - STRATEGIC SERVICES		-	-	-	8,923	8,808	8,808	8,846	9,333	9,827
Vote 7 - INFRASTRUCTURE		-	-	-	8,830	7,881	7,881	6,095	6,244	6,395
Vote 8 - HUMAN RESOURCES		-	-	-	280	101	101	-	-	-
Vote 9 - TRAFFIC		-	-	-	200	119	119	100	106	111
Vote 10 - PUBLIC SAFETY		-	-	-	1,450	1,152	1,152	2,009	1,794	1,889
Vote 11 - REFUSE		-	-	-	1,050	812	812	400	422	444
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	91,039	108,114	131,946	151,106	205,735	205,735	220,910	171,778	164,754
Expenditure by Vote to be appropriated	1									
Vote 1 - COUNCIL		8,605	9,086	9,668	9,868	10,556	10,556	12,097	12,604	13,273
Vote 2 - MUNICIPAL MANAGER		5,006	4,237	5,506	63,802	112,630	112,630	10,195	10,475	11,042
Vote 3 - BUDGET & TREASURY OFFICE		13,711	19,916	26,346	29,111	32,810	32,810	35,877	37,362	39,519
Vote 4 - CORPORATE SERVICES		9,781	13,012	12,287	13,555	16,387	16,387	14,406	15,222	16,071
Vote 5 - COMMUNITY SERVICES		10,576	11,820	12,728	17,658	18,143	18,143	19,349	19,114	20,127
Vote 6 - STRATEGIC SERVICES		7,656	6,789	8,886	8,923	8,808	8,808	8,846	9,755	10,272
Vote 7 - INFRASTRUCTURE		7,111	27,714	48,257	8,830	7,881	7,881	6,095	6,244	6,395
Vote 8 - HUMAN RESOURCES		-	-	-	280	101	101	-	-	-
Vote 9 - TRAFFIC		-	-	-	200	119	119	100	106	111
Vote 10 - PUBLIC SAFETY		-	900	750	1,450	1,152	1,152	2,009	1,794	1,889
Vote 11 - REFUSE		-	656	850	1,050	812	812	400	422	444
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	62,447	94,129	125,278	154,727	209,399	209,399	109,374	113,097	119,142
Surplus/(Deficit) for the year	2	28,592	13,985	6,668	(3,621)	(3,664)	(3,664)	111,536	58,681	45,612

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

- Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

Table 21MBRRTable A4 - Budgeted Financial Performance (revenue and expenditure)

EC444 Ntabankulu - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source											
Property rates	2	1,566	2,236	2,300	2,688	2,688	2,688	2,688	2,844	3,009	3,184
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	179	160	65	265	100	100	100	280	295	311
Service charges - other											
Rental of facilities and equipment		914	881	1,010	1,024	1,024	1,024	1,024	1,084	1,143	1,204
Interest earned - external investments		925	1,559	1,200	1,320	3,165	3,165	3,165	2,278	2,410	2,550
Interest earned - outstanding debtors		252	-	10	10	15	15	15	16	17	18
Dividends received											
Fines		480	433	1,600	1,012	1,012	1,012	1,012	1,701	1,794	1,889
Licences and permits											
Agency services											
Transfers recognised - operational		86,524	67,715	75,232	85,992	87,532	87,532	87,532	103,352	100,457	96,544
Other revenue	2	197	144	281	3,218	10,022	10,022	10,022	6,111	334	352
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		91,038	73,127	81,698	95,529	105,558	105,558	105,558	117,665	109,460	106,052
Expenditure By Type											
Employee related costs	2	25,246	28,431	28,931	39,151	39,151	39,151	39,151	45,888	48,711	51,230
Remuneration of councillors		7,739	8,114	9,547	9,748	9,748	9,748	9,748	11,292	11,755	12,378
Debt impairment	3	385	4,757	500	500	500	500	500	529	560	592
Depreciation & asset impairment	2	5,473	5,854	5,146	3,000	2,250	2,250	2,250	2,824	2,988	3,161
Finance charges		544	97	100	50	44	44	44	100	106	111
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	2,648	2,083	2,400	3,450	2,132	2,132	2,132	3,600	3,801	4,008
Contracted services											
Transfers and grants											
Other expenditure	4, 5	22,122	29,469	30,174	36,563	45,932	53,562	53,562	45,141	45,328	47,838
Loss on disposal of PPE											
Total Expenditure		64,158	78,804	76,799	92,462	99,756	107,387	107,387	109,374	113,247	119,319
Surplus/(Deficit)		26,880	(5,677)	4,899	3,067	5,801	(1,829)	(1,829)	8,291	(3,788)	(13,267)
Transfers recognised - capital									103,245	62,318	58,702
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		26,880	(5,677)	4,899	3,067	5,801	(1,829)	(1,829)	111,536	58,530	45,435

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

- Total revenue is R220 910 million in 2015/16 and decreases to R117 778 million by 2017/18.
- Revenue to be generated from property rates is R2.8 million in the 2015/16 financial year and increases to R3 million by 2017/18 which represents 2.5 per cent of the operating revenue base of the Municipality and therefore remains a significant funding source for the municipality. It remains relatively constant over the medium-term and tariff increases have been factored in at 5 per cent for each of the respective financial years of the MTREF.
- Services charges relating to refuse removal is also critical to the revenue basket of the Municipality totalling R279 947 for the 2015/16 financial year and increasing to R295 344 by 2017/18.
- Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. The percentage share of this revenue source increases.

5. Employee related costs and general expenses are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and general expenses (other costs) in future years

Table 7 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Capital Expenditure - Standard											
<i>Governance and administration</i>		-	-	2,700	2,200	2,536	2,536	2,536	111,536	62,116	58,498
Executive and council									110,436	60,952	57,267
Budget and treasury office			2,700	2,200	2,536	2,536	2,536	2,536	1,100	1,164	1,231
Corporate services											
<i>Community and public safety</i>		-	-	-	-	-	-	-	-	-	-
Community and social services											
Sport and recreation											
Public safety											
Housing											
Health											
<i>Economic and environmental services</i>		25,018	28,213	46,757	27,298	30,436	30,436	30,436	-	-	-
Planning and development											
Road transport		25,018	28,213	46,757	27,298	30,436	30,436	30,436			
Environmental protection											
<i>Trading services</i>		-	-	-	-	-	-	-	-	-	-
Electricity											
Water											
Waste water management											
Waste management											
<i>Other</i>											
Total Capital Expenditure - Standard	3	25,018	28,213	49,457	29,498	32,971	32,971	32,971	111,536	62,116	58,498
Funded by:											
National Government		25,018	28,213	46,757	27,298	30,436	30,436	30,436	55,286	62,318	58,702
Provincial Government									46,850		
District Municipality											
Other transfers and grants				2,700	2,200	2,536	2,536	2,536	-	(202)	(204)
Transfers recognised - capital	4	25,018	28,213	49,457	29,498	32,971	32,971	32,971	102,136	62,116	58,498
Public contributions & donations	5										
Borrowing	6										
Internally generated funds									9,400		
Total Capital Funding	7	25,018	28,213	49,457	29,498	32,971	32,971	32,971	111,536	62,116	58,498

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations..
3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to

the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

- The capital programme is funded from capital and provincial grants and transfers, public contributions and donations and internally generated funds from current year surpluses. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding).

Table 23 MBRR Table A6 -Budgeted Financial Position

EC444 Ntabankulu - Table A6 Budgeted Financial Position

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
ASSETS											
Current assets											
Cash		10,143	7,976	9,319	9,319	9,319	9,319	9,319	9,319	5,860	7,756
Call investment deposits	1	-	-	-	-	-	-	-	-	-	-
Consumer debtors	1	-	-	4,115	4,115	4,115	4,115	4,115	1,408	1,437	1,467
Other debtors		281	2,727	591	1,024	6,477	6,477	6,477	7,895	7,524	7,074
Current portion of long-term receivables											
Inventory	2	16,115	19,301	19,417	19,417	19,417	19,417	19,417	19,417	19,417	19,417
Total current assets		26,539	30,004	33,442	33,874	39,327	39,327	39,327	38,039	34,238	35,713
Non current assets											
Long-term receivables											
Investments											
Investment property		9,026	11,658	11,658	11,658	11,658	11,658	11,658	11,658	11,658	11,658
Investment in Associate											
Property, plant and equipment	3	124,357	129,392	144,674	143,457	146,764	146,764	146,764	211,450	273,566	332,064
Agricultural											
Biological											
Intangible		238	147	150	93	93	93	93	93	93	93
Other non-current assets											
Total non current assets		133,621	141,197	156,483	155,209	158,515	158,515	158,515	223,202	285,317	343,816
TOTAL ASSETS		160,161	171,201	189,924	189,083	197,843	197,843	197,843	261,240	319,556	379,529
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	-	-	-	-	-	-	-	-	-	-
Consumer deposits											
Trade and other payables	4	-	-	-	-	-	-	7,760	6,165	6,165	6,165
Provisions											
Total current liabilities		-	-	-	-	-	-	7,760	6,165	6,165	6,165
Non current liabilities											
Borrowing		-	-	-	-	-	-	-	-	-	-
Provisions		3,181	3,357	5,176	5,176	5,176	5,176	5,176	1,923	2,029	2,136
Total non current liabilities		3,181	3,357	5,176	5,176	5,176	5,176	5,176	1,923	2,029	2,136
TOTAL LIABILITIES		3,181	3,357	5,176	5,176	5,176	5,176	12,936	8,088	8,194	8,301
NET ASSETS	5	156,980	167,843	184,748	183,907	192,667	192,667	184,907	253,152	311,362	371,228

Explanatory notes to Table A6 - Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice, and improves understanding for councillors and management of the impact of the budget on the statement of financial position (balance sheet).
- This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as "accounting" Community Wealth. The order of items within each group illustrates items in

order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

3. Table B6 is supported by an extensive table of notes (Sb2 and B7) providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 24MBRRTable A7 - Budgeted Cash Flow Statement

EC444 Ntabankulu - Table A7 Budgeted Cash Flows

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		1,447	1,915	10,630	6,537	6,024	6,024	6,024	2,844	3,009	3,184
Service charges									280	295	311
Other revenue									8,895	3,271	3,445
Government - operating	1	64,020	67,715	75,232	85,992	87,532	87,532	87,532	103,352	100,457	96,544
Government - capital	1	29,331	34,201	44,271	55,577	100,177	100,177	100,177	103,245	62,318	58,702
Interest		925	1,559	1,200	1,320	3,165	3,165	3,165	2,294	2,427	2,568
Dividends									-	-	-
Payments											
Suppliers and employees		(58,726)	(72,930)	(112,456)	(92,838)	(99,415)	(99,415)	(99,415)	(109,274)	(113,142)	(119,207)
Finance charges		(544)	(97)	(12)	(50)	(26)	(26)	(26)	(100)	(106)	(112)
Transfers and Grants	1								-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		36,454	32,363	18,866	56,538	97,457	97,457	97,457	111,536	58,530	45,434
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE									-	-	-
Decrease (Increase) in non-current debtors									-	-	-
Decrease (Increase) other non-current receivables									-	-	-
Decrease (Increase) in non-current investments									-	-	-
Payments											
Capital assets		(26,717)	(30,164)	(26,304)	(61,498)	(109,643)	(109,643)	(109,643)	(111,536)	(62,116)	(58,498)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(26,717)	(30,164)	(26,304)	(61,498)	(109,643)	(109,643)	(109,643)	(111,536)	(62,116)	(58,498)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits									-	-	-
Payments											
Repayment of borrowing		(168)							-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(168)	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		9,570	2,199	(7,438)	(4,961)	(12,186)	(12,186)	(12,186)	0	(3,586)	(13,064)
Cash/cash equivalents at the year begin:	2	9,319	103,700	209,090	340,423	489,849	686,747	884	9,319	9,319	5,733
Cash/cash equivalents at the year end:	2	18,889	105,899	201,652	335,462	477,663	674,561	(11,302)	9,319	5,733	(7,331)

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The 2015/16 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
4. Cash and cash equivalents totals -R 7 331 million as at the end of the 2017/18.

Table 25MBRRTable A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

EC444 Ntabankulu - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Cash and investments available											
Cash/cash equivalents at the year end	1	18,889	105,899	201,652	335,462	477,663	674,561	(11,302)	9,319	5,733	(7,331)
Other current investments > 90 days		(8,745)	(97,923)	(192,333)	(326,144)	(468,344)	(665,242)	20,621	(0)	127	15,087
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		10,143	7,976	9,319	9,319	9,319	9,319	9,319	9,319	5,860	7,756
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	1,595	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(113)	(1,355)	(9,500)	(4,088)	(4,294)	(4,294)	1,871	(3,126)	(2,774)	(2,354)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	5,915	127	134
Total Application of cash and investments:		(113)	(1,355)	(9,500)	(4,088)	(4,294)	(4,294)	3,466	2,789	(2,647)	(2,220)
Surplus(shortfall)		10,256	9,331	18,819	13,407	13,613	13,613	5,853	6,530	8,507	9,976

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. For the rest of the MTREF a surplus is indicated.
6. Considering the requirements of section 18 of the MFMA, it can be concluded that the revised 2014/15 MTREF budget is funded.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2014/15 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 26 MBRR Table A9 - Asset Management

EC444 Ntabankulu - Table A9 Asset Management

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	25,018	28,213	49,457	29,498	32,971	32,971	111,536	62,116	58,498
Infrastructure - Road transport		25,018	28,213	26,757	27,298	30,436	30,436	79,436	25,952	27,267
Infrastructure - Electricity		-	-	20,000	-	-	-	30,000	35,000	30,000
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		25,018	28,213	46,757	27,298	30,436	30,436	109,436	60,952	57,267
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	1,000	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	2,700	2,200	2,536	2,536	1,100	1,164	1,231
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	25,018	28,213	49,457	29,498	32,971	32,971	111,536	62,116	58,498
Infrastructure - Road transport		25,018	28,213	26,757	27,298	30,436	30,436	79,436	25,952	27,267
Infrastructure - Electricity		-	-	20,000	-	-	-	30,000	35,000	30,000
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		25,018	28,213	46,757	27,298	30,436	30,436	109,436	60,952	57,267
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	1,000	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	2,700	2,200	2,536	2,536	1,100	1,164	1,231
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	25,018	28,213	49,457	29,498	32,971	32,971	111,536	62,116	58,498
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5	59,832	64,385	81,959	106,257	102,257	102,257	127,544	153,496	180,763
Infrastructure - Electricity		-	-	-	30,000	34,500	34,500	64,500	99,500	129,500
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		64,525	65,007	62,715	7,200	10,007	10,007	19,407	20,571	21,802
Infrastructure		124,357	129,392	144,674	143,457	146,764	146,764	211,450	273,566	332,064
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		9,026	11,658	11,658	11,658	11,658	11,658	11,658	11,658	11,658
Other assets		-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		238	147	150	93	93	93	93	93	93
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	133,621	141,197	156,483	155,209	158,515	158,515	223,202	285,317	343,816
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		5,473	5,854	5,146	3,000	2,250	2,250	2,824	2,988	3,161
Repairs and Maintenance by Asset Class	3	1,870	2,083	4,000	3,300	2,078	2,078	3,600	3,801	4,008
Infrastructure - Road transport		-	-	-	2,000	1,055	1,055	1,450	1,530	1,611
Infrastructure - Electricity		-	-	-	-	-	-	350	369	389
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		1,870	2,083	4,000	-	-	-	-	-	-
Infrastructure		1,870	2,083	4,000	2,000	1,055	1,055	1,800	1,899	2,000
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	-	-	-	1,300	1,023	1,023	1,800	1,902	2,008
TOTAL EXPENDITURE OTHER ITEMS		7,343	7,937	9,146	6,300	4,328	4,328	6,424	6,789	7,169
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as a % of PPE		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal and R&M as a % of PPE		1.0%	1.0%	3.0%	2.0%	1.0%	1.0%	2.0%	1.0%	1.0%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality has not met both these recommendations due to funds constraints.

Table 9 MBRR Table A10 - Basic Service Delivery Measurement

EC444 Ntabankulu - Table A10 Basic service delivery measurement

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Household service targets	1									
Water:										
Piped water inside dwelling										
Piped water inside yard (but not in dwelling)										
Using public tap (at least min.service level)	2									
Other water supply (at least min.service level)	4									
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3									
Other water supply (< min.service level)	4									
No water supply										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:										
Flush toilet (connected to sewerage)										
Flush toilet (with septic tank)										
Chemical toilet										
Pit toilet (ventilated)										
Other toilet provisions (> min.service level)										
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Bucket toilet										
Other toilet provisions (< min.service level)										
No toilet provisions										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Energy:										
Electricity (at least min.service level)										
Electricity - prepaid (min.service level)		365	365	365	365	365	365	723	1,600	2,300
<i>Minimum Service Level and Above sub-total</i>		365	365	365	365	365	365	723	1,600	2,300
Electricity (< min.service level)										
Electricity - prepaid (< min. service level)										
Other energy sources										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	365	365	365	365	365	365	723	1,600	2,300
Refuse:										
Removed at least once a week		430	459	479	499	499	499	510	535	570
<i>Minimum Service Level and Above sub-total</i>		430	459	479	499	499	499	510	535	570
Removed less frequently than once a week										
Using communal refuse dump										
Using own refuse dump										
Other rubbish disposal										
No rubbish disposal										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	430	459	479	499	499	499	510	535	570

EC444 Ntabankulu - Table A10 Basic service delivery measurement

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Household service targets	1									
Water:										
Piped water inside dwelling										
Piped water inside yard (but not in dwelling)										
Using public tap (at least min.service level)	2									
Other water supply (at least min.service level)	4									
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3									
Other water supply (< min.service level)	4									
No water supply										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:										
Flush toilet (connected to sewerage)										
Flush toilet (with septic tank)										
Chemical toilet										
Pit toilet (ventilated)										
Other toilet provisions (> min.service level)										
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Bucket toilet										
Other toilet provisions (< min.service level)										
No toilet provisions										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Energy:										
Electricity (at least min.service level)										
Electricity - prepaid (min.service level)		365	365	365	365	365	365	723	1,600	2,300
<i>Minimum Service Level and Above sub-total</i>		365	365	365	365	365	365	723	1,600	2,300
Electricity (< min.service level)										
Electricity - prepaid (< min. service level)										
Other energy sources										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	365	365	365	365	365	365	723	1,600	2,300
Refuse:										
Removed at least once a week		430	459	479	499	499	499	510	535	570
<i>Minimum Service Level and Above sub-total</i>		430	459	479	499	499	499	510	535	570
Removed less frequently than once a week										
Using communal refuse dump										
Using own refuse dump										
Other rubbish disposal										
No rubbish disposal										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	430	459	479	499	499	499	510	535	570
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)										
Sanitation (free minimum level service)										
Electricity/other energy (50kwh per household per month)		5,946	5,946	5,946	5,946	5,946	5,946	5,581	5,581	5,581
Refuse (removed at least once a week)										
Cost of Free Basic Services provided (R'000)	8									
Water (6 kilolitres per household per month)										
Sanitation (free sanitation service)										
Electricity/other energy (50kwh per household per month)		120	132	168	230	252	252	267	281	296
Refuse (removed once a week)										
Total cost of FBS provided (minimum social package)		120	132	168	230	252	252	267	281	296
Highest level of free service provided										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
Revenue cost of free services provided (R'000)	9									
Property rates (R15 000 threshold rebate)		6,645	6,645	6,645	6,645	6,645	6,645	6,645	7,050	7,800
Property rates (other exemptions, reductions and rebates)										
Water										
Sanitation										
Electricity/other energy		120	132	168	230	252	252	267	281	296
Refuse										
Municipal Housing - rental rebates										
Municipal Housing - structure subsidies										
Other		4,400	4,400	6,000	8,000	8,085	8,085	8,400	8,862	9,332
Total revenue cost of free services provided (total social package)		11,165	11,177	12,813	14,875	14,982	14,982	15,312	16,193	17,428

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The budget provides for 5 581 households to be registered as indigent in 2015/16, and therefore entitled to receiving Free Basic Services. The number is expected to be constant given although in real terms is supposed to increase due to the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.
3. It is anticipated that these Free Basic Services will cost the municipality R8 4million in 2015/16, and R9.3 million in 2017/18. This is covered by the municipality's equitable share allocation from national government.

2 Part 2 – Supporting Documentation

2.1 Overview of the budget process

This was covered during the preparation of the budget that was adopted in August 2014

2.2 Overview of alignment of Annual Budget with IDP

The development of the IDP of 2013-2018 and the 2015/2016 Budget Compilation were done simultaneously. The Community Participation Process IDP priorities and the implications will yield discussion on the current and future budget. Community in this regard has been invited for comments on both the Draft IDP and the 2015/2016 Budget. The IDP was then aligned to budget, was finalised and adopted by the Council on the 27th of May 2015.

The Municipal Departments are aligned with the 5 Local Government Key Performance Areas. The Department's strategies are therefore linked to the 5 KRA's Details of the Budgets allocated to the various departments that were reflected in schedules SA4-6 of the original budget

The Departmental Final SDBIP contains projects and programmes listed in the IDP. The General Manager's performances plan is linked to the Departmental SDBIP.

The Final SDBIP marries the Performance Management System with the budget and the IDP. Thus the strategic Direction mapped out in the IDP is matched with financial resources and delivery of services as specified in the PMS.

The Final SDBIP allows the budget to be implemented fully as it identifies:

- The Strategic Imperative – Through link with the IDP.
- The Financial Imperative – Through links with the Budget
- The Performance Imperative – Through links to the PMS

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South Africa society can only be realised through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-

term development goals. A Municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst other, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with Nation and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. A clear understanding of such intent is therefore imperative to ensure that the municipality strategically complies with the key national and provincial priorities.

The aim of the revision cycle was develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the municipality's response to these requirements.

The national and provision priorities, policies

- Green Paper on National Strategic
- Government Programme of Action
- Development Facilitation Act of
- Provincial Growth and Development
- National and Provincial Spatial Development Perspectives;
- Relevant Sector plans such as transportation, Legislation and policy;
- National Key Performance Indicators (NKPI's);
- Accelerated and Shared Growth
- National 2014 Vision;

- National Spatial Development
- The National Priority Outcomes

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP, but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2015/2016 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 28 IDP Strategic Objectives

2015/2016 Financial Year		2016/2017MTREF	
1	The Provision of quality Basic Services and Infrastructure	1	Provision of quality Basic Services and Infrastructure
2	Acceleration of higher and shared economic growth and development	2	Economic growth and development that leads to sustainable job creation
3	Fighting of Poverty, building clean, healthy, safe and sustainable communities	3.1	Fighting of Poverty, building clean, healthy, safe and sustainable communities
		3.2	Integrated Social Services for empowered and sustainable communities
4	Fostering participatory democracy and adherence to Batho Pele principles through a caring, accessible and accountable service	4	Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service
5	Good governance, Financial viability and institutional governance	5.1	Promote sound governance

		5.2	Ensure financial sustainability
		5.3	Optimal institutional transformation to ensure capacity to achieve set objectives

In order to ensure integrated and focused service delivery between all spheres of government it was important for the municipality to align its budget with that of national and provincial government. All spheres of government place a high priority on infrastructure development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements. This was done during consultative budget processes during preparatory process for the budget that was adopted in May hence the revised budget is also informed by the adopted budget.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

1. Provision of quality basic service and infrastructure which includes, amongst others:
 - Provide Electricity
 - Provide Water
 - Provide Sanitation
 - Provide Waste Removal
 - Provide Housing
 - Provide Roads and Storm Water; and
 - Maintaining the Infrastructure of the municipality
2. Economic growth and development that leads to sustainable job creation by:
 - Ensuring there is a clear structural plan for the municipality;
 -
 - Ensuring planning processes function in accordance with set timeframes;
 - Facilitating the use of labour intensive approaches in the delivery of services and the building of infrastructure (EPWP)
3. Fight poverty and build clean, healthy, safe and sustainable communities:
 - Effective implementation of the Indigent Policy;

- Working with the Provincial Department of Health to provide primary health care services;
 - Extending waste removal services and ensuring effective cleansing;
 - Ensuring safe working environments by effective enforcement of building and health regulations;
 - Promote viable, sustainable communities through proper zoning; and
- 3.1 Integrated Social Services for empowered and sustained communities
- Work with Provincial Departments to ensure the development of community infrastructure such as schools and clinics is properly co-ordinated with the informal settlements upgrade programme
4. Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:
- Optimising effective community participation in the ward committee system; and
 - Implementing Batho Pele in the Revenue Management Strategy.
- 5.1 Promote sound governance through:
- Publishing the outcomes of all tender processes on the municipal website
- 5.2 Ensure financial sustainability through:
- Reviewing the use of contracted services
 - Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan
- 5.3 Optimal institutional transformation to ensure capacity to achieve set objectives
- Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the municipality. The five-year programme responds to the development challenges and opportunities faced by the municipality by identifying the key performance areas to achieve the five strategic objectives mentioned above..

This development strategy introduces important policy shifts which have further been translated into six strategic focus areas/objectives as outlined below:

- Enforcing hard development lines – so as to direct private investment;
- Maintaining existing urban areas;
- Strengthening key economic clusters;
- Building Social cohesion;
- Strong developmental initiatives in relation to the municipal institution as a whole; and
- Sound financial fundamentals

Lessons learned with Previous IDP revision planning cycles as well as changing environments were taken into consideration in the compilation for the revised IDP, including;

- Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:



Figure 5 Planning, Budgeting and Reporting Cycle

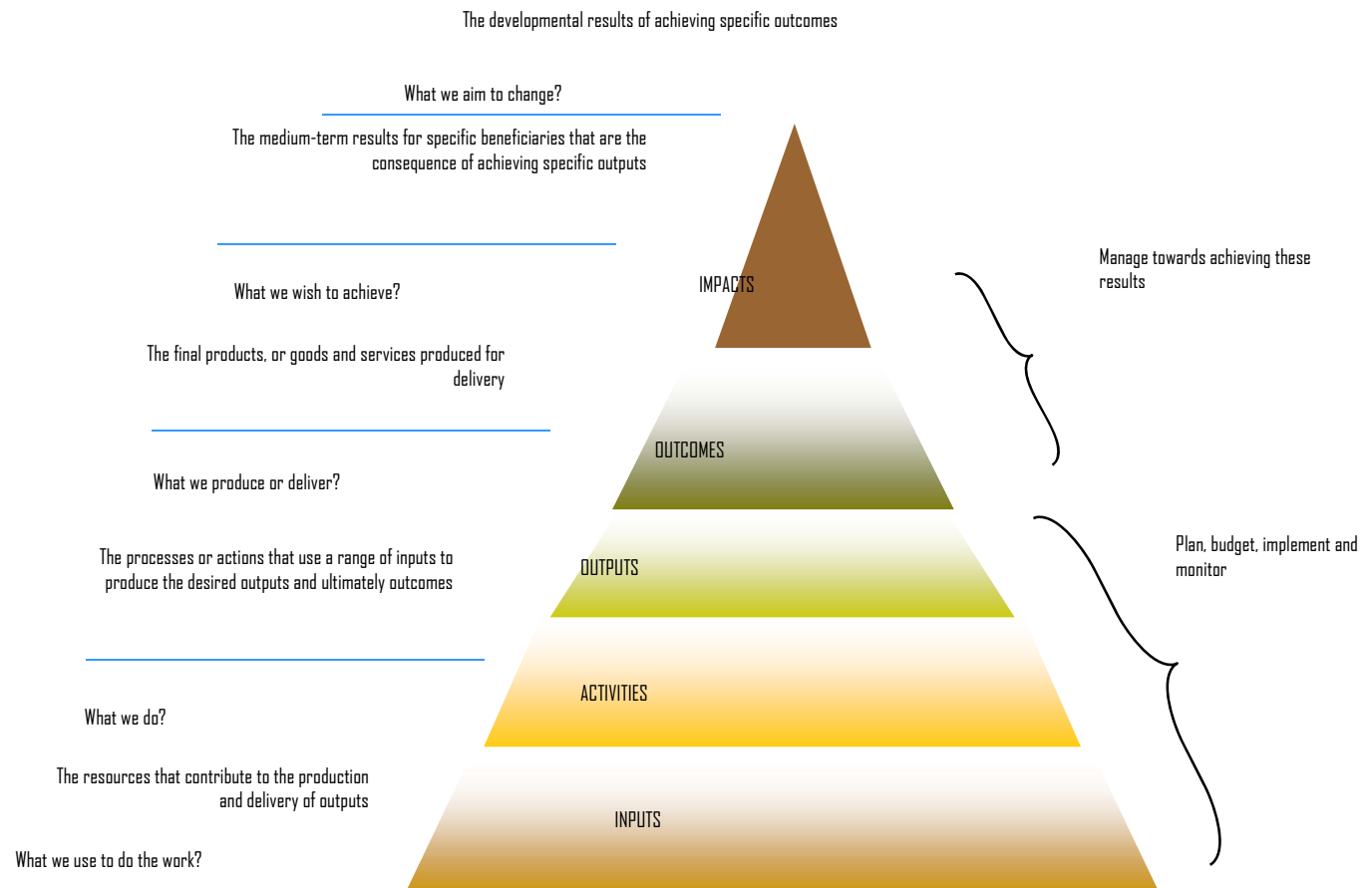
The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets and benchmarks);
- Monitoring (regular monitor and checking on the progress against plan);
- Measurement (indicators of success)
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (marking changes where necessary)

The performance information concepts used by the Municipality in its integrated performance management system are aligned to the Framework of Managing Programme Performance Information issued by the National Treasury:

Figure 6 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.



The revised SBDIP provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

2.3.1 Safety of Capital

The debt-to-equity ratio is a financial ratio indicating the relative proportion of equity and debt used in financing the municipality's assets.

The gearing ratio is a measure of the total long term borrowings over funds and reserves. Currently, the municipality does not have borrowings

2.3.2 Liquidity

Current ratio is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. Going forward it will be necessary to maintain these levels.

The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately.

2.3.3 Revenue Management

As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, and credit control and debt collection.

2.3.4 Creditors Management

The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality has managed to ensure that municipality is working towards 100 per cent compliance rate to this legislative obligation. This has had a favourable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2015/16 financial year 9 962 registered household indigents have been provided for in the budget with this figure hoping to maintain by 2017/18.

Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR B10 (Basic Service Delivery Measurement) on page 31.

2.4 OVERVIEW OF BUDGET RELATED POLICIES

As listed hereunder are all the policies that are current adopted by


Ntabankulu Local Municipality. All these policies can be viewed on the official municipal website www.ntabankulu.gov.za

Approved Policies

- 1 Credit Control & Debt Collection Policy
- 2 Asset Management Policy
- 3 Property Rates Policy
- 4 Tariff Policy
- 5 Supply Chain Management Policy
- 6 Indigent Policy
- 7 Budget Policy
8. Transport Policy
9. Investment Policy

2.5 Overview of Budget Assumptions

Arising from the above Overview of Economic Analysis, the following Budget Assumptions were made and are affected in the 2015/16 budget:

-  Estimate Salary Increases
 - 2015/16 – 5.8%

- 2016/17 – 5.5%
- 2017/18 – 5.3%

✚ Debt Impairment: the overall collection levels are estimate around 95% overall for the NLM.

Payment levels for the following revenue streams have been estimated as follows:

- Property Rates 95% in 2015 / 2016)
- Refuse 95% in 2015/ 2016)

✚ Indigent Support to increase from 56% to 80% of all registered indigents;

✚ Ntabankulu Local Municipality will continue with its current powers and functions;

✚ Government grants for the years 2015/2016 to 2017/2018 are as per the Division of Revenue Act, assuming that all allocations will be received;

✚ The inflation rate has been estimated at 5.8% per annum;

✚ Provision was made to contribute to the Provision for Leave Reserve. However, staff will be encouraged to redeem their leave.

TARIFFS, OTHER THAN PROPERTY RATES AND REFUSE

SCHEDULE OF MUNICIPAL TARIFFS				
Service Type	Category of user/users	Tariffs 2014-2015	Proposed Increase/Decrease	New Tariffs 2015-2016
Property Rates	Domestic	R0.004	None	R0.004
	Business	R0.004	None	R0.004
	Government	R0.015	None	R0.004
Senior citizens with property valued less than		R1600.00 per annum	None	R1600.00 per annum

SCHEDULE OF MUNICIPAL TARIFFS				
Service Type	Category of user/users	Tariffs 2014-2015	Proposed Increase/Decrease	New Tariffs 2015-2016
R200.000.00				
Refuse Removal	Domestic	R60.00	None	R70.00
	Government	R90.00	None	R120.00
	Business	R90.00	None	R150.00
Burial and Cemeteries	Single Grave once off	R130.00	None	R130.00
	Double grave once off	R250.00	None	R250.00
	Renewal fee for Double grave & Single grave	R100.00	None	R100.00
Library Membership Fee		R50 per annum	None	R50 per annum
Rental Office	Large Businesses	R78.65 per square meter	None	R78.65 per square meter
	Small Businesses	R30.25 per square meter	None	R30.25 per square meter
Rental :Municipal Hall	Independently (Private use)	R60.00 per hour	None	R60.00 per hour
	Business & Government	R100.00 per hour	None	R100.00 per hour
Building Plan fees	Commercial, industrial Government	R5.00 per square meter	None	R5.00 per square meter

SCHEDULE OF MUNICIPAL TARIFFS				
Service Type	Category of user/users	Tariffs 2014-2015	Proposed Increase/Decrease	New Tariffs 2015-2016
	Low cost funded by DPT of human settlement	R5.00 per square meter	None	R5.00 per square meter
	Residential by individual owners	R4.00 per square meter	None	R4.00 per square meter
	Administration for alteration in the existing building (extending, fitting of glasses.etc)	R250.00	None	R250.00
	PENALTY-Administration for as built plans	R300.00	None	R300.00
Town Planning	S.G. Diagram	R80.00		R80.00
	General Plan	R100.00		R100.00
	Zoning Certificate	R50.00		R50.00
Zoning and Rezoning of Land	Amendments to scheme clauses	R2,080.00		R2,080.00
	Less than 5000sqm (including minor and inconsequential)	R2,080.00		R2,080.00
	5000sqm-5ha	R7,398.00		R7,398.00
	>5ha – 10ha	R18,475.00		R18,475.00
	>10ha			

SCHEDULE OF MUNICIPAL TARIFFS				
Service Type	Category of user/users	Tariffs 2014-2015	Proposed Increase/Decrease	New Tariffs 2015-2016
	Basic	R27,164.00		R27,164.00
	1ha in excess of 10ha	R2,174.00		R2,174.00
	Material change to the application	50% of the applicable rezoning fee as indicated above		50% of the applicable rezoning fee as indicated above
	Applicable Appeals (MSA sec. 62)	R967		R967
Subdivision of Land/Consolidation	Basic application fee	R1,025.00		R1,025.00
	Plus where the number of portions to be created is:			
	Less than 6 subs per portion	R500 per sub		R500 per sub
	6 - 10 subs per portion	R400 per sub		R400 per sub
	11–20 subs per portion	R300 per sub		R300 per sub
	More than 21 subs per portion	R200 per sub		R200 per sub
	Applicants appeals	R967.00		R967.00
	Consolidation	R1,000.00		R1,000.00
	All instances where the conditions are removed via a PDA process	R3,695.00		R3,695.00

SCHEDULE OF MUNICIPAL TARIFFS					
Service Type	Category of user/users	Tariffs 2014-2015	Proposed Increase/Decrease	New Tariffs 2015-2016	
Consent	Consent & change of use of land or building	R3,695.00		R3,695.00	
	Bed & Breakfast/Guest house applications	R3,695.00		R3,695.00	
	Sand mining & any other mining application	R3,695.00		R3,695.00	
	Applicant appeals	R967.00		R967.00	
	HOME BUSINESS				
	On a property <300sqm in extent	R1,000.00		R1,000.00	
	On a property between 300 and 1000sqm in extent	R2,500.00		R2,500.00	
	On a property >1000sqm	R4,000.00		R4,000.00	
	RELAXATION				
	For residential sites	R300		R300	
	Non-residential sites	R4,000.00		R4,000.00	
	Relaxation of height of boundary walls in excess of 3m (Residential & Non Residential)	R930.00		R930.00	
	Trading Tariffs	Hawkers		None	

SCHEDULE OF MUNICIPAL TARIFFS				
Service Type	Category of user/users	Tariffs 2014-2015	Proposed Increase/Decrease	New Tariffs 2015-2016
	<ul style="list-style-type: none"> • Fruit & Vegetables • Clothing 	<p>R50.00 per annum</p> <p>Renewal per annum</p> <p>R70.00 per annum</p> <p>Renewal R50.00 per annum</p>		<p>R50.00 per annum</p> <p>Renewal per annum</p> <p>R70.00 per annum</p> <p>Renewal R50.00 per annum</p>
	Business Licenses , General dealers & Taverns	<p>R1000.00 per annum</p> <p>Renewal R500.00 per annum</p>	None	<p>R1000.00 per annum</p> <p>Renewal R500.00 per annum</p>
	Shebbens, Public Phones, Bookshops & Tuck shops	<p>R1000.00 per annum</p> <p>Renewal R500.00 per annum</p>	None	<p>R1000.00 per annum</p> <p>Renewal R500.00 per annum</p>

SCHEDULE OF MUNICIPAL TARIFFS				
Service Type	Category of user/users	Tariffs 2014-2015	Proposed Increase/Decrease	New Tariffs 2015-2016
Advertising	1.5 m x 3.0m	R120.00 per structure per month	None	R120.00 per structure per month
	3.0m x 6.0m	R209.00 per structure per month	None	R209.00 per structure per month
Pound Fees	Livestock small and Large	R55.00 per head for entering (add)R25.00 for 12hrs per head		R55.00 per head for entering (add)R25.00 for 12hrs per head
Clearance certificate		R10.00	None	R10.00
Waste Removal		R150.00	None	R150.00
Garden Waste Removal Fees		R120.00	None	R120.00
Spot fines for illegal dumping	Households	R200.00	None	R200.00
	General Practitioners (Surgeries & Clinics)	R500.00	None	R500.00
	Business entities	R300.00	None	R300.00

SCHEDULE OF MUNICIPAL TARIFFS				
Service Type	Category of user/users	Tariffs 2014-2015	Proposed Increase/Decrease	New Tariffs 2015-2016
Tender Fees	Between R200 000 and R1 000 000			R300
	Between R1 000 000 and R10 000 000			R 500
	Above R10 000 000			R700
Services Rendered by Traffic				
Removal per motor vehicle	Drivers, vehicle owners and Companies	R 440.00	None	R 440.00
Removal per Heavy motor vehicle	Drivers, vehicle owners and Companies	R1000.00	None	R1000.00
Tracing of vehicle owner	Drivers, vehicle owners and Companies	R130.00	None	R130.00
Call out fee	Drivers, vehicle owners and Companies	R 60.00	None	R 60.00
Impounding fee per vehicle (Storage)	Drivers, vehicle owners and Companies	R100.00 per Day	None	R100.00 per Day

SCHEDULE OF MUNICIPAL TARIFFS				
Service Type	Category of user/users	Tariffs 2014-2015	Proposed Increase/Decrease	New Tariffs 2015-2016
Impounding fee per vehicle recovered for causing intentional obstruction on any public road.	Drivers, vehicle owners and Companies	R330.00 per Day	None	R330.00 per Day
Escorting services: for Sporting events and other gatherings	Businesses, Departments and Community	R 100.00 per office per hour	None	R 100.00 per office per hour

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as solid waste removal. The table above shows Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the municipality and economic development;
- Revenue management and enhancement;
- Achievement of a 95 per cent annual collection rate for consumer revenue;
- National Treasury guidelines;;
- Achievement of full cost recovery of specific user charges;
- Determining tariff escalation rate by establishing/calculating revenue requirements;
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- The ability to extend new services and obtain cost recovery levels.

2.6 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understand ability for councillors and management. It gives information on what months is municipality expecting to receive revenue and which months it is also expecting to incur expenditure. This information influence investment decisions. The following cash flow management information is contained in some of schedules on the municipal revised budget and is as follows:

Supporting Table SA26 - monthly revenue and expenditure

Supporting Table SA30 Annual Budget - monthly cash flow

EC444 Ntabankulu - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year: 2015/16												Medium Term Revenue and Expenditure Framework			
	R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Cash Receipts By Source														1		
Property rates	237	237	237	237	237	237	237	237	237	237	237	237	237	2,844	3,009	3,184
Property rates - penalties & collection charges														-		
Service charges - electricity revenue														-		
Service charges - water revenue														-		
Service charges - sanitation revenue														-		
Service charges - refuse revenue	23	23	23	23	23	23	23	23	23	23	23	23	23	280	295	311
Service charges - other														-		
Rental of facilities and equipment	90	90	90	90	90	90	90	90	90	90	90	90	90	1,084	1,143	1,204
Interest earned - external investments	190	190	190	190	190	190	190	190	190	190	190	190	190	2,278	2,410	2,550
Interest earned - outstanding debtors	1	1	1	1	1	1	1	1	1	1	1	1	1	16	17	18
Dividends received														-		
Fines	142	142	142	142	142	142	142	142	142	142	142	142	142	1,701	1,794	1,889
Licences and permits														-		
Agency services														-		
Transfer receipts - operational	8,613	8,613	8,613	8,613	8,613	8,613	8,613	8,613	8,613	8,613	8,613	8,613	8,613	103,352	100,457	96,544
Other revenue	509	509	509	509	509	509	509	509	509	509	509	509	509	6,111	334	352
Cash Receipts by Source	9,805	9,805	9,805	9,805	9,805	9,805	9,805	9,805	9,805	9,805	9,805	9,805	9,805	117,665	109,460	106,052
Other Cash Flows by Source																
Transfer receipts - capital	8,604	8,604	8,604	8,604	8,604	8,604	8,604	8,604	8,604	8,604	8,604	8,604	8,604	103,245	62,318	58,702
Contributions recognised - capital & Contributed assets														-		
Proceeds on disposal of PPE														-		
Short term loans														-		
Borrowing long term/refinancing														-		
Increase (decrease) in consumer deposits														-		
Decrease (Increase) in non-current debtors														-		
Decrease (Increase) other non-current receivables														-		
Decrease (Increase) in non-current investments														-		
Total Cash Receipts by Source	18,409	18,409	18,409	18,409	18,409	18,409	18,409	18,409	18,409	18,409	18,409	18,409	18,409	220,910	171,778	164,754
Cash Payments by Type																
Employee related costs	3,824	3,824	3,824	3,824	3,824	3,824	3,824	3,824	3,824	3,824	3,824	3,824	3,824	45,888	48,711	51,230
Remuneration of councillors	941	941	941	941	941	941	941	941	941	941	941	941	941	11,292	11,755	12,378
Finance charges	8	8	8	8	8	8	8	8	8	8	8	8	8	100	106	112
Bulk purchases - Electricity														-		
Bulk purchases - Water & Sewer														-		
Other materials	300	300	300	300	300	300	300	300	300	300	300	300	300	3,600	3,801	4,008
Contracted services														-		
Transfers and grants - other municipalities														-		
Transfers and grants - other														-		
Other expenditure	4,041	4,041	4,041	4,041	4,041	4,041	4,041	4,041	4,041	4,041	4,041	4,041	4,041	48,494	48,875	51,592
Cash Payments by Type	9,115	9,115	9,115	9,115	9,115	9,115	9,115	9,115	9,115	9,115	9,115	9,115	9,115	109,374	113,248	119,319
Other Cash Flows/Payments by Type																
Capital assets														-		
Repayment of borrowing														-		
Other Cash Flows/Payments																
Total Cash Payments by Type	9,115	9,115	9,115	9,115	9,115	9,115	9,115	9,115	9,115	9,115	9,115	9,115	9,115	109,374	113,248	119,319
NET INCREASE/(DECREASE) IN CASH HELD	9,295	9,295	9,295	9,295	9,295	9,295	9,295	9,295	9,295	9,295	9,295	9,295	9,295	111,536	58,530	45,434
Cash/cash equivalents at the month/year begin:	18,614	18,614	27,908	37,203	46,498	55,792	65,087	74,382	83,676	92,971	102,266	111,560	120,855	120,855	179,385	179,385
Cash/cash equivalents at the month/year end:	27,908	27,908	37,203	46,498	55,792	65,087	74,382	83,676	92,971	102,266	111,560	120,855	120,855	120,855	179,385	224,819

2.7 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has

progressively improved and includes monthly published financial performance on the Municipality's website.

2. Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed three interns undergoing training in various divisions of the Financial Services Department.

3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee

An Audit Committee has been established and is fully functional.

5. Integrated Development Plan

The IDP document is in place and was finalised for the approval of the 2015/2016 Annual MTREF in May 2015 directly aligned and it informs by the 2014/15 MTREF.

6. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

7. Policies

Most budget related policies are in place.

2.8 Municipal Manager's quality certificate

I, Sindiswa Mankahla, Municipal Manager of Ntabankulu Local Municipality, hereby certify that the Annual Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal Manager of Ntabankulu Local Municipality (EC 444)

Signature _____

Date _____