

NTABANKULU LOCAL MUNICIPALITY
ORIGINAL BUDGET



2018/2019 ORIGINAL MTREF

ORIGINAL BUDGET OF

NTABANKULU LOCAL MUNICIPALITY

2018/19 TO 2020/2021
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS

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Abbreviations and Acronyms

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
EE	Employment Equity
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
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
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 – Original Budget

1.1 Mayor's Report

STATE OF THE MUNICIPAL ADDRESS

Abantwana Begazi,
Abefundisi bakwa Lizwi abahlala nathi besiphilisa ngoMthandaso;
Oo Somashishini abasakhasayo;
Abarhafi;
OoCeba bethu esikhokhele nabo;
Ward Commitees
linkokheli zasekuhlaleni;
Amaqumrhu abucala;
Amasebe ka Rhulumente;
linkokheli zemibutho yezopolitiko, ngoku kodwa iANC
Ndiyanibulisa nonke.

Ndibulisa ngokukodwa abona bantu babalulekileyo abahlali base Ntabankulu.

Kuluvuyo kuthi ukuniphathela le ngxelo ngobume bomasipala wethu.

Siyiphatha le ntetho kumnyaka obaluleke kakhulu kubantu base Mzantsi Africa. Umongameli uMatamela Ramaphosa wathi wabalulwa u 2018 njengo mnyaka ka Tata uMandela kunye no Mama uAlbertina Sisulu, nabagqiba iminyaka eyi 100 bazalwayo, nangona bobabini seba landulela ihlabathi. Lo Nyaka ke kuthwa esilungwini, yi Centenary of Nelson Mandela.

Enyanisweni mkhulu kakhulu umsebenzi esele siwenzile kwi Ntabankulu iphela. Konke oku kwenzeke phantsi kwee meko ebesingakholelwa nathi uba kungenzeka.

Xa ubani ejonga iimeko esisebenze phantsi kwazo zobunzima bokungabikho kwemali yokusa iinkonzo, izidingo ezinkulu zophuhliso, intswela ngqesho, indlala kunye.

Xa singena esikhokhelweni singoo Ceba ngo 2016, sizibophelele ekugqibeni ukufakela umbane iNtabankulu yonke.

Kungoku nje sisemile kweso sibhambathiso sokuqinisekisa ukuba uyakuthi ufika umnyaka ka 2020, kuyakube kungekho mzi ungena mbane eNtabankulu.

Kananjalo simile kwisibhambathiso sokufaka inkxaso ekuhlumiseni amashishini asakhulayo, ukuze kukwazeke ukuvela kwamathuba emisebenzi.

Sizakuqhubeleka kananjalo ukuxhasa ezemfundo ukuqinisekisa ukuba abantu bonke abantu bayafikelela kwi mfundo. Oku sikholelwa ukuba ingaphela indlala xa sinokwazi ukuqinisekisa.

Le ngxelo yobume buka Masipala ke iza iqulethe ingxelo yokuba sele sime ndawoni kwezo zicwangciso zomnyaka mali 2017/2018 kunye namagingxiginxi esithe sadibana nawo.

Kananjalo sizo dakankca isicwangciso sophuhliso kunye no hlahlo lwabiwo mali lomnyaka mali ka 2018/2019.

Sinethemba ke ukuba xa siqhubeleka nentsebenziswano singuye wonke umntu wase Ntabankulu singalenza utshintsho kwindawo yethu.

Siyaqhubeleka nokumemelela umanyano kunye nobumbano kuthi sonke ukusukela kuluntu jikelele, oosomashishini, izifundiswa kunye nee nkuba buchopho, amaqumrhu abucala kunye noRhulumente wonke. IiNkosi zethu kunye nee nkokheli zakwa lizwi ezithe gqolo ukusi xhasa, ukusicebisa siyazibulela. Sithi maziqhubeleke nentsebenziswano.

Bazali, nani zi nkokheli.

Phambi kokub ndinikeze ingxelo ngobume buka Masipala, ndinqwenela ukuphosa amazwi ambalwa ngobume belizwe neemeko esisebenza phantsi kwazo singu Masipala.

Ngenxa yobo bume belizwe, iyachaphazeleka imeko yobume bo masipala.

The International Picture.

As we have noticed in the international arena, the International Political Economy continues to be oppressive towards us as developing countries.

Structural Adjustment programs as required by International Monetary agencies have left our economy vulnerable to exploitation. Our most valuable mineral resources are at the hands of foreign companies which make our international trade to be weak. For us on the ground this means job losses and increased poverty. Instead of our people moving to urban areas, statistics suggest that they are coming back home because of retrenchments and job losses. As rural areas we must now carry this burden of unemployment and joblessness. We present this budget under those unfavourable circumstances.

The National Picture

When one looks at the improvements in investor confidence and economic growth, there is much to be positive about. The future is looking brighter under President Cyril Ramaposa as businesses continue to show much confidence in our economy. One thing I must point out however is the increase in vat which came into effect on the 1st of April. Minister of finance during his budget policy speech, pronounced an increase in VAT from 14% to 15%. This increase will directly affect the poor and especially us, poorer municipalities. Commodities will increase and be less affordable. This will lead in deficit in budgets and affect the delivery of services.

The President during SOMA has also pronounced the ANC's decision to expropriate land without compensation and to lead Radical Economic Transformation.

Also it is important to note that many budget allocations, including us as municipalities have been cut. This has been done in order to finance the pronouncement that President Zuma made to provide free education to the poor. By this act the president was replying to the violent call by students for Fees must fall.

We present this budget under these unfavourable conditions.

Looking into Ntabankulu.

Madam Speaker,

My lady it is without doubt that we lead on of the most progressive councils this Municipality has ever seen.

Through our commitment to the oath of office we continue to serve the people of Ntabankulu with dignity and high levels of commitment to uphold the constitution.

United as Councillors, we have continued to foster unity and cohesion amongst the people of Ntabankulu.

We have sounded a call for people to walk side by side with government, and our people have responded positively to that clarion call.

In all our endeavours we have allowed our people to take a lead in determining the direction that the municipality took on all matter relating to the delivery of their services.

We continuously allow our people to lead service delivery.

We have made service delivery to be a party for all. We invited everyone into that table, not as spectators, but as active participants.

Throughout our times, we have been driven by Almirar Cabral.

We quoted him in all our speeches emphasise our understanding that the people themselves knew their needs. He 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. . .”

From this we continue to invite people to work closer with the municipality.

We encourage constructive criticism. Our people must be able to guide the work of the Municipality.

Fellow Compatriots.

Without wasting any more time, allow me to reflect on the state of the Municipality

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2 THE SERVICE DELIVERY REPORT CAN BE SUMMARISED AS FOLLOWS:

On Electrification from 2011/2012-2016/2017

We have come a long way with electrification. By the end of the 2011/2012 financial year only 18% of people in Ntabankulu we connected on the grid and received electrification.

We had to work extra hard to source funding that was not there to rollout electricity to our people.

A total of R494 million has been utilized for electrification of households and electricity infrastructure establishment.

For the Current financial year 2017/2018:

PROGRESS ON ELECTRIFICATION FOR THE 2017/2018 FINANCIAL YEAR: INEP FUNDING

Progress report on Projects for implementation for the financial year 2017/2018: Electrification through INEP Funding: FROM THE R40 million we received from Government through INEP we were able to electrify the following:

DESCRIPTION OF THE PROJECT	PROGRESS AS AT MAY 2018
Electrification of 213 households in Bisa & Mkhomanzi in ward 16:	The project is complete and energized
Electrification of 618 households Lwandlolobomvu 04: Caba, Phungulelweni, Lubala & Mhlahlweni in ward 10:	Construction complete, project waiting for installation of meters
Electrification of 150 Households at Nqalo village in ward 05.	The project is complete and energized.
Electrification of Amanci 02, 471 households in ward 13.	Construction complete, waiting for installation of meters
Electrification of Amanci 02 600 households Mbangweni/Mcepheni extension in ward 08.	Excavation and pole planting is still underway. The project is anticipated to be complete by the end

	of June 2018
Electrification of 105 households at Msukeni village in ward 07.	The project is complete and energized.

On COGTA Intervention fund: Progress for the financial year 2017/2018

We have made a request from the office of the premier to increase the capacity of electricity in the urban area.

This we believe will assist the development of Malls and big businesses in the future.

An agreement has been arrived at with OTP, but the project is still waiting for transfer of funds from the Office of the Premier.

From the Equitable share, we have allocated **R2.1million** for the Installation of 20 Solar LED Streetlights in the main street. The project is still under construction and has been delayed by the road construction

On the allocation given to ESKOM to assist us with electricity through Schedule 6B we received **R72. 8 million** progresses are as follows.

DESCRIPTION OF THE PROJECT	PROGRESS AS AT MAY 2018
Amacwera 01 in ward 06: Sinquma/Madwaba 250 households, Lugadu 20 households, Dikidikini 35 households, Ngqulana 50 households:	Pole planting and stringing complete, challenge with access to Sinquma.
Amanci 02 in ward 14: Ngqane 235 households, RCC 182 households, Ngonyameni 151households:	Pole planting, stringing and installation of transformers complete, part of ngonyameni and Ngqane energized. There is lack of access to Ngqane
Maamsi in ward 16: Lundzwana 340 households	Pole planting and excavations complete, stringing underway.
Ntabankulu Extensions in ward 9,13,8: Sihlonyaneni 170 households, Ndakeni(Sigubudwini) 50 households, Ndlantaka 50 households	Sihlonyaneni has challenge of access, Ndlantaka energized, Ndakeni still under construction
Mpemba in ward 11: Cacadu 156 households,	All these villages have been connected and

Lugalakaxa 36 households, Maxhegweni 13 households.	energized
Ntabankulu Infills various villages: 398 households.	403 infills connected to various wards.
Lwandllobomvu 05 in ward 12: Mjelweni 104 households, Ntshamanzi 82 households, Manzamyama 140 households.	All these villages have been connected and energized
Ngwalala in ward 5: Mqatyeni 325 households, Cola households.	Mqatyeni still under construction, Cola waiting completion of Mqatyeni
Xesibe 01 in ward 17: Sipetu 124 households, Sikwatini 236 households.	All these villages have been connected and energized

Planning & Infrastructure Eskom has spent R 26 million to do:

- Ntabankulu Pre-Engineering
- Mpemba Link line
- Maamsi Link line

On INDIGENT SUPPORT 2017/2018: R R3 100 000

- 2810 beneficiaries for electricity benefited.
- 2430 beneficiaries for paraffin benefited.
- 155 beneficiaries for solar benefited.

On ROADS, BRIDGES AND COMMUNITY FACILITIES INFRASTRUCTURE FOR 2017/2018 FINANCIAL YEAR

The following progress has been made in spending the **R20 216 818** allocated for Municipal Infrastructure Grant in this financial year or 2017/2018

DESCRIPTION OF THE PROJECT	PROGRESS AS AT MAY 2018
Construction of 8km Madwakazana Access Road phase 2 in ward 7.	The project is still under construction and to be completed in June 2018
Construction of 6.5 km Lalashe Access Road in ward 7.	The project was referred back to Council due design cost exceeding budget.
Construction of 4km Lunzwana to Mlambo	The project is complete and on retention period

Ndaba Access Road with in ward 16.	
Construction of 5km Mowa to Laleni Access Road in ward 14.	The Project is practically complete
Construction of Ntabankulu Sport field - Phase 1 in ward 8.	Phase two complete and contractor for phase 3 appointed.
Construction Cacadu Sports Field in ward 11.	The project is complete

To fast-track the much needed Service delivery, we took **R10 129 950** from Equitable share to do the following projects during this year 2017/2018.

DESCRIPTION OF THE PROJECT	PROGRESS AS AT MAY 2018
Planning and engagement of potential funders for construction of Municipal Offices in ward 08:	The project is on procurement stage.
Construction of Kwantuli New Community hall in ward 16	The contractor appointed and on site, construction is underway
Procurement and installation of a Pre-schools structure for RCC ward 14, Sihlonyaneni ward 9, isiqithini ward 5, Dumakude pre-school in ward 6:	The projects are still on hold due to costs exceeding budget.
Refurbishment of Maintenance of 2 kms of Municipal access roads.	Contractor appointed and maintenance will be complete by end of June 2018
Maintenance of 10 street lights & 3 high masts in the urban area.	Maintenance still under maintenance
Upgrade of Matshona community hall.	The projects is still under maintenance, to be completed by end of June 2018
Maintenance of 12 existing municipal buildings (Transido, Manyano, Soc. Dev, ERF 85, Cultural Village, MPCC, Arts & Craft Centre, ERF 54 & ERF 52, State House), municipal pound, taxi rank.	Maintenance still under maintenance

On the **R5 275 805** funding that we received for the surfacing of and rehabilitation of Town Internal Streets.

This project has had some challenges with these SMME companies that we try to empower but end up disappointing us. As things stand now I have assembled a team that is making an intervention on this project and to report weekly and directly to my office. The municipality is also in direct negotiation with Dorning

Crushers which supplies Asphalt to ensure that we no longer use these SMME companies.

On behalf of Council I wish to apologize to the people of Ntabankulu for this delay. We understand it has been frustrating and we ourselves have been frustrated by this project. We promise speedy recovery from this delay.

Progress for 2017/2018 Project: Small Town Revitalization R 13 322 000

DESCRIPTION OF THE PROJECT	PROGRESS AS AT MAY 2018
Construction of 8km Ntabankulu Internal road surfacing (Phase 1-Small Town revitalisation) in ward 8	The project is still waiting for transfer of funds from the Office of the Premier

3.1. Progress on Local Economic Development Projects 2017/2018

3.1.1. Expanded Public Works Program Projects for the financial year 2017/2018: DORA Funding & Equitable Share Funding: R3 000 000

- 19 beneficiaries Hospitality training : The program will be completed in June 2018.
- 15 beneficiaries traffic officer training : The program completed by June 2018.
- 20 beneficiaries' hall caretakers : The program is still in progress.
- 4 beneficiaries' scholar patrol : The program is still in progress.
- 7 beneficiaries building maintenance : The program is still in progress.
- 3 beneficiaries EPWP data capturers : The program is still in progress.
- 2 EPWP interns (coordinator & administrator): The program is still in progress.
- 10 beneficiaries for Siyacheba : The program is still in progress
- 10 beneficiaries for greening and beautification: The program is still in progress
- 9 beneficiaries for households cleaning: The program is still in progress
- 36 beneficiaries for Siyacoca : The program is still in progress
- 6 beneficiaries for Qokelela : The program is still in progress

During the beginning of our term as Council we promised a new revived focus on job creation and Local Economic Development. We set ourselves highly ambitious projects that we believed we would focus on to create jobs and change the

economy of Ntabankulu as a whole. For the initiation of these projects we set aside: **R5 572 000**

The progress on these projects is as follows:

Project name/ type	Beneficiary	Entity type	Ward	Budget	Progress to date on implementation
Agro-hub establishment support	Agro-hub	SMME	9	R1.872 000	Site established, surveyed, designs done and earth works for cleaning grabbing completed. Municipality is finalising Memorandum of understanding with Department of Trade and Industry for funding to start operations with 1500 saws.
Egg production	Ncama cooperative	Cooperative	14	R200 000	101 chicks purchased, 2 hectors of land fenced, seedlings purchased. Produced eggs are in the market.
Piggery	Sinothando cooperative limited	Cooperative	13	R400 000	Site, surveyed, designs done and earth works for cleaning grabbing completed. Municipality is finalising Memorandum of understanding with Department of Trade and Industry for funding to start operations with 500 saws.
Crop production	Abahlobo cooperative	Cooperative	8	R200 000	3 hectors of land fenced, seedlings purchased, irrigation system installed and first harvest has been to the local market.
	Ntabankulu farm	Cooperative	8	R400 000	11 hectors of land fenced, irrigation system installed, tool storage container purchased. Seedlings for 4 hectors purchased and first harvest has been to the local market
	Mowa farmers coop	Cooperative	14	R300 000	5 hectors of land fenced, irrigation system installed. Seedlings for 2 hectors purchased and first harvest has been to the local market

Moring seedling & plant production	Dedelo & Mkhomanzi Cooperative	Cooperative	16	R300 000	2 hectors of land fenced, seedlings have been planted in the seedlings bags. Direct soil plantation will be done in September 2018
Furniture refurbishment & manufacturing	Eyethu youth cooperative	Cooperative	2	R700 000	Coffin manufacturing training completed. Workshop partitioning in progress at Craft Centre. Machinery to be supplied by the end of June 2018 for operations
Aquaculture – fish farming	Ntabankulu fish farming cooperative	SMME/cooperative	8	R1 000 000	1 hector of land fenced Electricity connection and water connection in progress
Water bottling	NYR	Cooperative	17	R200 000	Feasibility study completed, results proven that water is contaminated with virus and not enough for mass production. The project will be discontinued.
Waste recycling	Zibambe Ziqine	Cooperative	8	R400 000	The advert for recycling machine has been repeated twice due to non-response. The last attempt of the advert will be done.
Craft	Ingomso eliqaqambileyo & Robololo	SMME	8	R150 000	Ingomso eliqaqambileyo has been supported with branding machinery. Robololo SMMEs has been assisted with sewing machines and awaiting for delivery of container to support the other SME.
Tourism: Cultural Festival	Pondo festival, adventure tourism, monuments & heritage sites	Community Tourism	Various wards	R150 000	DVD Footage and tourists brochure showcasing tourist attractions has been done. Pondo festival supported and hosted with success

On Special Programs Unit Support during the 2017/2018 we allocated **R2 590 000** which was utilised as follows:

- *NYDA programs*
- *Back to school achievers awards hosted: Municipality paid R54 000 for registration of 11 top achievers to Walter Sisulu University and also paid R98 000 for the overall top achiever. Municipality purchased 11 laptops for 11 top achievers.*
- *120 students admitted at Walter Sisulu University, the municipality assisted them in facilitating early applications and NSFAS.*
- *Living the dream: ward based talent search hosted in all wards*
- *Golden games hosted in September 2017 in ward 07*
- *Support to National Sport Athlete-Indiphile Dlesi (supported through provision of uniform, sport kit and on travelling for sport activities and events*
- *16 days of activism: food parcels provided for 17 destitute families*
- *Training program for Disabled: Training conducted on small business development*
- *Mandela day program: Two room flat constructed, provision of furniture and 10 000 litres of water tank installed for the destitute family from ward 17*
- *World Aids Day: Provision of First aid kit provided to the support group from ward 16*
- *Mayoral cup games hosted on the 17 February 2018*
- *Climate change summit coordinated and supported Disaster incidents*

On Illiteracy reduction & skills development (Unemployed Training & Development): financial year 2017/2018:

- *4 library programs held to encourage literacy and reading (library week, literacy week, holiday program & world book program*
- *Municipal Internships: 10 interns were employed: Paid stipend of R3500, 00 still in progress.*
- *LGSETA Internship: 6 Interns: 3 Paid stipend of R1800 per month and 3 paid stipend of R3000 per month, the projects was completed in November 2017.*
- *Office of the Premier: 5 interns paid stipend of R300, the project was completed in November 2017.*
- *Training and development employed and unemployed R600 000 per year, Training conducted for employed and unemployed.*
- *Treasury Internship: 5 interns: Paid stipend R8 333.00 per month, the projects still in progress.*
- *Services Seta: 8 interns paid stipend of R1500 per month, 8 interns program completed in April 2018 and 9 new interns commenced in April 2018*
- *3 LGSETA Interns to commence program in June 2018, with a stipend of R3000 per month.*
- *LGSETA Bursary: 1 learner awarded bursary of R50, 000, enrolled in National Diploma Electrical Engineering at Durban University of Technology.*

This year my fellow Compatriots has not been without challenges.

As you can see we have fallen behind on the plans but if one looks at the work we have done, there is a renewed hope for our people.

Dear Friends and Compatriots,

Ndivumeleni ndinabele ngezicwangciso zomasipala wethu kulo mnyaka mali esizakuwugala ngo July kulo nyaka ukuya ku July kunyaka ozayo.(2018/2019 financial year).

3 NTABANKULU LOCAL MUNICIPALITY PRIORITISED PROJECTS FOR YEAR TWO: 2018/2019 FINANCIAL YEAR

4.1 ROADS, BRIDGES AND COMMUNITY FACILITIES INFRASTRUCTURE 2018/2019 FINANCIAL YEAR

We have planned the following projects for the R23 696 452 of Municipal Infrastructure Grant for the coming year.

- We will Construct 4km Ndikini via creche to cetshe Access Road with related stormwater in ward 15
- We will Construct 8,7km of Mafuka to Sihlonyaneni Access Road with related stormwater in ward 9
- We will Construct 4,6km from Lufafa via Siyaya to School Access Road with related stormwater in ward 11
- We will construct 6,5km from T107 via Mbangweni to T 108 Access Road with related stormwater in ward 9
- We will Construct a community hall in ward 10
- We will Construct a community hall in ward 15

We will also take 3.2 million from the Equitable Share and do the following:

- We will re-gravel 10km of municipal gravel roads with 100m of storm water
- We will maintain 41 street lights and 1 high mast light
- We will maintain 1 community hall.
- 718m of Palisade fencing constructed at the pound and security shelter to be constructed at cemetery
- We will renovate Erf 85, home affairs, social development & Manyano

On ELECTRIFICATION PROJECTS 2018/2019 FINANCIAL YEAR: INEP FUNDING

When we took oath of office as this council in 2016, we committed ourselves to delivering universal access on Electricity by the year 2020.

I wish to reiterate that commitment and as I present this section, I want everyone to bear in mind this commitment.

We understand that the most part of what is left electrified is in the Macwerheni area. One should note however that there still exist a few areas which remain electrified in some other wards other than Macwerheni area.

We commit to electrify all these areas.

We do however urge our people to remain calm and patient with us. We have come a long way and we have honoured our commitment in electrification and our people should trust us.

The **R51 000 000** allocated from INEP will electrify the following:

- Electrification of 90 households at Sihlonyaneni in ward 09
- Electrification of 120 households at Ngcabhela Village in ward 05
- Electrification of 31 Households at Mpoza village in ward 04
- Electrification of 220 households at Ntlangano Village in ward 01
- Electrification of 327 households Lugangatho Village in ward 04
- Electrification of 15 households Maxhegweni Village in ward 11
- Electrification of 984 households at Sebeni Village in ward 02
- Electrification of 392 households Madlalisa ward 1, 122 households Bhayi ward 1, 260 households Dungu ward 1, 185 households Mawonga ward 1, and 984 households Xhopho ward 1.

The **R99 609 780** allocated to Eskom through Schedule 6B will electrify the following areas:

- Electrification of 60 households at Mzimhlophe/Ngwemnyama ward 11, 72 households Bagqozini & 26 households at Mthonjeni in ward 10.
- Electrification of 269 households at Cola ward 5, 78 households Gabheni ward 5, 64 households Nkumba ward 4, 230 households Xhibeni ward 4, 78 households Rwantsana ward 4.
- Electrification of 827 households Dumsi ward 2, 300 households Mandiliva ward 2, 64 households Kwa-Nyasa & 120 households Ntaboduli/Gugwini ward 2.
- Electrification of 372 households ward 1, 526 households Vane ward 1, 38 households Luthambeko ward 1.

4.1.1 INDIGENT SUPPORT 2018/2019: R3 384 000

- *2887 beneficiaries for electricity*
- *2529 beneficiaries for paraffin*

On Local Economic Development Projects 2018/2019

Local Economic Development remains a focus and a priority area for this council.

On Expanded Public Works Program Projects for the financial year 2018/2019: DORA Funding & Equitable Share Funding: R 4 913 400.00 will be allocated for the following

- 20 beneficiaries' hall caretakers***
- 4 beneficiaries' scholar patrol***
- 10 beneficiaries building maintenance***
- 3 beneficiaries EPWP data capturers***
- 2 EPWP interns (coordinator & administrator)***
- 10 beneficiaries for Siyacheba***
- 10 beneficiaries for greening and beautification***
- 9 beneficiaries for households cleaning:***
- 36 beneficiaries for Siyacoca***
- 6 beneficiaries for Qokelela***
- 17 beneficiaries for sport desk***

On SMME & Cooperative Support projects for 2018/2019: **R4 982 000.00**

Project name/ type	Beneficiary	Entity type	Ward	Budget
Agro-hub establishment support (1500 Saws)	Agro-hub	SMME	9	R1 552 000.00
Egg production (75 000 chicks)	Ncama cooperative	Cooperative	14	R240 000.00
Piggery (500 Saws)	Sinothando cooperative limited	Cooperative	13	R 720 000.00
Crop production (400 hectares of crop with processing & 6000 hectares of maize)	Abahlobo cooperative	Cooperative	8	R200 000.00
	Ntabankulu farm	Cooperative	8	R300 000.00
	Mowa farmers coop	Cooperative	14	R250 000.000
Moring seedling & plant production (4 hectares)	Dedelo & Mkhomanzi Cooperative	Cooperative	16 & 17	R150 000.00
Furniture refurbishment & manufacturing	Eyethu youth cooperative	Cooperative	2	R270 000.000
Aquaculture – fish farming	Ntabnakulu fish farming cooperative	SMME/cooperative	8	R 800 000.00
Waste recycling	Zibambe Ziqine	Cooperative	8	R100 000.00
Craft (SMME)	As per the application	SMME	8	R100,000.00
Tourism: Cultural Festival	Pondo festival, adventure tourism, monuments & heritage sites	Community Tourism	Various wards	R300 000.00

On Proposed Special Programs Unit Support 2018/2019 we allocated **R1 500 000.00** which will be spent on the following:

- *Back to school and living the dream for youth*
- *Youth Summit*
- *Support to National Sport Athlete-Indiphile Dlesi (R20 000 per annum over the next four years)*
- *16 days of activism*

- *Disabled programs*
- *Mandela day program*
- *Golden games for elderly*
- *World Aids Day*
- *Mayoral cup games*
- *Disaster Management and Climate change*

On Land Use Management Financial Year 2018/2019: R955 000 has been allocated for

- *Spatial Development Plan*
- Rezoning & subdivisions
- Housing needs beneficiaries
- Illegal subdivisions

On The Budget,

Dear friends and compatriots.

Allow me to wrap up my long speech by tabling before you the Budget and the MTERF outlook for the next three years.

5.1 Ntabankulu Local Municipality MTREF Budget 2018/19-2020/21

The Municipality has for 2018/19 budgeted an amount of R206 365 271 as indicated below

ACCOUNT DESCRIPTION	ANNUAL BUDGET 2018/2019	Y+1 BUDGET 2019/2020	Y+2 BUDGET 2020/2021
INCOME			
Non Grant Income	16 075 320	16 959 463	17 892 235
Grant Revenue	190 289 951	179 968 802	196 343 903
Total Revenue	206 365 271	196 928 265	214 236 138
EXPENDITURE			
Personnel Costs	70 047 655	73 751 156	77 815 671
General Expenditure	50 423 526	50 759 524	53 835 786
Finance Costs	52 600	55 493	58 545
Provisions	1 052 000	6 421 670	8 467 209
Repairs and Maintenance	4 049 696	4 272 430	4 507 413
Capital Expenditure	78 688 394	59 503 765	67 268 254
Total Expenditure	206 365 271	196 928 265	206 939 831
Surplus/Deficit	0	0	0

Friends and Compatriots,

Allow me to thank everyone for participating in this session.

I am confident that that the future looks brighter in Ntabankulu.

Our history as the people of Ntabankulu has shown that we are capable of doing things that our detractors have always thought we were unable to do.

As I sit down I wish to leave you all with Former President Thabo Mbeki's words when he said **"Those who complete the course will do so only because they do not, as fatigue sets in, convince themselves that the road ahead is still too long, the inclines too steep, the loneliness impossible to bear and the prize itself of doubtful value."**

Once again let me thank you all for lending me your ears and the support you have given us as Councillors. Without your support we are doomed.

Thank you all.

ENKOSI!!!!

4

4.1 Council Resolutions

On the 30th of May 2018 Council of Ntabankulu Local Municipality met in Municipal Hall to consider the Original Budget of the municipality for the financial year 2018/2019. The Council approved and adopted the following resolutions:

1. That the Original IDP 2018/2019 be approved;
2. That the Original Budget 2018/2019 be approved as per section 22 of the MFMA.
3. That the Council approves the Original Budget of the Municipality for the financial year 2018/2019; and indicative for the two projected outer years 2018/2019 and 2020/2021 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 original budget year 2018/2019.
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
 - Commitments Policy
6. That the Council approves 2018/2019 Tariffs
 7. That the Council adopts Procurement Plan

4.2 Executive Summary

METHOD OF PREPARATION

The Original 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 14th to the 18th of May 2018, 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 Draft 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 **R206 365 271**, the breakdown of which is operational budgeted revenue of **R 113 211 000**, capital budget **R 77 078 951**, and internally generated funds (own revenue) of **R 16 075 320**. 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 2018/19 Draft Medium Term Revenue Expenditure Forecast.

Table 1

	Adjustment Budget 2017/18	Original Budget 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Total Revenue (excluding capital transfers and contributions)	129 302 099	129 286 320	139 122 463	148 759 235
Total Expenditure	120 074 201	127 676 877	132 112 690	139 671 577
Surplus/(Deficit) for the year	9 227 898	1 609 443	7 009 773	9 087 658
Total capital expenditure	97 614 642	78 688 394	59 503 765	67 268 254

Total Revenue by source

Revenue	Amount	Percentage
Property Rates	9 118 973.75	7.65%
Service Charges	315 600	0.26%
Rental of Facilities	1 596 883	1.23%
Interest earned – external	1 893 600	1.46%
Interest earned – internal	368 200	0.28%
Fines	2 209 200	1.71%
Operational Grants	113 211 000	87%
Other	572 860	0.5%
Total Operational Revenue	129 286 320	100%
Total Capital Grants	77 078 951	
Total	206 365 271	

Total Expenditure by type

Expenditure	Amount	Percentage
Employee Related Costs	58 747 677	46
Remuneration of Councillors	11 299 977	8.85
Provisions	1 578 000	1.23
Depreciation	1 578 000	1.23
Repairs and Maintenance	4 049 696	3.17
Finance Charges	52 600	0.04
General Expenses	50 370 927	39.45
Sub-total	127 676 877	100
Capital	78 688 394	
TOTAL	206 365 271	

Draft Budget per Department

Department	Expenditure	Income	Capital
Executive & Council	28 981 728	28 981 728	NIL
Budget & Finance	29 893 795	31 383 168	1 489 443
Corporate Services	17 880 811	17 880 811	
Community Services	28 145 881	28 145 881	
Economic & Environmental Services	22 774 662	99 973 612.92	77 078 950.00
Deficit			
TOTAL	127 676 877	206 365 271	78 568 393

Capital Budget

Capital projects amounting to **R78 568 393** has been included in this budget. The municipality's internally generated funds available to fund these projects amount to **R 1 489 443**

All projects presented in this report are the priorities as per the Integrated Development Plan which was reviewed from the month of August 2018 during the IDP Road-shows and the strategic planning session held in May 2018 by the municipality.

Funding of Capital Budget

INEP	51 732 000
MIG	25 346 950
<i>Sub Total</i>	77 078 951
Internal funds	1 489 443
TOTAL	78 568 393

Property Rates

The new Property Valuation Roll came into effect the 1 July 2013 and supposed to expire at the end of 2016/17 financial year ending 30 June 2017, but COGTA allowed made a requirement that all new valuations start by the 2018/2019 July. The municipalities were advised to produce the supplementary valuation roll for 2018/2019. The Supplementary Valuation Roll 4 has been prepared and Final SV4 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 4 will be implemented from March 2016. The draft tariffs have been changed by an increase of 5.2% as per Budget circular 89. The ratepayers will only benefit the gazetted rebates.

Tariffs

Service Type	Category of user/users	Tariffs 2017/2018	Tariffs 2018/2019
Property Rates (c/R)	Domestic	0,00600	0,00900
	Business	0,00600	0,01050
	Government	0,02500	0,02500
	Vacant	0,00600	0,00900
	Agricultural	0,00200	0,00225
Refuse Removal	Domestic	79,17	83,29
	Government	135,72	142,78
	Business - Small	250,00	300,00
	- Medium	350,00	400,00
	- Complex	0,00	630,00
	Vacant Stands - Availability Fee - Domestic	0,00	84,24
	Vacant Stands - Availability Fee - Business	0,00	144,41
Burial and	Single Grave once off	147,03	340,00

Cemeteries	Double grave once off	282,76	650,00
Annual Library Membership Fee		56,55	59,49
Rental Office	Large Businesses	88,95	93,58
	Small Businesses	34,22	36,00
Rental :Municipal Hall Hire Per Hour	Independently (Private use) - Day	73,52	77,34
	Independently (Private use) - Night	0,00	116,01
	Government - Day	113,10	118,98
	Government - Night	0,00	178,48
	Business - Day	113,10	154,68
	Business - Night	113,10	232,02
Building Plan fees	Commercial, industrial Government	5,66	5,95
	Low cost funded by DPT of human settlement	5,66	5,95
	Residential by individual owners	4,52	4,75
	Administration for alteration in the existing building (extending, fitting of glasses, etc.)	282,76	297,46
	PENALTY-Administration for as built plans	339,31	356,95
Town Planning	S.G. Diagram	89,55	94,20
	General Plan	113,10	118,98
	Zoning Certificate	56,55	59,49
Zoning and Rezoning of Land	Amendments to scheme clauses	2352,53	2 474,87
	Less than 5000sqm (including minor and inconsequential)	2352,53	2 474,87
	5000sqm-5ha	8367,33	8 802,43
	>5ha – 10ha	20895,71	21 982,28
	>10ha	0,00	-
	Basic	31784,19	33 436,96
	1ha in excess of 10ha	2458,85	2 586,71
	Material change to the application		-
Subdivision of Land/Consolidation	Applicable Appeals (MSA sec. 62)	1093,70	1 150,57
	Basic application fee	1159,30	1 219,59
	Less than 6 subs per portion	565,51	594,92
	6 - 10 subs per portion	451,99	475,49
	11–20 subs per portion	339,31	356,95
	More than 21 subs per portion	226,21	237,97
	Applicants appeals	1093,70	1 150,57
	Consolidation	1131,03	1 189,84
Consent	All instances where the conditions are removed via a PDA process	4179,14	4 396,46
	Consent & change of use of land or building	4179,14	4 396,46

	Bed & Breakfast/Guest house applications	4179,14	4 396,46
	Sand mining & any other mining application	4179,14	4 396,46
	Applicant appeals	1093,70	1 150,57
	On a property <300sqm in extent	1131,03	1 189,84
	On a property between 300 and 1000sqm in extent	2827,57	2 974,60
	On a property >1000sqm	4524,10	4 759,36
	RELAXATION		-
	For residential sites	339,31	356,95
	Non-residential sites	4524,10	4 759,36
	Relaxation of height of boundary walls in excess of 3m (Residential & Non Residential)	1051,85	1 106,55
Trading Tariffs	Hawkers	59,83	62,94
	· Fruit & Vegetables	59,83	62,94
	· Clothing	83,80	88,16
	Businesses	1131,03	1 189,84
		565,51	594,92
Advertising	1.5 m x 3.0m	135,73	142,79
	3.0m x 6.0m	236,38	248,67
			-
Pound Fees	Livestock small and Large	67,48	70,99
Clearance certificate		11,31	11,90
Waste Removal		168,70	177,47
Garden Waste Removal Fees		135,72	142,78
Spot fines for illegal dumping	Households	226,21	237,97
	General Practitioners (Surgeries & Clinics)	565,51	594,92
	Business entities	339,31	356,95
Tender Fees	Between R200 000 and R1000 000	339,31	100,00
	Between R1000 000 and R10 000 000	565,51	220,00
	Above R10 000 000	791,72	300,00

ACCUMULATED DEFICIT/SURPLUS

The Original Budget has a zero balance.

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 2018/2019 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	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source											
Property rates	2	2 722	4 708	5 209	10 360	8 758	8 758	8 758	9 119	9 621	10 150
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	-	303	355	550	300	300	300	316	333	351
Service charges - other		233	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		948	928	1 090	1 500	1 518	1 518	1 518	1 597	1 685	1 777
Interest earned - external investments		1 709	1 955	2 324	3 000	1 800	1 800	1 800	1 894	1 998	2 108
Interest earned - outstanding debtors		521	448	-	350	-	-	-	368	388	410
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1 191	1 014	817	3 500	341	341	341	137	145	153
Licences and permits		131	1 395	1 077	-	1 890	1 890	1 890	2 209	2 331	2 459
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		85 682	103 743	115 851	104 074	107 562	107 562	107 562	113 211	122 163	130 867
Other revenue	2	407	1 412	410	9 362	9 664	9 664	9 664	435	459	485
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		93 542	115 905	127 133	132 697	131 832	131 832	131 832	129 286	139 122	148 759

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;

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	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		-	-	96 373	103 824	103 824	103 824	112 861	122 163	130 943
Local Government Equitable Share		-	-	93 327	99 613	99 613	99 613	108 982	119 728	128 076
Finance Management		-	-	-	1 900	1 900	1 900	1 970	2 435	2 867
Municipal Systems Improvement		-	-	-	-	-	-	-	-	-
EPWP Incentive		-	-	-	2 311	2 311	2 311	1 909	-	-
EPWP Incentive		-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]		-	-	3 046	-	-	-	-	-	-
Provincial Government:		-	-	-	-	-	-	-	-	-
Other transfers/grants [insert description]		-	-	-	-	-	-	-	-	-
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
Other grant providers: [insert description]		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	-	-	96 373	103 824	103 824	103 824	112 861	122 163	130 943
Capital Transfers and Grants										
National Government:		-	-	96 676	67 738	67 738	67 738	78 413	59 164	66 902
Municipal Infrastructure Grant (MIG)		-	-	96 676	27 738	27 738	27 738	26 681	27 164	28 502
INEP		-	-	-	40 000	40 000	40 000	51 732	32 000	38 400
Provincial Government:		-	-	-	-	-	-	-	-	-
Provincial Treasury; COGTA/IEC Grant: OTP		-	-	-	-	-	-	-	-	-
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
Other grant providers: [insert description]		-	-	-	(8 103)	-	1 350	-	-	-
Total Capital Transfers and Grants	5	-	-	96 676	59 635	67 738	69 088	78 413	59 164	66 902
TOTAL RECEIPTS OF TRANSFERS & GRANTS		-	-	193 049	163 459	171 562	172 912	191 274	181 327	197 845

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 5.2 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 2018/19 financial year

Property rates tariff increases are not as per 5.2% the consumer price index. The municipality has benchmarked its property rates tariffs with the local municipalities within the Alfred Nzo District Municipality region.

Service Type	Category of user/users	Tariffs 2017/2018	Tariffs 2018/2019
Property Rates (c/R)	Domestic	0,00600	0,00900
	Business	0,00600	0,01050
	Government	0,02500	0,02500
	Vacant	0,00600	0,00900
	Agricultural	0,00200	0,00225

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.

An increase of 5.2% on all refuse tariffs has not been applied except for the refuse charge on Domestic and Government properties. On Business and Vacant properties tariffs have been implemented by benchmarking with the municipalities with the Alfred Nzo District. 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 2018:

Table 11 Comparison between current waste removal fees and increases

Refuse Removal	Domestic	79,17	83,29
	Government	135,72	142,78
	Business - Small	250,00	300,00
	- Medium	350,00	400,00
	- Complex	0,00	630,00
	Vacant Stands - Availability Fee - Domestic	0,00	84,24
	Vacant Stands - Availability Fee - Business	0,00	144,41

1.5 Operating Expenditure Framework

The Municipality's expenditure framework for the 2018/19 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 adherence 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	39 431	53 577	57 468	121 638	123 185	123 185	123 185	60 561	65 495	69 209
Remuneration of councillors		9 163	-	-	9 257	9 028	9 028	9 028	10 979	11 583	12 220
Debt impairment	3	1 407	3 823	1 285	1 000	-	-	-	1 578	7 095	9 296
Depreciation & asset impairment	2	10 583	15 449	17 765	1 500	1 500	1 500	1 500	1 578	1 665	1 756
Finance charges		-	2 145	-	50	-	-	-	-	-	-
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	1 369	-	-	3 701	1 100	1 100	1 100	907	957	1 010
Contracted services		-	-	5 261	50	50 912	50 912	50 912	27 551	24 842	26 097
Transfers and subsidies		-	-	-	1 900	-	1 830	1 513	1 970	2 435	2 867
Other expenditure	4, 5	51 558	94 308	98 524	100 774	40 685	40 685	40 685	22 553	23 471	24 756
Loss on disposal of PPE		35	362	42	-	-	-	-	-	-	-
Total Expenditure		113 545	169 664	180 344	239 871	226 411	228 241	227 924	127 677	137 543	147 211

The budgeted allocation for employee related costs for the 2018/2019 financial year totals R70 047 655 which equals 55% per cent of the total operating expenditure. The three year collective SALGBC agreement has lapsed and there is no new proposal for salary increases as per SALGA collective agreement. Salary increases have been factored according to CPI, 5.2% . An average annual increase of around 5.5 per cent for 2019/2020 and 5.5% for 2020/2021 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 2018/19 financial year this amount equates to R1 052 000.00 and escalates to R1 109 860.00 by 2019/2020 and R1 170 902.30 by 2020/2021.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 R1 578 000.00 for the 2018/2019 financial and equates to 1.23 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 decrease by 5.2 per cent in 2018/2019.

The following table gives a breakdown of the main expenditure categories for the 2018/2019 financial year.

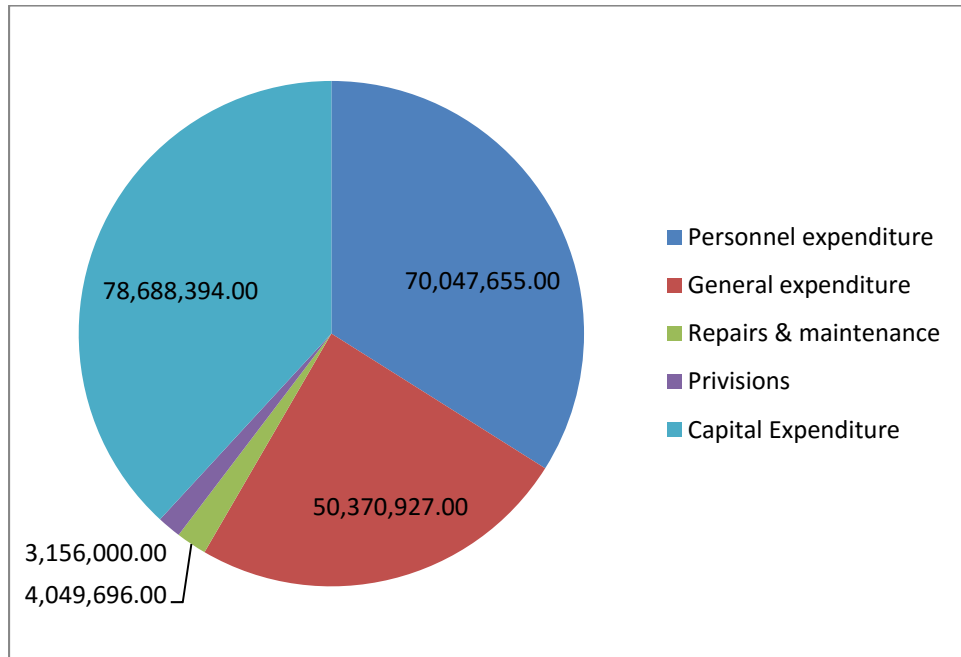


Figure 1 Main operational expenditure categories for the 2018/19 financial year

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 2018/2019 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	2014/15	2015/16	2014/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		-	-	3 346	2 500	1 200	1 200	1 900	2 005	2 115
Roads Infrastructure		-	-	1 541	2 341	1 200	1 200	1 600	1 688	1 781
Roads		-	-	1 541	2 341	1 200	1 200	1 600	1 688	1 781
Road Structures		-	-	-	-	-	-	-	-	-
Road Furniture		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection		-	-	-	-	-	-	-	-	-
Storm water Conveyance		-	-	-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	1 805	159	-	-	300	317	334
Power Plants		-	-	1 805	-	-	-	-	-	-
HV Substations		-	-	-	-	-	-	-	-	-
HV Switching Station		-	-	-	-	-	-	-	-	-
HV Transmission Conductors		-	-	-	-	-	-	-	-	-
MV Substations		-	-	-	-	-	-	-	-	-
MV Switching Stations		-	-	-	159	-	-	-	-	-
MV Networks		-	-	-	-	-	-	-	-	-
LV Networks		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	300	317	334
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Dams and Weirs		-	-	-	-	-	-	-	-	-
Boreholes		-	-	-	-	-	-	-	-	-
Reservoirs		-	-	-	-	-	-	-	-	-
Pump Stations		-	-	-	-	-	-	-	-	-
Water Treatment Works		-	-	-	-	-	-	-	-	-
Bulk Mains		-	-	-	-	-	-	-	-	-
Distribution		-	-	-	-	-	-	-	-	-
Distribution Points		-	-	-	-	-	-	-	-	-
PRV Stations		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Pump Station		-	-	-	-	-	-	-	-	-
Retreatment		-	-	-	-	-	-	-	-	-
Waste Water Treatment Works		-	-	-	-	-	-	-	-	-
Outfall Sewers		-	-	-	-	-	-	-	-	-
Toilet Facilities		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Landfill Sites		-	-	-	-	-	-	-	-	-
Waste Transfer Stations		-	-	-	-	-	-	-	-	-
Waste Processing Facilities		-	-	-	-	-	-	-	-	-
Waste Drop-off Points		-	-	-	-	-	-	-	-	-
Waste Separation Facilities		-	-	-	-	-	-	-	-	-
Electricity Generation Facilities		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Rail Lines		-	-	-	-	-	-	-	-	-
Rail Structures		-	-	-	-	-	-	-	-	-
Rail Furniture		-	-	-	-	-	-	-	-	-
Drainage Collection		-	-	-	-	-	-	-	-	-
Storm water Conveyance		-	-	-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-
MV Substations		-	-	-	-	-	-	-	-	-
LV Networks		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Sand Pumps		-	-	-	-	-	-	-	-	-
Piers		-	-	-	-	-	-	-	-	-
Revetments		-	-	-	-	-	-	-	-	-
Promenades		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Data Centres		-	-	-	-	-	-	-	-	-
Care Layers		-	-	-	-	-	-	-	-	-
Distribution Layers		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Community Assets		-	-	667	200	200	200	900	950	1 002
Community Facilities		-	-	667	200	200	200	900	950	1 002
Halls		-	-	-	-	-	-	-	-	-
Centres		-	-	-	-	-	-	-	-	-
Crèches		-	-	-	-	-	-	-	-	-
Clinics/Care Centres		-	-	-	-	-	-	-	-	-
Fire/Ambulance Stations		-	-	-	-	-	-	-	-	-
Testing Stations		-	-	-	-	-	-	-	-	-
Museums		-	-	-	-	-	-	-	-	-
Galleries		-	-	-	-	-	-	-	-	-
Theatres		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Cemeteries/Crematoria		-	-	-	-	-	-	-	-	-
Police		-	-	-	-	-	-	-	-	-
Parks		-	-	-	-	-	-	-	-	-
Public Open Space		-	-	-	-	-	-	700	739	779
Nature Reserves		-	-	-	-	-	-	-	-	-
Public Ablution Facilities		-	-	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Stalls		-	-	-	-	-	-	-	-	-
Abattoirs		-	-	-	-	-	-	-	-	-
Airports		-	-	-	-	-	-	-	-	-
Taxi Ranks/Bus Terminals		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Indoor Facilities		-	-	-	-	-	-	-	-	-
Outdoor Facilities		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Monuments		-	-	-	-	-	-	-	-	-
Historic Buildings		-	-	-	-	-	-	-	-	-
Conservation Areas		-	-	-	-	-	-	-	-	-
Other Heritage		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Improved Property		-	-	-	-	-	-	-	-	-
Unimproved Property		-	-	-	-	-	-	-	-	-

For the 2018/19 financial year R4 million 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.

4.6 Capital expenditure

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

Table 5 2018/19 Medium-term capital budget per vote

Total Capital Expenditure - Vote		-	-	-	-	-	-	-	-	-	-
Capital Expenditure - Functional											
<i>Governance and administration</i>		2 710	3 770	723	90 549	361 344	361 344	361 344	1 489	1 790	1 888
Executive and council		-	-	-	88 634	18 209	18 209	18 209	-	-	-
Finance and administration		1 311	3 456	-	1 915	343 135	343 135	343 135	1 489	1 790	1 888
Internal audit		1 399	314	723	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	7 130	-	-	16 374	16 374	16 374	3 001	3 167	3 341
Community and social services		-	7 130	-	-	6 475	6 475	6 475	2 287	2 413	2 546
Sport and recreation		-	-	-	-	9 899	9 899	9 899	714	754	795
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		14 742	79 615	85 652	-	43 967	43 967	43 967	74 198	53 492	60 926
Planning and development		-	-	-	-	20 498	20 498	20 498	73 509	52 765	60 159
Road transport		14 742	79 615	85 652	-	23 470	23 470	23 470	689	727	767
Environmental protection		-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		69 358	-	844	-	18 099	18 099	18 099	-	-	-
Energy sources		69 358	-	-	-	18 099	18 099	18 099	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	844	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	86 809	90 515	87 219	90 549	439 784	439 784	439 784	78 688	58 449	66 155
Funded by:											
National Government		86 809	78 985	87 219	88 634	289 472	289 472	289 472	399 039	396 082	66 155
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	1 120	2 455	-
Transfers recognised - capital	4	86 809	78 985	87 219	88 634	289 472	289 472	289 472	400 159	398 537	66 155
Public contributions & donations	5	-	-	-	-	-	-	-	(321 471)	(340 089)	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	11 530	-	1 915	150 312	150 312	150 312	-	-	-
Total Capital Funding	7	86 809	90 515	87 219	90 549	439 784	439 784	439 784	78 688	58 449	66 155

For 2018/19 an amount of R 77 078 million has been appropriated for the development of infrastructure. This represents 99% of the total capital budget.

New assets total represents 100 per cent or R78 688 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.

4.7 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 2018/2019 Original 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	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousands										
Financial Performance										
Property rates	2 722	4 708	5 209	10 360	8 758	8 758	8 758	9 119	9 621	10 150
Service charges	233	303	355	550	300	300	300	316	333	351
Investment revenue	1 709	1 955	2 324	3 000	1 800	1 800	1 800	1 894	1 998	2 108
Transfers recognised - operational	85 682	103 743	115 851	104 074	107 562	107 562	107 562	113 211	122 163	130 867
Other own revenue	3 198	5 197	3 394	14 712	13 412	13 412	13 412	4 747	5 008	5 284
Total Revenue (excluding capital transfers and contributions)	93 542	115 905	127 133	132 697	131 832	131 832	131 832	129 286	139 122	148 759
Employee costs	39 431	53 577	57 468	121 638	123 185	123 185	123 185	60 561	65 495	69 209
Remuneration of councillors	9 163	-	-	9 257	9 028	9 028	9 028	10 979	11 583	12 220
Depreciation & asset impairment	10 583	15 449	17 765	1 500	1 500	1 500	1 500	1 578	1 665	1 756
Finance charges	-	2 145	-	50	-	-	-	-	-	-
Materials and bulk purchases	1 369	-	-	3 701	1 100	1 100	1 100	907	957	1 010
Transfers and grants	-	-	-	1 900	-	-	-	1 513	1 970	2 435
Other expenditure	53 000	98 493	105 111	101 824	91 598	91 598	91 598	51 682	55 407	60 148
Total Expenditure	113 545	169 664	180 344	239 871	226 411	228 241	227 924	127 677	137 543	147 211
Surplus/(Deficit)	(20 003)	(53 759)	(53 211)	(107 174)	(94 579)	(96 409)	(96 092)	1 609	1 580	1 548
Transfers and subsidies - capital (monetary allocated)	56 077	92 293	92 960	80 913	85 645	85 645	85 645	77 079	57 806	65 477
Contributions recognised - capital & contributed assets	-	-	-	1 500	1 500	1 500	1 500	-	-	-
Surplus/(Deficit) after capital transfers & contributions	36 074	38 534	39 749	(24 761)	(7 434)	(9 264)	(8 947)	78 688	59 386	67 025
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	36 074	38 534	39 749	(24 761)	(7 434)	(9 264)	(8 947)	78 688	59 386	67 025
Capital expenditure & funds sources										
Capital expenditure	86 809	90 515	87 219	90 549	439 784	439 784	439 784	78 688	58 449	66 155
Transfers recognised - capital	86 809	78 985	87 219	88 634	289 472	289 472	289 472	400 159	398 537	66 155
Public contributions & donations	-	-	-	-	-	-	-	(321 471)	(340 089)	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	11 530	-	1 915	150 312	150 312	150 312	-	-	-
Total sources of capital funds	86 809	90 515	87 219	90 549	439 784	439 784	439 784	78 688	58 449	66 155
Financial position										
Total current assets	19 357	21 538	21 062	11 280	4 591	4 591	4 591	4 617	4 871	5 139
Total non current assets	9 148	27 129	359 151	13 399	439 784	439 784	439 784	422 925	422 555	450 169
Total current liabilities	0	4 974	72 703	1 500	16 500	16 500	16 500	21 032	22 188	23 409
Total non current liabilities	-	(0)	1 836	-	-	-	-	1 575	1 662	1 753
Community wealth/Equity	220 660	293 366	328 823	-	(327 379)	(327 379)	(327 379)	(326 247)	(344 191)	(363 121)
Cash flows										
Net cash from (used) operating	50 702	102 683	101 039	83 228	90 548	90 548	90 548	63 162	42 583	51 607
Net cash from (used) investing	(87 406)	(83 416)	(87 423)	-	-	-	-	(6 557)	(5 926)	(6 626)
Net cash from (used) financing	30 011	(11 911)	(21 281)	(90 809)	(90 809)	(90 809)	(90 809)	164	173	183
Cash/cash equivalents at the year end	2 626	9 244	1 595	1 262	8 582	8 582	8 582	71 768	108 599	153 762
Cash backing/surplus reconciliation										
Cash and investments available	1 894	9 262	1 140	11 280	-	-	-	1 595	1 683	1 775
Application of cash and investments	(7 535)	(18 807)	45 570	-	12 846	12 846	12 846	17 817	18 797	19 831
Balance - surplus (shortfall)	9 429	28 069	(44 430)	11 280	(12 846)	(12 846)	(12 846)	(16 222)	(17 114)	(18 055)
Asset management										
Asset register summary (WDV)	244 742	319 542	319 317	225 094	156 052	156 052	-	-	-	-
Depreciation	-	-	595	1 500	-	41 128	1 578	1 665	1 756	-
Renewal of Existing Assets	-	-	-	-	23 115	23 115	22 263	23 804	25 113	-
Repairs and Maintenance	-	-	4 584	3 701	1 964	1 964	3 175	3 239	3 417	-
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sew erage:	-	-	-	-	-	-	-	-	-	-
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 functional classification)

Functional Classification Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
Revenue - Functional										
<i>Governance and administration</i>		111 355	205 486	217 844	163 251	177 963	177 963	178 319	168 644	184 545
Executive and council		74 863	-	-	110 395	52 491	52 491	51 732	32 000	38 400
Finance and administration		22 599	204 559	217 844	52 856	125 472	125 472	126 587	136 644	146 145
Internal audit		13 894	928	-	-	-	-	-	-	-
<i>Community and public safety</i>		17 897	2 409	1 894	27 108	473	473	(502)	(899)	(948)
Community and social services		16 447	2 409	1 894	24 855	252	252	(640)	(1 044)	(1 101)
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		1 450	-	-	2 253	131	131	137	145	153
Housing		-	-	-	-	90	90	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		19 581	-	-	22 701	38 741	38 741	27 556	28 137	29 536
Planning and development		9 951	-	-	22 683	27 581	27 581	25 347	25 806	27 077
Road transport		9 630	-	-	18	10 203	10 203	2 209	2 331	2 459
Environmental protection		-	-	-	-	957	957	-	-	-
<i>Trading services</i>		785	303	355	550	300	300	-	-	-
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		785	303	355	550	300	300	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	149 619	208 198	220 093	213 610	217 477	217 477	205 373	195 882	213 132
Expenditure - Functional										
<i>Governance and administration</i>		83 884	169 664	180 344	64 836	75 763	75 763	83 103	95 055	100 531
Executive and council		20 579	9 441	9 807	23 876	16 506	16 506	16 391	17 239	18 188
Finance and administration		47 342	160 223	170 537	40 960	58 141	58 141	65 343	76 371	80 818
Internal audit		15 963	-	-	-	1 115	1 115	1 370	1 445	1 525
<i>Community and public safety</i>		16 341	-	-	57 615	23 234	23 234	23 496	24 471	25 817
Community and social services		15 008	-	-	24 870	19 765	19 765	20 532	21 345	22 519
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		1 333	-	-	2 253	2 303	2 303	2 200	2 321	2 449
Housing		-	-	-	-	1 166	1 166	764	806	850
Health		-	-	-	30 491	-	-	-	-	-
<i>Economic and environmental services</i>		13 019	-	-	38 650	10 526	10 526	12 821	13 899	14 210
Planning and development		8 670	-	-	30 491	8 018	8 018	9 339	10 225	10 334
Road transport		4 349	-	-	7 809	1 238	1 238	1 640	1 731	1 826
Environmental protection		-	-	-	350	1 270	1 270	1 842	1 943	2 050
<i>Trading services</i>		301	-	-	700	4 188	4 188	4 647	2 387	2 518
Energy sources		-	-	-	-	120	120	300	317	334
Water management		-	-	-	-	200	200	-	-	-
Waste water management		-	-	-	350	-	-	-	-	-
Waste management		301	-	-	350	3 868	3 868	4 347	2 070	2 184
<i>Other</i>	4	-	-	-	122 801	3 270	3 270	3 610	2 152	2 271
Total Expenditure - Functional	3	113 545	169 664	180 344	284 602	116 981	116 981	127 677	137 965	145 347
Surplus/(Deficit) for the year		36 074	38 534	39 749	(70 992)	100 496	100 496	77 696	57 917	67 785

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	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue by Vote	1									
Vote 1 - Finance and Administration		-	-	177 407	107 575	-	24 589	126 272	136 311	145 793
Vote 2 - Finance and Administration		-	-	355	300	-	308	316	333	351
Vote 3 - Community And Social Services		-	-	35	2	-	1	3	3	3
Vote 4 - Planning and Development		-	-	-	(277 380)	-	(4 597)	25 347	25 806	27 077
Vote 5 - Internal Audit		-	-	-	-	-	-	-	-	-
Vote 6 - Energy Sources		-	-	-	-	-	-	-	-	-
Vote 7 - Executive and Council		-	-	42 000	49 871	-	34 400	51 732	32 000	38 400
Vote 8 - Environmental Protection		-	-	210	-	-	(160)	-	-	-
Vote 9 - Road Transport		-	-	1 894	(4 603)	-	2 703	2 209	2 331	2 459
Vote 10 - Other		-	-	-	-	-	-	-	-	-
Vote 11 - Public Safety		-	-	75	131	-	61	137	145	153
Vote 12 - Sport and Recreation		-	-	-	-	-	-	-	-	-
Vote 13 - Waste Management		-	-	-	-	-	160	-	-	-
Vote 14 - Housing		-	-	-	-	-	-	-	-	-
Vote 15 - Community And Social Services		-	-	-	250	-	23	350	-	-
Total Revenue by Vote	2	-	-	221 976	(123 853)	-	57 488	206 365	196 928	214 236
Expenditure by Vote to be appropriated	1									
Vote 1 - Finance and Administration		-	-	118 383	58 804	-	63 514	63 267	74 181	78 619
Vote 2 - Finance and Administration		-	-	317	2 006	-	32 850	2 076	2 190	2 199
Vote 3 - Community And Social Services		-	-	2 305	20 018	-	5 316	19 752	20 522	21 651
Vote 4 - Planning and Development		-	-	6 545	7 775	-	2 900	9 339	10 225	10 334
Vote 5 - Internal Audit		-	-	-	1 115	-	710	1 370	1 445	1 525
Vote 6 - Energy Sources		-	-	1 805	120	-	20	300	317	334
Vote 7 - Executive and Council		-	-	14 728	14 476	-	15 772	16 391	17 239	18 188
Vote 8 - Environmental Protection		-	-	-	312	-	1 527	1 842	1 943	2 050
Vote 9 - Road Transport		-	-	1 541	1 238	-	772	1 640	1 731	1 826
Vote 10 - Other		-	-	-	5 120	-	2 836	3 610	2 152	2 271
Vote 11 - Public Safety		-	-	-	2 253	-	1 696	2 200	2 321	2 449
Vote 12 - Sport and Recreation		-	-	-	-	-	-	-	-	-
Vote 13 - Waste Management		-	-	-	3 126	-	2 224	4 347	2 070	2 184
Vote 14 - Housing		-	-	-	976	-	239	764	806	850
Vote 15 - Community And Social Services		-	-	13 326	750	-	9 654	780	823	868
Total Expenditure by Vote	2	-	-	158 948	118 089	-	140 030	127 677	137 965	145 347
Surplus/(Deficit) for the year	2	-	-	63 028	(241 942)	-	(82 543)	78 688	58 964	68 889

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	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Revenue By Source											
Property rates	2	2 722	4 708	5 209	10 360	8 758	8 758	8 758	9 119	9 621	10 150
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	-	303	355	550	300	300	300	316	333	351
Service charges - other		233	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		948	928	1 090	1 500	1 518	1 518	1 518	1 597	1 685	1 777
Interest earned - external investments		1 709	1 955	2 324	3 000	1 800	1 800	1 800	1 894	1 998	2 108
Interest earned - outstanding debtors		521	448	-	350	-	-	-	368	388	410
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1 191	1 014	817	3 500	341	341	341	137	145	153
Licences and permits		131	1 395	1 077	-	1 890	1 890	1 890	2 209	2 331	2 459
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies		85 682	103 743	115 851	104 074	107 562	107 562	107 562	113 211	122 163	130 867
Other revenue	2	407	1 412	410	9 362	9 664	9 664	9 664	435	459	485
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		93 542	115 905	127 133	132 697	131 832	131 832	131 832	129 286	139 122	148 759
Expenditure By Type											
Employee related costs	2	39 431	53 577	57 468	121 638	123 185	123 185	123 185	60 561	65 495	69 209
Remuneration of councillors		9 163	-	-	9 257	9 028	9 028	9 028	10 979	11 583	12 220
Debt impairment	3	1 407	3 823	1 285	1 000	-	-	-	1 578	7 095	9 296
Depreciation & asset impairment	2	10 583	15 449	17 765	1 500	1 500	1 500	1 500	1 578	1 665	1 756
Finance charges		-	2 145	-	50	-	-	-	-	-	-
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	1 369	-	-	3 701	1 100	1 100	1 100	907	957	1 010
Contracted services		-	-	5 261	50	50 912	50 912	50 912	27 551	24 842	26 097
Transfers and subsidies		-	-	-	1 900	-	-	-	1 970	2 435	2 867
Other expenditure	4, 5	51 558	94 308	98 524	100 774	40 685	40 685	40 685	22 553	23 471	24 756
Loss on disposal of PPE		35	362	42	-	-	-	-	-	-	-
Total Expenditure		113 545	169 664	180 344	239 871	226 411	228 241	227 924	127 677	137 543	147 211
Surplus/(Deficit)		(20 003)	(53 759)	(53 211)	(107 174)	(94 579)	(96 409)	(96 092)	1 609	1 580	1 548
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		56 077	92 293	92 960	80 913	85 645	85 645	85 645	77 079	57 806	65 477
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Transfers and subsidies - capital (in-kind - all))	6	-	-	-	1 500	1 500	1 500	1 500	-	-	-
Surplus/(Deficit) after capital transfers & contributions		36 074	38 534	39 749	(24 761)	(7 434)	(9 264)	(8 947)	78 688	59 386	67 025
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		36 074	38 534	39 749	(24 761)	(7 434)	(9 264)	(8 947)	78 688	59 386	67 025
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		36 074	38 534	39 749	(24 761)	(7 434)	(9 264)	(8 947)	78 688	59 386	67 025
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		36 074	38 534	39 749	(24 761)	(7 434)	(9 264)	(8 947)	78 688	59 386	67 025

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

- Total revenue is R206 265 million in 2018/19 and increases to R214 236 million by 2020/21.
- Revenue to be generated from property rates is R9 million in the 2018/19 financial year and increases to R10.1 million by 2020/21 which represents 7 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 5.5 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 R315 600 for the 2018/19 financial year and increasing to R351 271 by 2020/21.
- 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.
- 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

Total Capital Expenditure - Vote		-	-	-	-	-	-	-	-	-	-
Capital Expenditure - Functional											
<i>Governance and administration</i>		2 710	3 770	723	90 549	361 344	361 344	361 344	1 489	1 790	1 888
Executive and council		-	-	-	88 634	18 209	18 209	18 209	-	-	-
Finance and administration		1 311	3 456	-	1 915	343 135	343 135	343 135	1 489	1 790	1 888
Internal audit		1 399	314	723	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	7 130	-	-	16 374	16 374	16 374	3 001	3 167	3 341
Community and social services		-	7 130	-	-	6 475	6 475	6 475	2 287	2 413	2 546
Sport and recreation		-	-	-	-	9 899	9 899	9 899	714	754	795
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		14 742	79 615	85 652	-	43 967	43 967	43 967	74 198	53 492	60 926
Planning and development		-	-	-	-	20 498	20 498	20 498	73 509	52 765	60 159
Road transport		14 742	79 615	85 652	-	23 470	23 470	23 470	689	727	767
Environmental protection		-	-	-	-	-	-	-	-	-	-
<i>Trading services</i>		69 358	-	844	-	18 099	18 099	18 099	-	-	-
Energy sources		69 358	-	-	-	18 099	18 099	18 099	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	844	-	-	-	-	-	-	-
<i>Other</i>		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	86 809	90 515	87 219	90 549	439 784	439 784	439 784	78 688	58 449	66 155
Funded by:											
National Government		86 809	78 985	87 219	88 634	289 472	289 472	289 472	399 039	396 082	66 155
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	1 120	2 455	-
Transfers recognised - capital	4	86 809	78 985	87 219	88 634	289 472	289 472	289 472	400 159	398 537	66 155
Public contributions & donations	5	-	-	-	-	-	-	-	(321 471)	(340 089)	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	11 530	-	1 915	150 312	150 312	150 312	-	-	-
Total Capital Funding	7	86 809	90 515	87 219	90 549	439 784	439 784	439 784	78 688	58 449	66 155

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

- 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.
4. 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	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand											
ASSETS											
Current assets											
Cash		1 894	9 262	1 595	8 844	-	-	-	1 595	1 683	1 775
Call investment deposits	1	-	-	(455)	2 436	-	-	-	-	-	-
Consumer debtors	1	-	-	14 246	-	4 591	4 591	4 591	-	-	-
Other debtors		6 881	11 510	4 790	-	-	-	-	2 136	2 254	2 378
Current portion of long-term receivables		-	-	-	-	-	-	-	-	-	-
Inventory	2	10 582	766	886	-	-	-	-	886	935	986
Total current assets		19 357	21 538	21 062	11 280	4 591	4 591	4 591	4 617	4 871	5 139
Non current assets											
Long-term receivables		-	-	-	-	-	-	-	-	-	-
Investments		-	-	-	-	-	-	-	-	-	-
Investment property		9 026	27 101	22 263	23 115	23 115	23 115	23 115	22 263	23 487	24 779
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	-	-	336 875	(10 004)	416 381	416 381	416 381	400 649	399 054	425 375
Agricultural		-	-	-	-	-	-	-	-	-	-
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		122	28	13	289	289	289	289	13	14	15
Other non-current assets		-	-	-	-	-	-	-	-	-	-
Total non current assets		9 148	27 129	359 151	13 399	439 784	439 784	439 784	422 925	422 555	450 169
TOTAL ASSETS		28 505	48 667	380 213	24 679	444 376	444 376	444 376	427 542	427 426	455 308
LIABILITIES											
Current liabilities											
Bank overdraft	1	-	-	-	-	-	-	-	-	-	-
Borrowing	4	-	-	-	-	-	-	-	82	87	91
Consumer deposits		-	4 783	82	-	-	-	-	-	-	-
Trade and other payables	4	0	(0)	72 332	-	16 500	16 500	16 500	19 898	20 992	22 147
Provisions		-	192	289	1 500	-	-	-	1 052	1 110	1 171
Total current liabilities		0	4 974	72 703	1 500	16 500	16 500	16 500	21 032	22 188	23 409
Non current liabilities											
Borrowing		-	-	(215)	-	-	-	-	-	-	-
Provisions		-	(0)	2 051	-	-	-	-	1 575	1 662	1 753
Total non current liabilities		-	(0)	1 836	-	-	-	-	1 575	1 662	1 753
TOTAL LIABILITIES		0	4 974	74 539	1 500	16 500	16 500	16 500	22 607	23 850	25 162
NET ASSETS	5	28 505	43 693	305 674	23 179	427 876	427 876	427 876	404 935	403 576	430 147
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		220 660	293 366	328 823	-	(327 379)	(327 379)	(327 379)	(326 247)	(344 191)	(363 121)
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	220 660	293 366	328 823	-	(327 379)	(327 379)	(327 379)	(326 247)	(344 191)	(363 121)

Explanatory notes to Table A6 - Budgeted Financial Position

1. 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).
2. 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	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		2 722	9 749	4 135	4 144	4 144	4 144	4 144	9 119	9 621	10 150
Service charges		-	-	2 893	(53)	(53)	(53)	(53)	316	333	351
Other revenue		4 016	6 931	5 566	13 792	13 792	13 792	13 792	4 379	4 620	4 874
Government - operating	1	119 566	197 093	207 499	104 074	104 074	104 074	104 074	113 211	122 163	130 867
Government - capital	1	21 577	-	-	80 913	80 913	80 913	80 913	77 079	57 806	65 477
Interest		2 230	2 041	-	3 158	3 158	3 158	3 158	2 262	2 386	2 517
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(99 335)	(111 532)	(118 747)	(122 751)	(113 581)	(113 581)	(113 581)	(141 234)	(151 911)	(159 762)
Finance charges		(73)	(1 597)	(307)	(50)	-	-	-	-	-	-
Transfers and Grants	1	-	-	-	-	(1 900)	(1 900)	(1 900)	(1 970)	(2 435)	(2 867)
NET CASH FROM/(USED) OPERATING ACTIVITIES		50 702	102 683	101 039	83 228	90 548	90 548	90 548	63 162	42 583	51 607
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		280	-	18	-	-	-	-	-	(1 055)	(1 113)
Decrease (Increase) in non-current debtors		-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables		(877)	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(86 809)	(83 416)	(87 442)	-	-	-	-	(6 557)	(4 871)	(5 513)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(87 406)	(83 416)	(87 423)	-	-	-	-	(6 557)	(5 926)	(6 626)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	7 089	-	-	-	-	-	82	87	91
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		30 011	(19 000)	(21 281)	(90 809)	(90 809)	(90 809)	(90 809)	82	87	91
NET CASH FROM/(USED) FINANCING ACTIVITIES		30 011	(11 911)	(21 281)	(90 809)	(90 809)	(90 809)	(90 809)	164	173	183
NET INCREASE/ (DECREASE) IN CASH HELD		(6 693)	7 356	(7 666)	(7 581)	(262)	(262)	(262)	56 768	36 830	45 164
Cash/cash equivalents at the year begin:	2	9 319	1 887	9 261	8 844	8 844	8 844	8 844	15 000	71 768	108 599
Cash/cash equivalents at the year end:	2	2 626	9 244	1 595	1 262	8 582	8 582	8 582	71 768	108 599	153 762

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 2018/19 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
4. Cash and cash equivalents totals –R15 million as at the beginning of the 2018/19.

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

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

Description	Ref	2014/15	2015/16	2016/17	Current Year 2017/18				2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Cash and investments available											
Cash/cash equivalents at the year end	1	2 626	9 244	1 595	1 262	8 582	8 582	8 582	71 768	108 599	153 762
Other current investments > 90 days		(732)	18	(455)	10 017	(8 582)	(8 582)	(8 582)	(70 173)	(106 916)	(151 987)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		1 894	9 262	1 140	11 280	-	-	-	1 595	1 683	1 775
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(7 535)	(18 807)	45 570	-	12 846	12 846	12 846	17 817	18 797	19 831
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		(7 535)	(18 807)	45 570	-	12 846	12 846	12 846	17 817	18 797	19 831
Surplus(shortfall)		9 429	28 069	(44 430)	11 280	(12 846)	(12 846)	(12 846)	(16 222)	(17 114)	(18 055)

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 draft 2018/19 MTREF budget is funded.
7. As part of the budgeting and planning guidelines that informed the compilation of the 2018/19 Draft 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	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	86 809	90 515	87 219	90 549	98 103	98 103	78 702	59 201	66 949
<i>Roads Infrastructure</i>		14 817	79 615	85 652	39 274	27 661	27 661	19 184	9 245	10 284
<i>Storm water Infrastructure</i>										
<i>Electrical Infrastructure</i>		69 358			42 100	52 300	52 300	51 732	47 456	50 066
<i>Water Supply Infrastructure</i>								120	127	134
<i>Sanitation Infrastructure</i>										
<i>Solid Waste Infrastructure</i>										
<i>Rail Infrastructure</i>										
<i>Coastal Infrastructure</i>										
<i>Information and Communication Infrastructure</i>										
Infrastructure		84 175	79 615	85 652	81 374	79 961	79 961	71 036	56 827	60 484
Community Facilities			7 130		3 200	5 975	5 975	5 448	(922)	2 988
Sport and Recreation Facilities						9 899	9 899	714	754	795
Community Assets			7 130		3 200	15 874	15 874	6 163	(169)	3 783
Heritage Assets			2 046							
Revenue Generating										
Non-revenue Generating										
Investment properties										
Operational Buildings		2 634	1 724	1 568	4 000	700	700			
Housing										
Other Assets		2 634	7 724	7 568	4 000	700	700			
Biological or Cultivated Assets										
Services										
Licences and Rights						289	289	13	14	15
Intangible Assets						289	289	13	14	15
Computer Equipment						200	200	210	222	234
Furniture and Office Equipment					265	265	265	279	294	311
Machinery and Equipment					60	114	114			
Transport Assets					1 650	700	700	1 000	2 012	2 123
Libraries										
Zoo's, Marine and Non-biological Animals										
Total Renewal of Existing Assets	2					23 115	23 115	22 263	23 804	25 113
<i>Roads Infrastructure</i>										
<i>Storm water Infrastructure</i>										
<i>Electrical Infrastructure</i>										
<i>Water Supply Infrastructure</i>										
<i>Sanitation Infrastructure</i>										
<i>Solid Waste Infrastructure</i>										
<i>Rail Infrastructure</i>										
<i>Coastal Infrastructure</i>										
<i>Information and Communication Infrastructure</i>										
Infrastructure										
Community Facilities										
Sport and Recreation Facilities										
Community Assets										
Heritage Assets										
Revenue Generating						23 115	23 115	22 263	23 487	24 779
Non-revenue Generating										
Investment properties						23 115	23 115	22 263	23 487	24 779
Operational Buildings										
Housing										
Other Assets										
Biological or Cultivated Assets										
Services										
Licences and Rights										
Intangible Assets										
Computer Equipment										
Furniture and Office Equipment									317	334
Machinery and Equipment										
Transport Assets										
Libraries										
Zoo's, Marine and Non-biological Animals										
Total Upgrading of Existing Assets	6			19 701	109 348		18 268			
<i>Roads Infrastructure</i>										
<i>Storm water Infrastructure</i>										
<i>Electrical Infrastructure</i>										
<i>Water Supply Infrastructure</i>										
<i>Sanitation Infrastructure</i>										
<i>Solid Waste Infrastructure</i>										
<i>Rail Infrastructure</i>										
<i>Coastal Infrastructure</i>										
<i>Information and Communication Infrastructure</i>				2 949						
Infrastructure				2 949						
Community Facilities					2 000		333			
Sport and Recreation Facilities										
Community Assets					2 000		333			
Heritage Assets										
Revenue Generating										
Non-revenue Generating				2 034						
Investment properties				2 034						
Operational Buildings				12 898	86 591		14 432			
Housing										
Other Assets				12 898	86 591		14 432			
Biological or Cultivated Assets										
Services										
Licences and Rights										
Intangible Assets										
Computer Equipment				1 821	1 259		253			
Furniture and Office Equipment					15 941		2 657			
Machinery and Equipment										
Transport Assets					3 558		593			
Libraries										
Zoo's, Marine and Non-biological Animals										
Total Capital Expenditure	4	14 817	79 615	85 652	39 274	27 661	27 661	19 184	9 245	10 284
<i>Roads Infrastructure</i>										
<i>Storm water Infrastructure</i>										
<i>Electrical Infrastructure</i>		69 358			42 100	52 300	52 300	51 732	47 456	50 066
<i>Water Supply Infrastructure</i>								120	127	134
<i>Sanitation Infrastructure</i>										
<i>Solid Waste Infrastructure</i>										
<i>Rail Infrastructure</i>										
<i>Coastal Infrastructure</i>										
<i>Information and Communication Infrastructure</i>				2 949						
Infrastructure		84 175	79 615	88 601	81 374	79 961	79 961	71 036	56 827	60 484
Community Facilities			7 130		5 200	5 975	5 975	5 448	(922)	2 988
Sport and Recreation Facilities						9 899	9 899	714	754	795
Community Assets			7 130		5 200	15 874	16 208	6 163	(169)	3 783
Heritage Assets			2 046							
Revenue Generating						23 115	23 115	22 263	23 487	24 779
Non-revenue Generating				2 034						
Investment properties				2 034		23 115	23 115	22 263	23 487	24 779
Operational Buildings		2 634	1 724	14 465	90 591	700	15 132			
Housing										
Other Assets		2 634	7 724	14 465	90 591	700	15 132			
Biological or Cultivated Assets										
Services										
Licences and Rights						289	289	13	14	15
Intangible Assets						289	289	13	14	15
Computer Equipment				1 821	1 259	200	210	210	222	234

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	2014/15	2015/16	2016/17	Current Year 2017/18			2018/19 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
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)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Electricity (< min.service level)		-	-	-	3 450	-	3 450	3 450	5 000	6 000
Electricity - prepaid (< min. service level)		-	-	-	3 855	-	3 855	3 855	3 000	2 000
Other energy sources		-	-	-	7 305	-	7 305	7 305	8 000	8 000
<i>Below Minimum Service Level sub-total</i>		-	-	-	14 610	-	14 610	7 305	8 000	8 000
Total number of households	5	-	-	-	14 610	-	14 610	7 305	8 000	8 000
Refuse:										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-
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)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	300	-	300	300	450	600
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		-	-	-	-	-	-	-	-	-
Total cost of FBS provided		-	-	-	300	-	300	300	450	600
Highest level of free service provided per household										
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)					1 725		1 725	1 725	2 500	3 000
Refuse (average litres per week)										
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)										
Water (in excess of 6 kilolitres per indigent household per month)										
Sanitation (in excess of free sanitation service to indigent households)										
Electricity/other energy (in excess of 50 kwh per indigent household per month)										
Refuse (in excess of one removal a week for indigent households)										
Municipal Housing - rental rebates										
Housing - top structure subsidies										
Other	6									
Total revenue cost of subsidised services provided										

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 2016/17, 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 R3.4 million in 2018/19, and R3.8 million in 2020/21. This is covered by the municipality's equitable share allocation from national government.

5 Part 2 – Supporting Documentation

5.1 Overview of the budget process

This was covered during the preparation of the budget that was adopted in August 2017

5.2 Overview of alignment of Annual Budget with IDP

The development of the IDP of 2018/19 and the 2020/21 Budget Compilation were done simultaneously. The Community Participation Process IDP priorities and the implications will yield discussion on the current and future budget. The Community in this regard has been invited for comments on both the Draft IDP and the 2018/19 Budget. The IDP was then aligned to budget, was finalised and adopted by the Council on the 30th of May 2018.

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

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

The 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 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 2018/19 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 28 IDP Strategic Objectives

2018/19 Financial Year		2018/19 MTREF	
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.

5.3 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

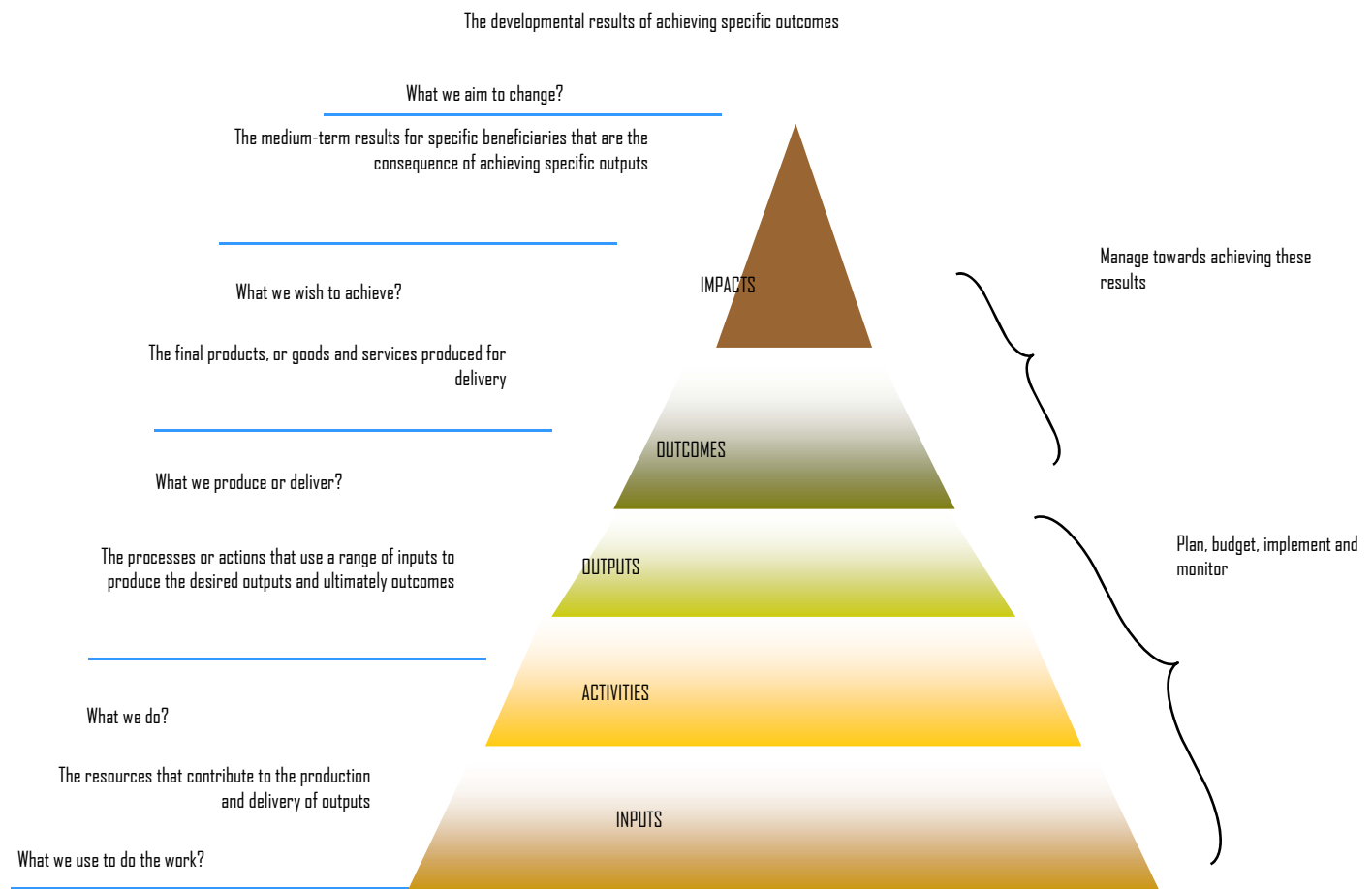
The performance of the Municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The Municipality therefore has adopted one integrated performance management system which 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 do not have any 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 2017/18 financial year 9 292 registered household indigents and only 5581 have been approved and provided for in the budget with this figure hoping to maintain by 2018/19

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 draft policies that are current adopted by

Ntabankulu Local Municipality. All these draft 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 2018/19 budget:

Estimate Salary Increases

- 2018/19 – 5.2%

- 2019/20 – 5.5%
 - 2020/21 – 5.5%
- ✚ Debt Impairment: the overall collection levels are estimate around 85% overall for the NLM.
Payment levels for the following revenue streams have been estimated as follows:
- Property Rates 85% in 2018/19)
 - Refuse 70% in 2018/19)
- ✚ Indigent Support is 60% on registered indigents;
- ✚ Ntabankulu Local Municipality will continue with its current powers and functions;
- ✚ Government grants for the years 2018/2019 to 2020/2021 are as per the Division of Revenue Act, assuming that all allocations will be received;
- ✚ The inflation rate has been estimated at 5.2% 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

Burial and Cemeteries	Single Grave once off	147,03	340,00
	Double grave once off	282,76	650,00
Annual Library Membership Fee		56,55	59,49
Rental Office	Large Businesses	88,95	93,58
	Small Businesses	34,22	36,00
Rental :Municipal Hall Hire Per Hour	Independently (Private use) - Day	73,52	77,34
	Independently (Private use) - Night	0,00	116,01
	Government - Day	113,10	118,98
	Government - Night	0,00	178,48
	Business - Day	113,10	154,68
	Business - Night	113,10	232,02
Building Plan fees	Commercial, industrial Government	5,66	5,95
	Low cost funded by DPT of human settlement	5,66	5,95
	Residential by individual owners	4,52	4,75
	Administration for alteration in the existing building (extending, fitting of glasses, etc.)	282,76	297,46

	PENALTY-Administration for as built plans	339,31	356,95
Town Planning	S.G. Diagram	89,55	94,20
	General Plan	113,10	118,98
	Zoning Certificate	56,55	59,49
	Amendments to scheme clauses	2352,53	2 474,87
Zoning and Rezoning of Land	Less than 5000sqm (including minor and inconsequential)	2352,53	2 474,87
	5000sqm-5ha	8367,33	8 802,43
	>5ha – 10ha	20895,71	21 982,28
	>10ha	0,00	-
	Basic	31784,19	33 436,96
	1ha in excess of 10ha	2458,85	2 586,71
	Material change to the application		-
	Applicable Appeals (MSA sec. 62)	1093,70	1 150,57
	Subdivision of Land/Consolidation	Basic application fee	1159,30
Less than 6 subs per portion		565,51	594,92
6 - 10 subs per portion		451,99	475,49
11–20 subs per portion		339,31	356,95
More than 21 subs per portion		226,21	237,97
Applicants appeals		1093,70	1 150,57
Consolidation		1131,03	1 189,84
All instances where the conditions are removed via a PDA process		4179,14	4 396,46
Consent	Consent & change of use of land or building	4179,14	4 396,46
	Bed & Breakfast/Guest house applications	4179,14	4 396,46
	Sand mining & any other mining application	4179,14	4 396,46
	Applicant appeals	1093,70	1 150,57
	On a property <300sqm in extent	1131,03	1 189,84
	On a property between 300 and 1000sqm in extent	2827,57	2 974,60
	On a property >1000sqm	4524,10	4 759,36
	RELAXATION		-
	For residential sites	339,31	356,95
	Non-residential sites	4524,10	4 759,36
	Relaxation of height of boundary walls in excess of 3m (Residential & Non Residential)	1051,85	1 106,55
Trading Tariffs	Hawkers	59,83	62,94
	· Fruit & Vegetables	59,83	62,94
	· Clothing	83,80	88,16
	Businesses	1131,03	1 189,84

		565,51	594,92
Advertising	1.5 m x 3.0m	135,73	142,79
	3.0m x 6.0m	236,38	248,67
			-
Pound Fees	Livestock small and Large	67,48	70,99
Clearance certificate		11,31	11,90
Waste Removal		168,70	177,47
Garden Waste Removal Fees		135,72	142,78
Spot fines for illegal dumping	Households	226,21	237,97
	General Practitioners (Surgeries & Clinics)	565,51	594,92
	Business entities	339,31	356,95
Tender Fees	Between R200 000 and R1000 000	339,31	100,00
	Between R1000 000 and R10 000 000	565,51	220,00
	Above R10 000 000	791,72	300,00

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. There are other revenue sources 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 Municipal Property Rates Amendment Act of 2014; 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 understanding for councillors and management. It gives information on what months the municipality is expecting to receive revenue and which months it is also expecting to incur expenditure. This information influences investment decisions. The following cash flow management information is contained in some of the schedules on the municipal revised budget and is as follows:

Supporting Table SA26 - monthly revenue and expenditure

EC444 Ntabankulu - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21	
Revenue by Vote																	
Vote 1 - Finance and Administration		10 549	10 549	10 549	10 549	10 549	10 549	10 549	10 549	10 549	10 549	10 549	10 549	10 233	126 272	136 311	145 793
Vote 2 - Finance and Administration		10 549	10 549	10 549	10 549	10 549	10 549	10 549	10 549	10 549	10 549	10 549	10 549	(115 723)	316	333	351
Vote 3 - Community And Social Services		29	29	29	29	29	29	29	29	29	29	29	29	(321)	3	3	3
Vote 4 - Planning and Development		2 112	2 112	2 112	2 112	2 112	2 112	2 112	2 112	2 112	2 112	2 112	2 112	25 347	25 806	27 077	
Vote 5 - Internal Audit		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 6 - Energy Sources		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 7 - Executive and Council		4 311	4 311	4 311	4 311	4 311	4 311	4 311	4 311	4 311	4 311	4 311	4 311	51 732	32 000	38 400	
Vote 8 - Environmental Protection		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 9 - Road Transport		184	184	184	184	184	184	184	184	184	184	184	184	2 209	2 331	2 459	
Vote 10 - Other		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 11 - Public Safety		11	11	11	11	11	11	11	11	11	11	11	11	137	145	153	
Vote 12 - Sport and Recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 13 - Waste Management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 14 - Housing		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 15 - Community And Social Services		29	29	29	29	29	29	29	29	29	29	29	27	350	-	-	
Total Revenue by Vote		27 775	27 775	27 775	27 775	27 775	27 775	27 775	27 775	27 775	27 775	27 775	27 775	(99 164)	206 365	196 928	214 236
Expenditure by Vote to be appropriated																	
Vote 1 - Finance and Administration		5 445	5 445	5 445	5 445	5 445	5 445	5 445	5 445	5 445	5 445	5 445	5 445	3 369	63 267	74 181	78 619
Vote 2 - Finance and Administration		5 445	5 445	5 445	5 445	5 445	5 445	5 445	5 445	5 445	5 445	5 445	5 445	(57 822)	2 076	2 190	2 199
Vote 3 - Community And Social Services		1 711	1 711	1 711	1 711	1 711	1 711	1 711	1 711	1 711	1 711	1 711	1 711	931	19 752	20 522	21 651
Vote 4 - Planning and Development		778	778	778	778	778	778	778	778	778	778	778	778	778	9 339	10 225	10 334
Vote 5 - Internal Audit		114	114	114	114	114	114	114	114	114	114	114	114	1 370	1 445	1 525	
Vote 6 - Energy Sources		25	25	25	25	25	25	25	25	25	25	25	25	300	317	334	
Vote 7 - Executive and Council		1 366	1 366	1 366	1 366	1 366	1 366	1 366	1 366	1 366	1 366	1 366	1 366	16 391	17 239	18 188	
Vote 8 - Environmental Protection		154	154	154	154	154	154	154	154	154	154	154	154	1 842	1 943	2 050	
Vote 9 - Road Transport		137	137	137	137	137	137	137	137	137	137	137	137	1 640	1 731	1 826	
Vote 10 - Other		301	301	301	301	301	301	301	301	301	301	301	301	3 610	2 152	2 271	
Vote 11 - Public Safety		183	183	183	183	183	183	183	183	183	183	183	183	2 200	2 321	2 449	
Vote 12 - Sport and Recreation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Vote 13 - Waste Management		362	362	362	362	362	362	362	362	362	362	362	362	4 347	2 070	2 184	
Vote 14 - Housing		64	64	64	64	64	64	64	64	64	64	64	64	764	806	850	
Vote 15 - Community And Social Services		1 711	1 711	1 711	1 711	1 711	1 711	1 711	1 711	1 711	1 711	1 711	1 711	(18 041)	780	823	868
Total Expenditure by Vote		17 796	17 796	17 796	17 796	17 796	17 796	17 796	17 796	17 796	17 796	17 796	17 796	(68 079)	127 677	137 965	145 347
Surplus/(Deficit) before assoc.		9 979	9 979	9 979	9 979	9 979	9 980	9 979	9 979	9 979	9 979	9 979	9 979	(31 086)	78 688	58 964	68 889

Supporting Table SA30 Annual Budget - monthly cash flow

EC444 Ntabankulu - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2018/19												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
R thousand															
Cash Receipts By Source													1		
Property rates	791	791	791	791	791	791	791	791	791	791	791	422	9 119	9 621	10 150
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	26	26	26	26	26	26	26	26	26	26	26	26	316	333	351
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	133	133	133	133	133	133	133	133	133	133	133	133	1 597	1 685	1 777
Interest earned - external investments	158	158	158	158	158	158	158	158	158	158	158	158	1 894	1 998	2 108
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	368	368	388	410
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	11	11	11	11	11	11	11	11	11	11	11	11	137	145	153
Licences and permits	184	184	184	184	184	184	184	184	184	184	184	184	2 209	2 331	2 459
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	9 434	9 434	9 434	9 434	9 434	9 434	9 434	9 434	9 434	9 434	9 434	9 434	113 211	122 163	130 867
Other revenue	(29)	(29)	(29)	(29)	(29)	(29)	(29)	(29)	(29)	(29)	(29)	753	435	459	485
Cash Receipts by Source	10 709	10 709	10 709	10 709	10 709	10 709	10 709	10 709	10 709	10 709	10 709	11 490	129 286	139 122	148 759
Other Cash Flows by Source															
Transfer receipts - capital	6 423	6 423	6 423	6 423	6 423	6 423	6 423	6 423	6 423	6 423	6 423	6 423	77 079	57 806	65 477
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	(1 055)	(1 113)
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	7	7	7	7	7	7	7	7	7	7	7	7	82	87	91
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	17 139	17 139	17 139	17 139	17 139	17 139	17 139	17 139	17 139	17 139	17 139	17 920	206 447	195 960	213 214
Cash Payments by Type															
Employee related costs	5 047	5 047	5 047	5 047	5 047	5 047	5 047	5 047	5 047	5 047	5 047	5 047	60 561	65 495	67 346
Remuneration of councillors	915	915	915	915	915	915	915	915	915	915	915	915	10 979	11 583	12 220
Finance charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	76	76	76	76	76	76	76	76	76	76	76	76	907	957	1 010
Contracted services	2 296	2 296	2 296	2 296	2 296	2 296	2 296	2 296	2 296	2 296	2 296	2 296	27 551	25 264	26 097
Transfers and grants - other municipalities	164	164	164	164	164	164	164	164	164	164	164	164	1 970	2 435	2 867
Transfers and grants - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other expenditure	1 607	1 607	1 607	1 607	1 607	1 607	1 607	1 607	1 607	1 607	1 607	26 188	43 863	51 383	56 014
Cash Payments by Type	10 104	10 104	10 104	10 104	10 104	10 104	10 104	10 104	10 104	10 104	10 104	34 686	145 831	157 117	165 553
Other Cash Flows/Payments by Type															
Capital assets	6 557	6 557	6 557	6 557	6 557	6 557	6 557	6 557	6 557	6 557	6 557	(65 574)	6 557	4 871	5 513
Repayment of borrowing	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(7)	(82)	(87)	(91)
Other Cash Flows/Payments	(219)	(219)	(219)	(219)	(219)	(219)	(219)	(219)	(219)	(219)	(219)	(219)	(2 627)	(2 772)	(2 924)
Total Cash Payments by Type	16 436	16 436	16 436	16 436	16 436	16 436	16 436	16 436	16 436	16 436	16 436	(31 114)	149 679	159 130	168 051
NET INCREASE/(DECREASE) IN CASH HELD	703	703	703	703	703	703	703	703	703	703	703	49 034	56 768	36 830	45 164
Cash/cash equivalents at the monthly year begin:	15 000	15 703	16 406	17 109	17 812	18 516	19 219	19 922	20 625	21 328	22 031	22 734	15 000	17 768	108 599
Cash/cash equivalents at the monthly year end:	15 703	16 406	17 109	17 812	18 516	19 219	19 922	20 625	21 328	22 031	22 734	23 437	15 768	108 599	153 762

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 five 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. Draft Integrated Development Plan

The Draft IDP document is in place and was tabled for the approval of the 2018/19 Draft MTREF in March 2018 directly aligned and it informs by the 2018/19 MTREF.

6. Annual Report

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

7. Policies

All 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 _____