

NGWATHE LOCAL MUNICIPALITY (FS203)

ANNUAL MEDIUM TERM BUDGET

2012/13- 2014/15

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GLOSSARY OF TERMS AND ACRONYMS

Acronym

Budget Steering Committee : A strategic planning forum aimed at identifying key spending priorities for the municipality

Budget related policies : Policies of a municipality that affect or are affected by the budget.

CAPEX: Capital expenditure, spending on municipal assets such as land, buildings, roads, etc.

CPIX: Consumer price index excluding interest on mortgages

CPI: Consumer price index

GAAP: Generally Accepted Accounting Practice

COGTA: Cooperative Governance and Traditional Affairs

GRAP: Generally Recognised Accounting Practice

FBS: Free basic services

IDP: Integrated Development Plan, a strategic document detailing the City's medium term plan for development.

IGR: Intergovernmental relations

ICT: Information and communication technology

LED: Local economic development

MFMA: Municipal Financial Management Framework, Act 56 of 2003, legislation providing a framework for financial management in local government.

MIG: Municipal Infrastructure Grant

MSA: Municipal Systems Act, Act 32 of 2000.

MTB: Medium Term Budget, a three year financial plan of a municipality.

MTBPS: Medium Term Budget Policy Statement

NT: National Treasury of South Africa


OPEX: Operating expenditure, spending on the day to day operational activities such as salaries and wages, repairs and maintenance, general expenses.

SALGA: South African Local Government Association

SDBIP: Service Delivery and Budget Implementation Plan, a detailed plan containing quarterly performance targets and monthly budget estimates.

LIST OF VOTES

- ✚ Executive and Council
 - Office of the Mayor
 - Municipal Manager
 - Office of the Speaker
- ✚ Finance and Admin
 - Financial Services
 - Stores
 - Corporate Services
 - Computer Centre
 - Workshop and Fleet Management
- ✚ Planning and Development
 - Town planning
 - Town Land
 - Technical Services and PMU
 - Local Economic Development
- ✚ Community and Social Services
 - Town Hall and Offices
 - Cemeteries
 - Community Services
 - Libraries
 - Museum
- ✚ Housing
 - Housing
 - Hostels
- ✚ Public Safety
 - Civil Defence
 - Fire
 - Traffic
- ✚ Sports and Recreation
 - Sports
 - Swimming Pools
 - Parks
- ✚ Waste Management
 - Cleansing
- ✚ Waste Water Management
 - Sewer Network
 - Sewer Purification
- ✚ Road Transport
 - Roads
- ✚ Water
 - Water Networks
 - Water Purification
 - Irrigations
- ✚ Electricity



2012-13

Budget

- ✚ Technical Services and PMU
 - Airport
- ✚ Other

PURPOSE

The main strategic outcomes of the budget are to ensure:

- ✚ Modernizing financial management and improving accountability.
- ✚ Compilation of three year budgets.
- ✚ Deepening and improving the budget preparation process, by involving the political leadership and community.
- ✚ Ensuring that the IDP and Budget are linked, and that the IDP takes account of budgetary resources, and contain proper capital and operational plans.
- ✚ Improving the in-year implementation of the budget.
- ✚ Improving the audit and performance reporting after the financial year has ended.

The purpose of this document is to submit the 2012/13 medium-term budget (MTB) consideration by Council and community consultation of on the proposed tariff increases, projects and service delivery programmes.

The budget was compiled within the framework of the MFMA, Circular No 59 of the National Treasury and the New Municipal Budget Regulations.

Circular No 59 provides instructions, guidance and information on crucial issues that municipalities need to consider when preparing their 2012-13 budgets.

These issues include; efficient and effective public services, municipalities' role in employment creation, procurement reforms and fighting corruption, headline inflation forecasts, revising rates, tariffs and other charges, Eskom bulk tariff increases, water tariffs, implementation of the Municipal Property Rates Act, verification of existing municipal, funding choices and management issues, etc.

On 17 April 2009 the Minister of Finance gazetted new Municipal Budgeting and Reporting Regulations on Government Notice no 393 of 2009. Final budget schedules and related formats to be used for the 2012/13 MTREF were issued by the National Treasury in December 2011.

Ngwathe Local Municipality was required to fully comply with the budget regulations as from 01 July 2010.

PART 1

Mayors Budget Speech

Hon. Speaker;

Hon. Councillors;

Ladies and gentlemen,

The continent of Africa is celebrating Africa month, and Africa Day on the 25th May. What does this day mean to us as Africans? The significance about this day is all about the Africans to determine their destiny and to make decisions that are African orientated. The colonialism and imperialism tried to disregard the Blacks in particular and Africans in general at all respects, although the potential and the expertise are existing from them. Let us continue to support any African initiative and embrace the talent and the expertise to the latter.

The day has arrived finally, were Ngwathe Municipality has to comply with Municipal Finance Management Act and the Municipal Systems Act, respectively. The last Day of May – month.

This day should reveal the essence of completeness of our work as Governors of the municipality.

It was Friday the 13th April 2012, I presented the Draft Budget and the IDP before this Council to approve the drafts for the purposes of the consultations to all 20 wards of the municipality.

Hon. Speaker, I should account once more that the work is done for such community consultation, the Steering Community and the IDP Rep Forum was established and their meetings was very much successful, over and above inputs were made. Hon. Speaker, this is first budget of this Council and we need to acknowledge our first commitment for compliance to meet the legislative frame.

I want to take this opportunity to thank everyone for their involvement for such purposes, Sector Departments, Ward Committee's, Community Development Workers, the residents and citizens of Ngwathe, our staff – especially IDP and BUDGET TEAMS in their efforts and contributions.

Hon. Councillors, I must condemn some Councillors whom could not participate to IDP & Budget Roadshow and REP Forum thinking such meetings should be run with the Council Standing Rules and Orders. The Rep Forum

and the Steering Committee's need not quorum for the discussions to go forward.

Hon. Speaker, May month in Republic of South Africa is been dedicated to workers. The current wage negotiations of SALGA and the trade union movement, they are almost agreeing with 4% of wage increase, although our budget considered 5.4% of the increase. This is indicative to show our commitment towards our work force to oppose the prevalence labour broking in this sphere of government.

Hon. Councillors, it is almost winter, the demand of the electricity usage by the households is very much high. We need to have the campaigns to encourage our citizens and the residents to SAVE Electricity, and to pay their municipal accounts. The account of Eskom is huge, and we need to reduce it in the new financial year. Our commitment is to replace the dysfunctional prepaid electricity meters in phases, starting from now in June 2012 with 1000 meters.

The municipality has consulted with NERSA on the increase of the Electricity and the 11% have been approved. We further considered building socialist aspects within our society without building classes, by giving non indigents 15 KiloWatts of free electricity.

Hon. Councilors, it must be noted that the 15 KiloWatts of electricity will be faced out over three years by 5 kilowatts yearly starting from this new financial year. This project will assist in ensuring our revenue enhancement strategy of reducing the Eskom account.

The budget for the 2012/2013 is underpinned as follows:

The total Operating Budget is estimated by R424, 043 560.

The total Revenue Budget is estimated by R416, 552 961.

The Capital Budget is estimated by R52, 191 000.

Our budget is deficit with an estimanted R9, 240 599. It is anticipated that the deficit will be recovered by at least 25% by Mid Term Budget. above will be informed by the Credit Control by-law and its policy.

Hon. Speaker the 2012/13 Budget is service delivery driven budget, no cosmetics included to make it attractive. Our repairs and maintenance budget is at R20.9m. The deal of Government Garage will play a

fundamental role at in this regard (yellow fleet). Purchase of electricity and water is at R131 299 981 and R10 902 641 respectively.

Hon. Councillors, the disposal of empty stands of the municipality as per the budget assumptions will be given a serious attention it deserve, as that exercise has a potential to contribute to our revenue as the municipality.

Our IDP has went through assessment and hope that we are doing well in this regard. Hon. Councillors, our IDP has reflected on Spatial Development Framework, and we need to consider highly on the provision for housing, and able to close the gap of the racial grouping within our municipal borders.

The LED Strategy is under review with the help of Fezile Dabi District Municipality. The strategy would enable our communities to access the projects through smme's, especially the co-operatives.

The municipality need to contribute to the call of the central government made by the President of the Republic, Hon. Zuma of the job creation opportunities for communities. Therefore in the new financial year we targeting 5000 job opportunities through EPWP projects.

I must report back to your council Hon. Speaker, that the partnership agreement with the National Youth Development Agency has been signed to ensure the municipality contribution towards the youth development in this coming financial year.

I am confident that the draft HIV/AIDS strategy of the municipality will be unveiled in the new financial year.

Hon. Speaker, and the Councillor, we need to be positive to turn our municipality around. We acknowledge the involvement of various stakeholders to assist in our operations in various ways. We will continue to seek help were necessary to do so.

LET US CONSIDER THIS IDP and BUDGET of 2012/2013 for the ADOPTION, and we will be able to implement without any failure.

I, THANK YOU

CHAPTER 1: EXECUTIVE SUMMARY

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The municipality's projected overall spending envelope for the 2012/13 budget amounts to R476 million. Approximately R424 million will be spent in the operating budget and R52 million will be invested in capital infrastructure.

Ngwathe Municipality's 2012/13 MTB was guided by the following principles:

- ✚ Producing a balanced and funded budget;
 - ✚ Maintaining the commitment to deliver quality and sustainable services;
 - ✚ Exploring new options for various funding sources including finance leases;
 - ✚ Reviewing all municipal services and programmes and consider ring fencing key services to ensure efficiency and effectiveness;
 - ✚ Ensuring that administrative and non-service areas (administrative and areas;
 - ✚ Ongoing costs should be funded with ongoing revenues by aligning continuing expenditures with continuing revenues, on a level that can be reasonably sustained and reduce reliance on one-time funding;
 - ✚ Further managing down general expenditure and contracted services. The choice of a service provider should be based on which service provider can provide the service most effectively at the lowest cost; and
 - ✚ Monitoring of Eskom account by checking and verifying consumption by installing consumer and bulk meters;
 - ✚ Scaling down maintenance costs of vehicles
 - ✚ Maintaining all assets at a level adequate to protect the capital investment and minimise future maintenance and replacement costs.
-
- ✚ Managing and monitoring of overtime by supervisors and management;
 - ✚ Monitoring of ICT costs (laptops, computers, printers, etc);

- ✚ Holding conferences, meetings, workshops and seminars in the municipal premises;
- ✚ Renegotiating best market prices;
- ✚ Limiting purchasing of furniture; and
- ✚ Limiting office renovations.

Despite the challenges the municipality faces resultant of faulty and bridged meters, and theft of electricity, the municipality achieved substantial progress with regard to service delivery.

Through MIG grants financed by COGTA and Operation Hlasela Projects financed by Free State Provincial Government, the municipality aims to eliminate backlogs and extend access to water and sanitation services to all residents by 2012 and electricity by 2013. The municipality will also improve access roads in all towns within Ngwathe area.

The financial position of the municipality is under tremendous pressure. The Office of the Auditor-General withheld opinion on Ngwathe Municipality's financial statements in 2006/07, 2007/08 and 2008/09 reflecting the lack of supporting documentation, and going concern uncertainties as main challenges. The overall financial performance results for the 2008/09 year reflect an operating surplus of R56 million. The municipality's cash position has declined in the 2011/12 Financial year with a deficit of R 35 million and is expected to run at a deficit also for the current financial year due to a decline in revenue but will improve at the end of 2012/13 after all the meters has been replaced and after implementation of revenue enhancement programmes stipulated in the municipality's revenue collection strategy.

The Integrated Development Plan (IDP) is the primary point of reference for preparing the municipal budget.

Our aim is to align the financial resources to the municipality's strategies, priorities, and strategic plans.

The 2012/13 budget continues to address the following key IDP priorities:

- ✚ Eradicate social inequalities,
- ✚ Address the burning issue of Electricity,
- ✚ Deliver services (including provision of portable water, electricity, sanitation, refuse removal, roads and storm water),
- ✚ On-going upgrading of our technology in the municipal administration
- ✚ As well as growing the economy and job creation

The IDP takes cognisance of the national, provincial and district priorities. In terms of IGR, the municipality has been involved in engagements, such as DCF, Municipal Turn Around Strategy, and Free State Premier's Operation Hlasela in the past years.

In response to the Municipal Property Rates Act, the municipality will implement the supplementary valuation roll by the 1st of July 2012 also reflecting the market value of properties from 01 July 2012. This includes the improvements that have been made on properties, not just the value of the land.

The General Valuation Roll at January 2012 had **38 871** properties, with a market value of **R6.9 billion**

- o The municipality revised its Indigent Policy to further enhance access to its services by households. The revised policy aims at extending the coverage of subsidies to those who are in need, without necessarily burdening the municipality's fiscus, and *15kwh of electricity to non-indigents will be discontinued in phases from 2013/14, reduction of 5kw per annum.*



CHAPTER 2: THE BUDGET

CHAPTER 2: THE BUDGET

Ngwathe Municipality's projected overall spending envelope for the 2012/13 MTB amounts to R1,4 billion (total for the next three financial years). Approximately 1,3 billion will be spent in the operating budget and R150 million will be invested in capital infrastructure over the medium term period.

Operating Expenditure budget for 2012/13, 2013/14 and 2014/15 equal R424 million, R458 million and R481 million respectively.

Operating budget

Ngwathe Local Municipality presents an Operating Revenue Budget of R416million and Operating Expenditure Budget totalling R424 million for the 2012/13 financial year. This estimate represents an increase of 18% and 9% on revenue and expenditure respectively over the 2011/12 financial year.

The table below sets out the medium-term revenue and expenditure budget for the 2012/13 to 2013/14 period.

Details	2011/12 Adjusted Budget (R)	2012/13 Budget (R)	%	2013/14 Budget (R)	2014/15 Budget (R)
<u>Operating Revenue</u>					
Service Charges	208 687 012	242 323 101	16%	268 183 447	279 998 919
Operating Grants	141 013 000	157 276 000	12%	167 579 000	181 275 000
Other Revenue	4 526 715	16 953 860	275%	16 240 915	17 036 720
Total Operating Revenue	354 226 727	416 552 961	18%	452 003 362	478 310 640
<u>Operating Expenditure</u>					
Total Operating Expenditure	389 300 378	424 043 559	9%	458 596 170	481 211 729
<u>Deficit</u>	-35 073 650	-7 490 598	-79%	-6 592 808	-2 901 089

The municipality is projecting a deficit of R 7.5 million. The deficit is as a result of all the challenges that the Municipality was faced with in the previous year. Services were provided at a loss due to changes in management and number of strikes that took place in 2011/12.

Revenue

The increase of 16% in revenue is mainly as a result of the 11% increase in electricity revenue, and slight increase in water revenue, property rates, sanitation charges and refuse removal. Operating grants include the equitable share (R141 million). The Financial Management Grant amounts to R1.5 million for the purpose of capacity building and budget reforms.

Tariffs

The intention of the Municipality is to provide the best services and address all the challenges facing services delivery. The tariff charge is affected by a variety of external factors such as inflation, to an extent by some national government policy decisions, certain international factors as well as the employment and affordability demographics of the Ngwathe's residents.

Ngwathe Municipality has budgeted for average tariff increases of 5.4 percent as per the cpix, 11.03 per cent for electricity charges

The municipality has implemented the Municipal Property Rates Act and valuation on properties within Ngwathe from 01 July 2009 and **Property Rates tariffs** has been increased by 5.9 percent and will be as follows for the 2012-13 budget year;

- for residential, businesses, agriculture and government will be kept at **0.0094**; **0.0176**; **0.0094**, and **0.0235** respectively.
- First **R42 000** of the market value on **residential** properties and **25%** of the market value on agriculture and public infrastructure services will be exempted.

Tariff increases are discussed in separate reports.

Expenditure

The increase of 9 percent in expenditure is mainly as a result of the anticipated salary increases of 5 percent, and increase in bulk purchases.

2012/13 budget has been prepared on the basis of limited resources, however it is acknowledged that the municipality still needs to fund

programmes and continue to invest in its infrastructure to ensure that service delivery is maintained and remain responsive to the community's needs.

Capital budget

The total estimated capital budget for the 2012/13 financial year amounts to R52 million. This represents an increase of R3,4 million, which represents 7 percent increase from the 2011/12 revised budget.

The main reason for the slight increase, is the increased grants from government of R50m,

Approximately R1.8 million will have to be funded from Ngwathe Municipality's own funds and R50million from grants (MIG).

The proposed capital budget projects spending plans of approximately R16.7 million over the next three-year period.

The table below reflects the medium-term capital budget over the next three years.

Funding Source	2011/12 Budget (R)	2012/13 Budget (R)	%	2013/14 Budget (R)	2014/15 Budget (R)
Surplus/Deficit	-35 073 650	-7 490 598	-79%	- 6 592 808	-2 901 089
Grants	41 582 000	50 441 000	21%	53 210 000	56 286 000
Total	6 508 350	42 950 402	560 %	46 617 192	53 384 911

The 2012/13 capital budget will focus on the following:

- ✚ Heilbron (Phiritona): Bucket Eradication for 1528 erven amounts to R 2million,
- ✚ Heilbron: Upgrading of sewer treatment works (ID-158007) amounts to R 8million and additional R7 million will be made available for the 2013/14,
- ✚ Parys: Upgrading of sewer treatment works R 25million
- ✚ Parys: Refurbishment and upgrading of Water Treatment Works Phase 3 (MIS:171059) amounts to R12million and reduced to R9 million for the 2013/14,

- ✚ IT systems – R1million, Purchase of speed digital camera amounting to R 450k
- ✚ R300k allocated for compilation of Infrastructure Asset Register for the period.

PART 2

CHAPTER 3: OVERVIEW OF THE ANNUAL BUDGET PROCESS

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In terms of the Section 24 of the MFMA, Council must at least 30 days before the start of the financial year consider approval of the annual budget. The MFMA aims to put in place a sound financial framework and sets out timelines for budget preparations and approval.

The budget process for 2012/13 commenced with plannery sessions held by Finance Managers,

The session undertook a strategic assessment of both financial and non-financial past performance of the municipality and development of the financial recovery plan.

IDP consultation and public hearings were held in all 20 wards of Ngwathe Municipality from April to May 2012.

Draft MTB estimates for the 2011-12 were determined and issued to all departments to prepare their draft budgets in line with the allocations in March 2012.

Budget and IDP strategic planning sessions were held on 03rd and 05th of March to consider inputs of all councillors and community development workers.

The Medium Term Budget, outlining the projected budget parameters and spending levels for the 2012/13 budgeting cycle, was presented at Steering Committee Meeting held on 23 March 2012.

The draft MTB was tabled at a Council meeting held on 30 March 2010.

Subsequent to the tabling, the draft budget and proposed tariffs were published for stakeholders and public comments during April and May 2012. Advertisements will be placed in local and provincial newspapers, and the draft budget and tariff reports will be made available on the municipality's website and all municipal offices (Parys, Heibron, Vrededorp, Koppies and Edenville) as well as all libraries within Ngwathe municipal area.

As per legislative requirements, the draft budget and tariffs will be submitted to Provincial and National Treasury for comments. Public participation will be open for 30 days.

The table below outlines the timelines for the overall process of Budget, Tariffs and IDP.

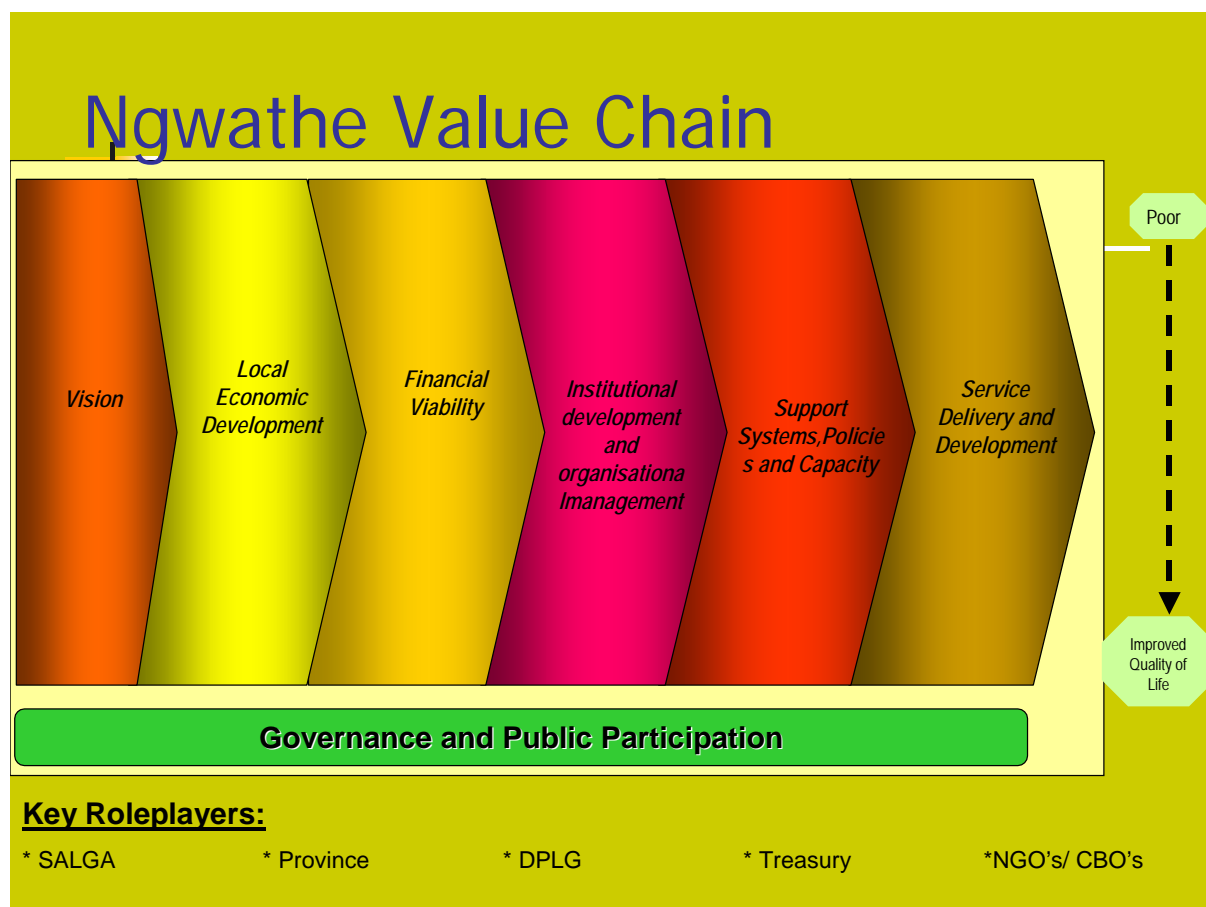
Budget Process	Timeframe
IDP & Budget Process Schedule Preparation	September 2011
Table Process Schedule in Council	21 December 2011
Steering Committee Establishment	January 2012
First External Consultation Process (Informal)	February 2012
Issuing of final indicatives by Budget Office	18 February 2012
Submission of final draft tariffs, budgets and inputs to Budget Office	05 March 2012
Presentation of draft budget, tariffs, reviewed policies and reviewed IDP to BSC	23 March 2012
Tabling of draft budget, tariffs and IDP reports to Finance and Budget Committee	23 March 2012
Tabling of the draft budget, tariffs and IDP at Council	30 March 2012
Public participation on the tabled budget, tariffs and IDP	April 2012
Approval of final IDP and Budget by Finance and Budget Committee	19 May 2012
Approval of final IDP and Budget by Executive Committee	25 May 2012
Council approval of final Budget and IDP	31 May 2012
Approval of Business Plans, SDBIP and Section 57 Managers performance agreements	14 July 2012
Tariffs and by-laws promulgated in Provincial Government Gazette	June 2012



CHAPTER 4: OVERVIEW OF ALIGNMENT OF THE ANNUAL BUDGET

CHAPTER 4: OVERVIEW OF ALIGNMENT OF THE ANNUAL BUDGET WITH THE IDP

The municipality's IDP contains the medium-term focus areas for development. These focus areas set the agenda for resource planning and allocation over the medium term.



Council has set the following priorities:

- ✚ A safe, clean and green municipality;
- ✚ A well-governed and managed municipality;
- ✚ Housing and services; and
- ✚ Economic growth and job creation.
- ✚ Deliver more and better services in a caring and efficient manner;
- ✚ Hold political office bearers and public servants accountable;
- ✚ Shift resources to new priorities;
- ✚ Move from debate to effective implementation and decisive action;
- and

- ✚ Work in partnership with communities, labour and business to achieve our shared objectives.

The 2012/13 budget continues to address the following IDP interventions:

Local Economic Development

In the 2012/13 financial year, Ngwathe Municipality intends to:

- ✚ Implement its LED Strategy effectively in the 2012/13 financial year, through initiating ward based projects throughout the Municipality.
- ✚ Exploit all possibilities to source funds from Development Finance Institutions such as DTI, NDA and big business on behalf of promising SMMEs in the Municipality.
- ✚ Consciously encourage PDIs within the Municipality to participate in tourism ventures a sector presently exploited by whites.
- ✚ Build enough institutional capacity to establish effective Tourism, Agriculture and LED forums.
- ✚ Request assistance from institutions such as CIDB, NHBRC and SEDA to train emerging contractors in construction and facilitate their accreditation.
- ✚ Develop an Investment Incentive Scheme/Policy so as to attract new investment in the Municipality.
- ✚ Develop a Marketing Strategy aimed at marketing the municipality as a place to live and invest in.

Infrastructure and Service delivery

This KPA is performed through Technical Services and Community Services Directorates including Administrative Units. The municipality renders the following basic services to the residents in the urban areas; Water Provision; Sewerage Disposal; Refuse Removal and Electricity Provision. Other services rendered by the municipality to residents, include; Streets and Storm Water, Parks, Sports and Recreational Facilities; Cemeteries, Libraries, Primary Health Care, Fire Fighting Services, Traffic Control and Town Planning. The main

challenges remain eradication of the bucket system, bulk water supply to Edenville, development of parks, refuse removal, road maintenance and the finalisation of the town planning scheme.

Ngwathe Municipality Water, Sanitation, Electricity, Sports Facilities and Roads **Infrastructure Budget** for 2012/13 amounts to **R52.1 million** plus **R20 million** budgeted for repairs and **maintenance of infrastructure**.

The following infrastructure development projects are being implemented;

Water Provision

- ✚ Parys: Refurbishment and upgrading of Water Treatment Works Phase 3 (MIS:171059) amounts to R12million and reduced to R9 million for the 2013/14,

Sanitation

- ✚ Heilbron (Phiritona): Bucket Eradication for 1528 erven amounts to R 2million,
- ✚ Heilbron: Upgrading of sewer treatment works (ID-158007) amounts to R 8million and additional R7 million will be made available for the 2013/14,
- ✚ Parys: Upgrading of sewer treatment works R 25million

Free Basic Services

- ✚ The Municipality anticipates to spend approximately **R36 million** on its social package, which covers free basic electricity , refuse removal, sanitation, free basic water and the property rates rebates in the 2012-13 financial year.
- ✚ All households in the Municipality are entitled to 6 kilolitres of free water per month and 50-kilowatt ph of free electricity to indigent households and 15 kw to non-indigents.

Crime Prevention and Public Safety

- ✚ Purchase of speed digital camera amounting to R 450 000

Financial Management

- IT systems – R1million.
- R300k allocated for compilation of Infrastructure Asset Register for the period

CHAPTER 5: MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

Refer to the IDP for measurable performance objectives

CHAPTER 6: OVERVIEW OF BUDGET-RELATED POLICIES

Budgeting is central to the process of prioritising for service delivery and the management of the functions of Council.

The municipality's budgeting process is guided and governed by relevant legislation and budget related polices.

The following are the key policies that affect or are affected by the annual budget:







All the revenue related by-laws are currently being compiled and will be finalized by end of June 2012.

The following policies were reviewed;

- ✚ Credit control and debt collection policy
- ✚ Indigent Policy
- ✚ Property Rates policy
- ✚ Tariffs Policy
- ✚ Banking and Investment Policy
- ✚ Budget Policy
- ✚ Transfers and Veriments Policy
- ✚ Subsistence and Travelling Policy
- ✚ Asset Management and Replacement Policy
- ✚ Cellphone Policy
- ✚ Risk Management Policy
- ✚ Fruitless and Wasteful Expenditure
- ✚ Funding and Reserves
- ✚ Borrowings Policy
- ✚ Accounting Journal entries

 Bad Debts policy

Credit Control and Debt Collection Policy

-  Credit Control will be strictly implemented on non-indigents
-  Councilors and ward committees will assist in encouraging consumers to pay for services.
-  A data purification project has been established
-  A database containing all civil servants will be established
-  All Municipal employees and Councilors are encouraged to sign stop orders.
-  Electricity meters will be sealed once replaced.

Indigent Policy

Categories:

Category A: Full Subsidy

Households with monthly income between (R0- R 1080) per month (in 2011-12) increases to threshold of (R0- R 1200) per month (in 2012-13)

Category B: R160

Households with monthly income between (R1080 - R 1800) per month (in 2011-12) increases to threshold of (R1201- R 2040) per month (in 2012-13)-

Verification is done once a year.

Refer to **Annexure 1** for detailed policies.

CHAPTER 7: OVERVIEW OF BUDGET ASSUMPTIONS

Budget assumptions provide a comprehensive summary of all assumption made in preparing the budget proposals. Macro and micro economic matters, internal and external factors are taken into consideration.

The 2012/13 – 2014/15 Medium Term Budget has been prepared within a highly volatile and highly uncertain economic environment, making the budgeting process even more challenging.

Division of Revenue Act

The Division of Revenue Bill for 2012/2013 was utilized to determine the Equitable Share, Councilors remuneration subsidy, Financial Management Grant, Municipal Systems Improvement Grant, and Municipal Infrastructure Grant.

Average Salary increases

Circular 59 -remuneration of employees stipulate that salaries for 2012-13 financial year will be increased by CPIX (5%).

Price movements on bulk purchases and other expenses

- ✚ Bulk water purchases were raised by **7.9%** (2011/12) as per guidelines issued by Rand Water.
- ✚ Bulk electricity purchases were increased by **11.03%** according to Eskom guidelines as approved by NERSA.
- ✚ Repairs and Maintenance, General expenses and Capital Expenditure were budgeted based on inputs from all departments within the municipality.

Inflation

According to MFMA circular no 59 issued by the National Treasury, inflation rate is expected to stay between 3 to 6 percent. Consumer price index for 2012/13, 2013/14 and 2014/15 is announced at 5.9%, 5.3% and 4.9% respectively.

Indigent Registration and Approval

The main challenge facing Ngwathe municipality is verification of indigents, currently the number of registered indigents is estimated at 16 297 and this figure could increase to 17 000 in the 2012/13 financial year.

Supply of Free basic Services

The increase in the number of indigents in the municipal area will mean that additional amount to be spent on indigent subsidies and write-offs. Thus, Ngwathe Municipality will **ONLY** provide free basic electricity (55kw/h) to the indigents.

6kl free basic water continues to be provided to all households

Collection rates for main revenue sources

Collection rate of the current year budget levies is estimated at 78%, the allocation of these receipts depend on priority according to the tariff policy. The municipality have budgeted more money on addressing infrastructure maintenance backlogs including replacement of faulty electricity and water meters. Most of the prepaid meters were also bridged and meters will be installed. Electricity consumption monitoring systems will also be introduced to enhance revenue collection from 78% to 90% in the 2012/13 financial year.

CHAPTER 8: OVERVIEW OF BUDGET FUNDING

Budget funding overview

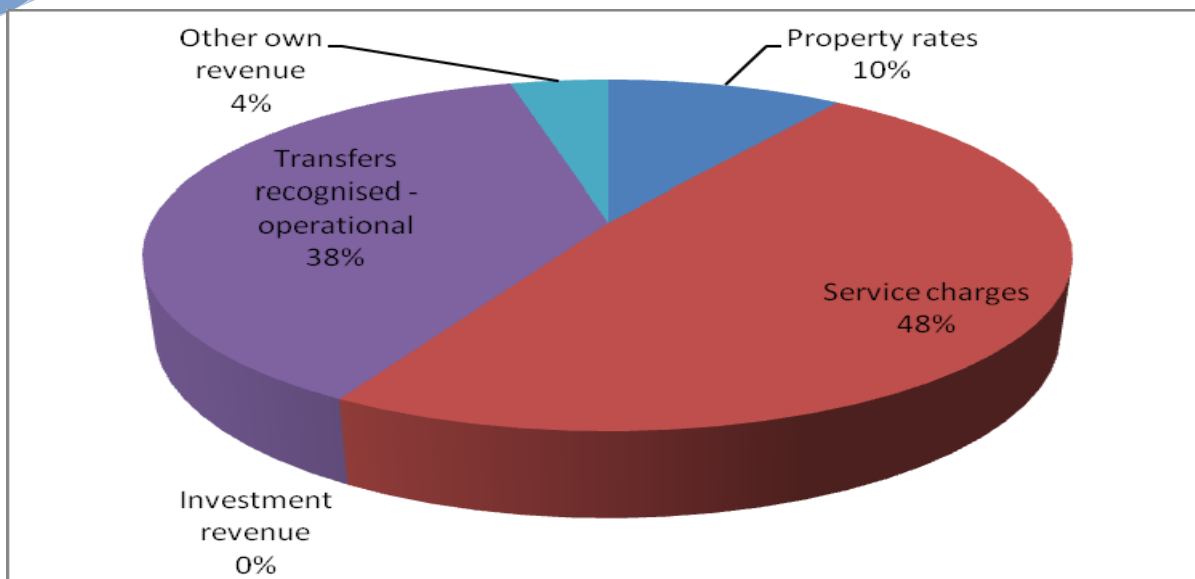
The medium-term budget represents a detailed three-year operating and capital budget that enables the municipality to meet its operational and strategic objectives for the three years and in the outer years.

Operating Revenue

The table below shows a breakdown of the four funding sources the municipality has at its disposal.

Breakdown of the operating revenue over the medium-term:

Description	2012/13 Budget	%	2013/14 Budget	%	2014/15 Budget	%
<u>Operating Revenue</u>						
Property Rates	R41 149 507	10%	R43 330 430	10%	R45 453 622	10%
Service Charges	R201 173 594	48%	R224 853 017	50%	R234 545 297	49%
Operating Grants	R157 276 000	38%	R167 579 000	37%	R181 275 000	38%
Other Revenue	R16 953 860	4%	R16 240 915	4%	R17 036 720	4%
Total Operating Revenue	R416 552 961	100%	R452 003 362	100%	R478 310 640	100%
<u>Operating Expenditure</u>						
Total Operating Expenditure	R424 043 559		R458 596 170		R481 211 729	
<u>Surplus/Deficit</u>	R-7 490 598		R-6 592 808		R-2 901 089	



The 2012/13 MTREF budget is funded from four sources of revenue, namely; Property rates, Service charges, operating grants and other revenue.

Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the revenue base of the municipality totalling R201.2 million for the 2012/13 financial year and increasing to R224.9 million by 2014/15. For the 2012/13 financial year services charges amount to 48 per cent of the total revenue base, grows by 1 per cent in 2013/14 financial year and then drops by 1 per cent in the 2014/15 financial year. This growth can mainly be attributed to the increase in the bulk prices of electricity and water.

Operational grants amount to R157.2 million, R167.6 million and R181.3 million for each of the respective financial years of the MTREF, or 38, 37 and 37 per cent of operating revenue. As per the Division of Revenue Act, Ngwathe municipality will, for the 2012/13 financial year, receive allocations relating to the equitable share, Municipal systems Improvement Grant and Finance Management Grant.

Revenue collected from property rates amounts to R41.1 million, R43.3 million and R45.5 million for each of the respective financial years of the MTREF, or 10 per cent of operating revenue through-out the MTREF.

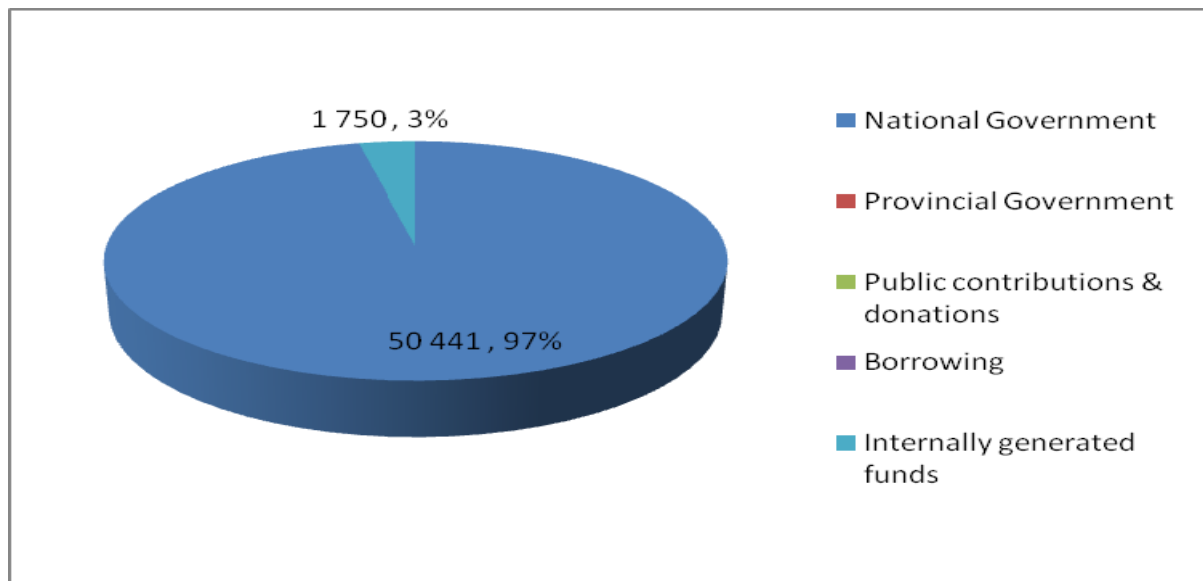
Other revenue is made up of revenue collected from fines, licenses and permits and other small revenue generating activities undertaken by the municipality.

Capital Revenue

Sources of Capital Revenue over the MTREF

Funded by:	2012/13 Budget	%	2013/14 Budget	%	2014/15 Budget	%
National Government	R50 441 000	97%	R53 210 000	100%	R56 286 000	100%
Provincial Government	0	0%	R0	0%	R0	0%
Total Grants Recognised	R50 441 000	97%	R53 210 000	100%	R56 286 000	100%
Internally Generated Funds	R1 750 000	3%	R0	0%	R0	0%
Total Capital Revenue	R52 191 000	100%	R53 210 000	100%	R56 286 000	100%

The above table is graphically represented as follows for the 2012/13 financial year.



Capital grants and receipts amount to 97 per cent of the total funding source which represents R50.4 million for the 2012/13 financial year and steadily increase to R56.3 million or 100 per cent by 2014/15. Growth relating to grant receipts is 7, 1.9 and 5.8 per cent over the medium-term. It is evident that the municipality is heavily dependent on grants to fund its capital expenditure projects.

Measures of financial performance

- Current ratio shall be around 3.8 in the 2012/13 financial year.
- Interest as a percentage of operating expenditure will be around 0.9%.
- Salaries to operating not to be more than 30%.
- Cost coverage ratio is indicated to be negative 0.2.

The municipality will increase tariffs for its services and taxes as follows for 2012/13;

Service	% Increase
Electricity	11.03%
Water	5.9%
Refuse and Sanitation	5.9%
Property rates	5.9%

CHAPTER 9: EXPENDITURE ON TRANSFERS AND GRANT PROGRAMME

FS203 Ngwathe - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
EXPENDITURE:										
Operating expenditure of Transfers and Grants										
National Government:		79 227	105 978	128 766	139 551	139 551	139 551	156 283	167 579	181 275
Local Government Equitable Share		77 992	103 928	126 766	137 311	137 311	137 311	153 983	165 209	178 575
Finance Management		500	750	1 000	1 450	1 450	1 450	1 500	1 500	1 750
Municipal Systems Improvement Restructuring		735	1 300	1 000	790	790	790	800	870	950
Equitable share										
Municipal Infrastructure Grant										
Provincial Government:		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	1 462	1 462	1 462	993	-	-
[insert description] EPWP					1 462	1 462	1 462	993	-	-
Total operating expenditure of Transfers and Grants		79 227	105 978	128 766	141 013	141 013	141 013	157 276	167 579	181 275
Capital expenditure of Transfers and Grants										
National Government:		6 904	48 616	40 943	48 582	48 582	48 582	50 441	58 210	66 286
Municipal Infrastructure (MIG)		6 904	42 246	34 573	41 582	41 582	41 582	50 441	53 210	56 286
Municipal Infrastructure (MIG)										
Integrated National Electrification Programme		-	6 370	6 370	7 000	7 000	7 000	-	5 000	10 000
Provincial Government:		-	-	-	20 000	-	-	-	-	-
Other capital transfers/grants [insert description]					20 000					
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
[insert description]										
Total capital expenditure of Transfers and Grants		6 904	48 616	40 943	68 582	48 582	48 582	50 441	58 210	66 286
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		86 131	154 594	169 709	209 595	189 595	189 595	207 717	225 789	247 561

References

1. Expenditure must be separately listed for each transfer or grant received or recognised

Total operating grant allocations to the municipality as gazetted in the DoR Bill amount to R167.3 million for the 2012/13 financial year, R167.7 million and R181.3 million for the respective outer years of the MTREF

Total capital grant allocations to made to the municipality amount to R50.4 million, 58.2 million and R66.3 million for the 2012/13, 2013/14 and 2014/15 financial years respectively.

CHAPTER 10: COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS

FS203 Ngwathe - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Basic Salaries and Wages		7 958	5 026	5 454	6 013	6 071	6 071	6 375	6 694	7 028
Pension and UIF Contributions		535	309	327	346	464	464	487	511	537
Medical Aid Contributions		62	717	758	803	68	68	72	75	79
Motor Vehicle Allowance			1 222	1 296	1 372	2 170	2 170	2 278	2 392	2 512
Cellphone Allowance			284	303	321	501	501	526	553	580
Housing Allowances										
Other benefits and allowances			460							
Sub Total - Councillors		8 555	8 019	8 139	8 854	9 274	9 274	9 738	10 225	10 736
% increase	4		(6.3%)	1.5%	8.8%	4.7%	-	5.0%	5.0%	5.0%
Senior Managers of the Municipality	2									
Basic Salaries and Wages		2 223	2 452	4 130	5 695	5 899	5 899	6 194	6 503	6 829
Pension and UIF Contributions			18	19	255	306	306	321	337	354
Medical Aid Contributions					64	195	195	204	215	225
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3	780	1 030	1 089	891	1 729	1 729	1 816	1 907	2 002
Cellphone Allowance	3					141	141	148	155	163
Housing Allowances	3									
Other benefits and allowances	3	65	1 068	1 134	1 857	415	415	436	458	481
Payments in lieu of leave	3									
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		3 067	4 568	6 371	8 761	8 684	8 684	9 118	9 574	10 053
% increase	4		48.9%	39.5%	37.5%	(0.9%)	-	5.0%	5.0%	5.0%
Other Municipal Staff										
Basic Salaries and Wages		48 707	59 534	74 693	78 036	71 746	71 746	75 333	79 100	83 055
Pension and UIF Contributions		8 029	8 829	9 508	9 732	11 351	11 351	11 919	12 515	13 140
Medical Aid Contributions		2 928	3 357	3 615	3 907	3 782	3 782	3 971	4 170	4 378
Overtime		4 354	2 429	2 616	2 978	5 554	5 554	5 832	6 123	6 429
Performance Bonus										
Motor Vehicle Allowance	3	3 933	4 572	4 924	4 098	3 260	3 260	3 423	3 594	3 774
Cellphone Allowance	3									
Housing Allowances	3	313	845	910	967	250	250	263	276	289
Other benefits and allowances	3	773	6 465	6 963	6 929	17 029	17 029	17 877	18 770	19 709
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Municipal Staff		69 037	86 030	103 229	106 647	112 972	112 972	118 617	124 548	130 775
% increase	4		24.6%	20.0%	3.3%	5.9%	-	5.0%	5.0%	5.0%
Total Parent Municipality		80 659	98 616	117 740	124 262	130 931	130 931	137 473	144 347	151 564
			22.3%	19.4%	5.5%	5.4%	-	5.0%	5.0%	5.0%
Board Members of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Board Fees										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Board Members of Entities		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-
Senior Managers of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Entities		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-
Other Staff of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Staff of Entities		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-
Total Municipal Entities		-	-	-	-	-	-	-	-	-
TOTAL SALARY, ALLOWANCES & BENEFITS		80 659	98 616	117 740	124 262	130 931	130 931	137 473	144 347	151 564
% increase	4		22.3%	19.4%	5.5%	5.4%	-	5.0%	5.0%	5.0%
TOTAL MANAGERS AND STAFF	5	72 104	90 597	109 601	115 408	121 656	121 656	127 735	134 122	140 828

CHAPTER 11: MONTHLY TARGETS FOR REVENUE AND EXPENDITURE

FS203 Ngwatho - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2012/13												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source																
Property rates		5 223	4 179	3 343	2 925	3 134	3 343	3 030	3 238	2 925	2 821	3 343	3 646	41 150	43 330	45 454
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		11 790	10 252	9 740	8 202	7 382	9 227	7 177	6 972	7 382	9 740	10 047	35 580	133 490	153 056	160 556
Service charges - water revenue		1 283	864	691	553	1 333	2 369	543	1 233	1 451	1 061	1 178	5 103	17 663	18 599	19 511
Service charges - sanitation revenue		3 428	2 560	1 692	1 563	1 693	1 737	1 302	1 389	1 302	1 216	1 302	6 499	25 684	27 045	28 370
Service charges - refuse revenue		2 085	1 390	1 204	1 112	1 147	1 237	1 042	1 112	1 042	1 042	1 008	5 520	18 941	19 945	20 922
Service charges - other		189	278	374	832	413	406	1 123	390	520	525	479	(133)	5 396	6 208	5 187
Rental of facilities and equipment		100	107	128	181	159	129	117	119	95	133	106	0	1 374	1 447	1 518
Interest earned - external investments		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest earned - outstanding debtors		1 809	1 374	939	504	895	939	508	937	507	502	983	76	9 972	10 501	11 015
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines		-	-	-	-	-	-	-	-	-	-	-	1 500	1 500	1 580	1 657
Licences and permits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		#####	-	-	-	#####	-	-	-	#####	-	-	14 775	157 276	167 579	181 275
Other revenue		63	112	193	512	219	216	415	208	275	148	169	(0)	2 530	2 664	2 794
Gains on disposal of PPE		15	14	13	12	13	14	12	13	12	11	12	1 437	1 578	50	52
Total Revenue (excluding capital transfers and contributions)		86 013	21 131	18 316	16 395	63 516	19 616	15 269	15 612	50 857	17 197	18 627	74 004	416 553	452 003	478 311
Expenditure By Type																
Employee related costs		9 708	10 625	9 708	9 846	9 740	9 923	11 036	9 708	9 340	9 526	8 921	19 653	127 735	134 122	140 828
Remuneration of councillors		715	715	715	715	715	715	778	778	778	778	778	1 561	9 738	10 225	10 736
Debt impairment		1 471	1 366	1 366	1 471	1 051	1 051	946	525	525	841	1 186	1 186	12 325	12 978	13 614
Depreciation & asset impairment		159	177	177	177	177	177	177	177	177	177	212	151	2 118	2 230	2 340
Finance charges		307	327	338	340	345	343	335	270	359	368	374	(0)	3 707	3 903	4 094
Bulk purchases		11 070	9 918	8 766	7 488	8 525	8 525	7 257	7 488	528	9 331	9 446	53 861	142 203	162 230	170 179
Other materials		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contracted services		932	932	932	932	932	932	932	932	932	932	932	5 204	15 458	16 277	17 075
Transfers and grants		-	-	-	-	-	-	-	-	-	-	-	36 006	36 006	37 914	39 772
Other expenditure		8 116	6 109	5 355	5 687	10 168	7 870	4 437	5 077	8 909	10 131	3 409	(514)	74 754	78 716	82 573
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		32 478	30 170	27 358	26 656	31 652	29 535	25 899	24 956	21 550	31 769	24 912	117 108	424 044	458 596	481 212
Surplus/(Deficit)																
Transfers recognised - capital		53 535	(9 039)	(9 042)	(10 261)	31 864	(9 920)	(10 631)	(9 344)	29 307	(14 572)	(6 285)	(43 104)	(7 491)	(6 593)	(2 901)
Contributions recognised - capital		(2 000)	-	-	-	-	-	-	-	-	-	-	52 441	50 441	53 210	56 286
Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		51 535	(9 039)	(9 042)	(10 261)	31 864	(9 920)	(10 631)	(9 344)	29 307	(14 572)	(6 285)	9 337	42 950	46 617	53 385
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	51 535	(9 039)	(9 042)	(10 261)	31 864	(9 920)	(10 631)	(9 344)	29 307	(14 572)	(6 285)	9 337	42 950	46 617	53 385

CHAPTER 12: ANNUAL BUDGETS AND SDBIP

A separate Draft SDBIP document will be available by July 2012 after final approval of the budget and IDP. The 2012/13 MTREF Budget schedules are attached separately.

CHAPTER 13: LEGISLATION COMPLIANCE STATUS

The promulgation of the Municipal Finance Management Act (The Act) has brought in proficiency and control measures to local government in terms of budgeting, monitoring and accounting on public funds. The Act has had a profound effect on local government operations that required transformation in financial discipline and planning processes.

The budget preparation for 2012/13 to 2014/15 complies with most of these key requirements.

The Act has created clear reporting standards for local government that conforms to international standards. In addition to providing for improved reporting by local government, the Act stipulates that new accounting and financial standards must be complied with.

13.1 Purpose and quality of MFMA returns

✚ Section 71 Reports

- *Purpose – Status of municipal finance position*
- *Quality – The main challenge relates to reconciliation of accounts and this makes it difficult to provide the information timeously.*

✚ Borrowing Monitoring Return Form

- *Purpose – Status of municipal long debt*
- *Quality – Information provided every quarter is based on confirmed balances in the previous year and payment made during the quarter.*

✚ Budget Evaluation Checklist (Circular 10)

- *Purpose – Progress on compilation of budget*
- *Quality – Information is adequately provided as and when required.*

✚ MFMA 12 Urgent Priorities (Circular 5)

- *Purpose – Implementation of MFMA*
- *Quality – Assessment and evaluation relating to progress made needs to be enhanced.*

✚ Corporate Entities (Circular 5)

- *Purpose – To monitor compliance with S178 (2) of the MFMA*
- *Quality – The municipality does not have entities.*

✚ PPP's (Circular 5)

- *Purpose – To monitor compliance with S178 (2) of the MFMA*
- *Quality – The municipality did not enter into any PPP's.*

✚ Long Term Contracts

- *Purpose – To monitor compliance with S178 (2) of the MFMA*
- *Quality – Information required for this return is provided sufficiently.*

13.2 Internal audit and audit committees

- ✚ The municipality has the **internal audit** unit and it comprises of Internal Audit Manager, there are three vacant positions within the internal audit unit (internal audit officer x3).
- ✚ Audit committee is not in place. During the 2011/12 financial an advert for audit committee member was placed in the media but due to the unsatisfactory response the advert had to be placed again. Currently the municipality is working with the district municipality in an effort to establish an audit committee.

13.3 Implementation of Supply Chain Management

Preferential policy objectives identified to be met through each contract.

- ✚ threshold values contained in the SCM Policy aligned with the values stipulated in regulation
- ✚ Records are kept for the following;
 - Written or verbal quotations received and awards made.
 - Tenders and all other bids received and awards made.
 - Petty Cash purchases
- ✚ SCM policy was reviewed for 2012/13 financial year.

13.4 Tabling of Section 71 Reports in Council

- ✚ Monthly 71 reports are tabled before Finance and Budget Committee, Executive Committee and ultimately to Council.
- ✚ These reports are submitted to the National Treasury, Mayor and Provincial Treasury every month.
- ✚ There were challenges relating to timeous completion of section 71 reports due to lack capacity, however, this will be improved in the 2011/12 and the service provider will be engaged to update the financial management system with the new in-year reporting formats.

13.5 Treasury Guidelines (Circular 59)

- ✚ Treasury Guidelines relating to financial management, and budget preparation & implementation are adhered to and this has been included in the budget policy.

13.8 Delegation of responsibility from executive authority to head of departments

- ✚ Delegation of powers policy was developed in terms of Municipal Systems Act, reviewed to comply with Municipal Finance Management Act and adopted by Council.
- ✚ The current System of Delegations will be reviewed for the 2012/13 financial to ensure that they are in line with the MFMA and National Treasury's new system of delegations format/template.

13.9 Performance agreements

- ✚ Performance agreement was entered into between the Mayor and the Accounting Officer for 2011/12 financial year.
- ✚ Performance agreements will be developed for 2012/13 financial year, and signed by all Section 57 managers.

CHAPTER 14: RESOLUTIONS

RESOLVED:

1. That in terms of section 24 of the municipal Finance Management Act 56 of 2003, the annual budget of the municipality for the financial year 2012/12; and indicative allocations for the two projected outer year 2013/14 and 2014/15; and the multi-year and single year capital appropriations be approved

2. Below is the list of draft policies and tariff list to be approved
 - Fruitless and Wasteful Policy
 - Transfers and Veriments
 - Borrowing policy
 - Budget policy
 - Subsistence and travelling policy
 - Credit Control policy
 - Indigent policy
 - Property Rates policy
 - Tariff policy
 - Bad debt Write-off policy
 - Cell phone policy
 - Fixed asset management policy
 - Banking and investment policy
 - Funding and reserves policy
 - Risk management policy

3. Council adopted the draft IDP & draft budget and the policies that are brought forward to the attention of the council.

4. Council take into considerable all the issues raised by Cllr PP van der Merwe and Cllr A Schoonwinkel be addressed and deal with during the budget Adjustment

5. That there should be allowance for mayoral vehicle in the mid-term budget as we known the status of mayoral vehicle and the two vehicle be auctioned and get a mayor vehicle

6. DA & VF+ doesn't support the recommendations and they are against the budget but not the approval of policies

7. The 8(eight) Councillors were against the recommendations and 21(twenty one) Councillors agreed with the recommendations
8. ANC rejected the proposal to review and readjusted the budget before the prescribed table six months

Ordinary Council Minutes 31/05/2012

9. FINAL DRAFT SIMPLIFIED IDP 2012/17

RESOLVED:

1. That Council take cognisance of the final Draft IDP (to be completed during the week due to conflicting and outstanding information)
 2. That council approves the final Draft simplified IDP 2012/2017
 3. That Training for councillors on the Simplified IDP Framework is to be arranged
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CHAPTER 15: DETAIL BUDGETS PER DEPARTMENT

The detailed annual budget for the financial year 2012/13; and indicative allocations for the two projected outer years 2013/14 and 2014/15; are as set-out in the Tables 1 to Table 10 and related schedules on SA1 to SA 37.

CHAPTER 16: TARIFFS

In terms of section 24(2)(c)(i) and (ii) of the Municipal Finance Management Act, 56 of 2003 and sections 74 and 75A of the Local Government: Municipal Systems Act, Act 32 of 2000 as amended, the tariffs for the supply of water, electricity, waste services, sanitation services and property rates.

Proposed tariffs are as set out in **Annexures 2, 3, 4, 5, and 6** respectively that were used to prepare the estimates of revenue by source for 2012/13 budget year.


CHAPTER 17: QUALITY CERTIFICATE



Quality Certificate

I, **Adv. Thabo Shadrack Mokoena** Municipal Manager of **Ngwathe Local Municipality**

(Ngwathe Local Municipality), hereby certify that the Annual Budget and IDP and its 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	Adv. THABO SHADRACK MOKOENA
Municipal Manager of	NGWATHE LOCAL MUNICIPALITY: FS203
Signature	
Date	31 MAY 2012

2012-13

Budget