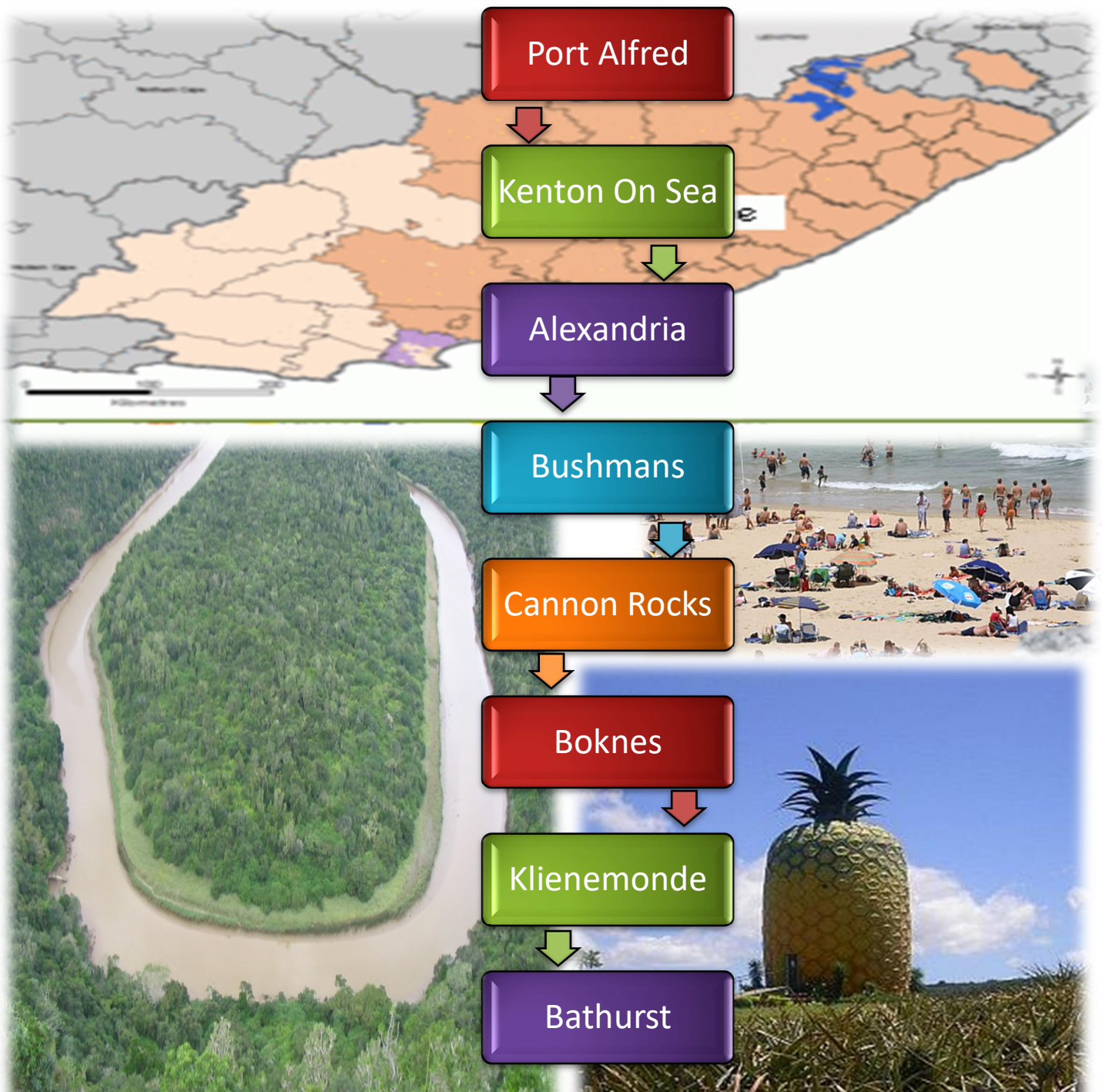


NDLAMBE MUNICIPALITY

**ORIGINAL
BUDGET**

2019/2020



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VISION:

Ndlambe Municipality strives to be a growing and investment friendly region that provides sustainable, efficient, cost-effective, adequate and affordable services to all citizens in a healthy and safe environment by 2025.

MISSION:

To achieve our vision by enabling optimal performance within each of the five key performance areas of local government within the context of available resources.

VALUES:

- ***Commitment***
- ***Transparency***
- ***Honesty***
- ***Trustworthiness***
- ***Care***



Part 1 – Original Budget

1) Mayor's Report

The Annual Integrated Development Plan (IDP)/Budget 2019/2020 was tabled by the Acting Mayor; Councillor R Schenk.

He read the Mayor's foreword as stipulated in the Final Annual Integrated Development Plan (IDP) document which reads as follows;

“According to Section 25 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000), each municipal council must, after the start of its elected term, adopt a single, inclusive and strategic plan (Integrated Development Plan or IDP) for the development of the municipality which links, integrates and coordinates plans and takes into account proposals for the development of the municipality and which aligns the resources and capacity of the municipality with the implementation of the said plan.

Section 34 of the Municipal Systems Act (Act 32 of 2000) requires Municipalities in South Africa to review their IDP's on an annual basis in order to keep track and remain relevant to the ever changing needs and dynamics in communities. It is for this reason that today we shall table the reviewed IDP for the 2019/2020 financial year.”

Councillor R Schenk highlighted the following issues in the Budget;

The submitted 2019/2020 Budget is based on National Treasury guidelines, norms and the Ndlambe Strategic Issues to be addressed.

Variables	Treasury Norm	Ndlambe	Comments
Increases:			

Ndlambe Municipality Original Budget 2019/2020

1. Rates Increase – 5.2%	5.20%	5.20%	Based on CPIX
2. Electricity – Sales	13.07%	13.07%	Based on NERSA guideline and Eskom MPYD
3. Electricity – Bulk purchases	15.63%	15.63%	Based on NERSA guideline
4. Water – Bulk purchases	n/a	10%	Amatola increase from 9.5% last year.
5. Other increases	6.00%	6.00%	In line with Treasury Guidelines.
6. Salaries	n/a	9%	As per SALGA 6.5% plus 2.5% notching.
Treasury Norms			
	25-40%	39%	Per Treasury Norms
Employee Costs % to Total Expenditure			
Ndlambe Strategic Issues			
7. Depreciation – Per GRAP Requirements	-	R24m	Depreciation is being phased in kept at R24m
8. Rates Rebates		10%	Reduced from 12%
9. Repairs & Maintenance – 8%	8%	7%	1% lower than the norm

The submitted budget was verified and confirmed by Provincial Treasury as a funded budget through;

- External loan
- Grant and transfers from National, Provincial and District Municipality

- Internal generated revenue

Councillor R Schenk expressed appreciation to all the Directors for the hard work they had done and the cooperation between them and the Budget and Treasury Office. He also thanked the Rate Payers Association for their valuable input and guidance during the process of the Budget. He further thanked Finance Department and Budget and Treasury Office staff for their hard work and collating the budget.

“I thank you”

2) RESOLUTION OF THE NDLAMBE MUNICIPAL COUNCIL APPROVING THE CAPITAL AND OPERATING INCOME AND EXPENDITURE FOR THE 2019/2020 FINANCIAL YEAR

RECOMMENDATION

RECOMMENDED THAT:

- THAT the annual Integrated Development Plan / Budget for 2019/2020 be APPROVED.
- THAT the 2019/2020 revised Organogram be APPROVED
- THAT the annual capital budget and operating budget for the 2019/2020 financial year as presented by the Mayor be APPROVED with the following increases;
 - i)The annual and monthly tariff increase be 5.2% for rates at **0.0111** cents, 13.07% on electricity and 6% on refuse, 6% on sewerage and sanitation and 6% on water tariff and 5.5% on all other annual and monthly charges.
- THAT the budget related policies be APPROVED.
- THAT the 2019/2020 tariffs tabled to Council be APPROVED
- THAT the capital budget submitted funded from Transfers from Operational Revenue of R5 897 990 be APPROVED.

3) EXECUTIVE SUMMARY OF THE MUNICIPAL MANAGER, ROLLY DUMEZWENI, ON THE 2019/2020 ORIGINAL BUDGET OF THE NDLAMBE MUNICIPALITY

The South African economy and Inflation targets

The economic and revenue outlook has deteriorated since the October 2018 Medium Term Budget Policy Statement (MTBPS). Funding pressures from state-owned companies have increased and require national government financial support. Given these developments, the 2019 Budget proposes large-scale expenditure reprioritisation and tax measures that narrow the deficit from 4.5 per cent of GDP in 2019/20 to 4 per cent by 2021/22.

The 2018 MTBPS noted that weak economic performance and revenue shortfalls had contributed to some slippage in fiscal projections. Since then, economic growth has remained subdued and the domestic GDP outlook has been revised down. In the current year, tax revenue will be R15.4 billion below the 2018 MTBPS estimate. Funding pressures from Eskom and other financially distressed state-owned companies have increased, with several requesting state support to continue operating. In this context, the 2019 Budget proposes a series of tax and expenditure measures aimed at narrowing the deficit and stabilising the debt-to-GDP ratio. Additions to spending amount to R75.3 billion over the medium term, consisting mainly of transfers to support the reconfiguration of Eskom. These additions are partially offset by reductions to expenditure baselines and proposed savings from compensation adjustments totalling R50.3 billion. Tax measures raise an additional R15 billion in 2019/20 and R10 billion in 2020/21.

A combined impact of these factors is expected to narrow the consolidated budget deficit from a projected 4.5 per cent of GDP in 2019/20 to 4 per cent of GDP in 2021/22. Gross national debt is projected to stabilize at 60.2 per cent of GDP in 2023/24. Net loan debt (gross loan debt excluding government's cash balances) stabilises at 57.3 per cent of GDP in 2024/25.

The GDP growth rate is forecasted at 1.5 per cent in 2019, 1.7 per cent in 2020 and 2.1 per cent in 2021. The revisions take into account weaker investment outcomes in 2018, a more fragile recovery in household income and slower export demand than expected due to moderating global growth. Consumer inflation has also been revised down due to lower oil prices and food inflation than previously assumed.

The main risks to the economic outlook are continued policy uncertainty and deterioration in the finances of state-owned entities. These factors, alongside continued high unemployment and slow growth will continue to exert pressure on municipal revenue generation and collection levels hence a conservative approach is advised for municipal revenue projections. Municipalities affected by the drought should also consider its impact on revenue generation. In this context, municipalities will have to improve their efforts to limit non-priority spending and to implement stringent cost-containment measures.

Ndlambe Municipality's budget was a difficult budget to compile given the current economic pressures that are impacting on us. It is critical that everything possible is done to collect outstanding debt due to the municipality but at the same time ensure that the costs of the services that we provide are affordable to the consumers.

The 2019/20 budget continues to focus on ensuring financial sustainability but also taking into account delivering on the programmes outlined in the Integrated Development Plan. The budget tabled reaffirms the commitment of the Ndlambe Municipality towards the prudent management of the municipal finances.

In order to move back towards financial sustainability, Ndlambe Municipality has set parameters within which financial planning is to be done and that should result in an operating surplus to increase the level of internal capital spending.

The 2019/20 Budget is premised on the following principles:

- Changing the way we do things within limited resources;
- Increasing productivity by doing more with less and managing human resources effectively;
- Ensure that there is coordination of programmes between all offices and directorates;
- Customer focused; and
- Stabilising the revenue base.
- Approval of a funded budget

The main challenges experienced during the compilation of the 2019/20 Budget are similar to that of previous years and can be summarised as follows:

- The on-going difficulties in the local economy;
- The need to prioritize work, projects and expenditure within the expected revenue envelope;
- Salaries and allowance increases for municipal staff that continue to exceed consumer inflation;
- Availability of internal capital funding MIG grants allocation has been decreased compared to previous year allocation;
- Increases of ESKOM and Amatola Water.
- Resourcing municipality to ensure compliance while remaining within the prescribed expenditure to salary ratio.
- Increase on maintenance budget due to deterioration of infrastructure assets and wear and tear on specialised vehicles for service delivery.
- Depreciation costs didn't increase compared to the previous year the focus was more on increasing the repairs and maintenance budget, due to limited resources and to ensure that we are within the required increases the Municipality does not afford to increase them both.

The challenge of balancing the need of the communities to the limited resources remains a serious concern and the municipality needs to look at short, medium and long term solution.

Short-term

The focus for the 2019/20 Budget year must be financial sustainability of which a key component is to collect all collectable debt due to the municipality and thus stabilize the revenue base. Vigorous implementation and enforcement of the debt collection policy is our number one priority. Adopt an aggressive approach towards cash flow improvement and debt reduction through implementation of prepaid metering devices for both water and electricity in our supply areas.

With improvements in cash-flow we anticipate implementation of key IDP priorities and improve service delivery.

Medium-term

Short-term gains realised will form basis for achievement of medium-term budget objectives. Sustainability of financial viability will continue to be our main focus. We believe that financial viability will enable us to implement the required IDP projects, improve service delivery and consequently the improve quality of life of our communities. We endeavour to invest in medium term service delivery capital projects to enhance infrastructure in our towns to attract property investors and create seasonal jobs in construction and related industries.

Long-term

In the long-term, our strong financial position will provide us with ability to raise funds to acquire service delivery assets, improve infrastructure and deal with a number of challenges impeding developments like building of houses.

The Original Budget 2019/2020 financial year budget is made up of total operating revenue and operating expenditure of R389 569 000 and R379 203 000, respectively, decrease on current year's operating revenue due to a decrease Municipal Infrastructure(MIG – ±R3m) and Department of Mineral Energy(DME- R0).

Revenue

National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality. The Consumer Price Index (CPI) inflation is at 5.2 %. Taking into account the economy's tough fiscal choices and other factors Ndlambe Municipality has made a decision to impose the increase of 6% increase for services charges based on the actual billed for the current financial year. The property rates at a charge of 0.0111 cents in a Rand. The municipality has further applied the GDP increase of 1.5% as the factor to determine the revenue growth rate for each service charge.

Consequently it was not possible to remain within the growth parameters recommended by National Treasury in their budget circular for all municipal services. The municipality with the above increases has realized a surplus of R10 365 000 that has resulted to a funded budget. The Budget Steering Committee had to put more effort on re prioritizing the IDP Objectives to ensure that the 2019/2020 Budget is funded.

Revenue will be raised from various sources to fund operating and capital budget. Property rates contribution is projected at R119 118 000 at 5.2% increase based on the new general valuation roll at a charge of 0.0111 cents in a Rand. Income from rates represents 34.39% of the total revenue operating budget. The new general valuation roll will be implemented on the 1st July 2019.

Revenue from water in 2019/2020 is budgeted at R39 513 000, an increase of 35.69% from the 2018/2019 budgeted revenue of R29 120 000. Income from water represents 11.41% of the total revenue operating budget. To achieve the budgeted income, water charges have been increased by 6% for the 2019/2020 financial year. The indigents that are subsidized for water on 6kl and the basic charges have decreased in 2019/2020 (R15 845 000000) by R4 659 000 as compared to 2018/2019 (R20 244 000)

Revenue from electricity is budgeted at R70 499 000 an increase of 15.28% from the 2018/2019 budgeted revenue of R 61 155 000. Income from electricity represents 20.35% of the total revenue operating budget. To achieve the budgeted income, electricity charges have been increased by 13.07% as approved by NERSA's guidelines for the 2019/2020 financial year. The indigents that are subsidized for 50 kWh and the basic charges have decreased in 2019/2020 (R2 120 000) by R4 545 000 as compared to 2018/2019 (R6 665 000).

Revenue from sewerage and sanitation are budgeted at R12 935 000 an increase of 53.91% from the 2018/2019 budgeted revenue of R8 404 000. Income from sewerage and sanitation represent 3.73% of the total revenue operating budget. To achieve the budgeted income, sewerage and sanitation charges have been increased by 6% on sewerage and 6% on sanitation for the 2019/2020 financial year. The indigents that are subsidized at 100% on sanitation pump outs and cost of availability charges on sewerage have decreased in 2019/2020 (R11 994 000) by R3 018 000 as compared to 2018/2019 (R15 013 000).

Ndlambe Municipality Original Budget 2019/2020

Revenue from refuse is budgeted at R15 864 000 an increase of 36.97% from the 2018/2019 budgeted revenue of R11 582 000. Income from refuse represents 4.58% of the total revenue operating budget. To achieve the budgeted income, refuse charges have been increased by 6% for the 2019/2020 financial year. The indigents that are subsidized at 100% on a weekly removal per month have decreased in 2019/2020 (R9 275 000) by R2 092 000 as compared to 2019/2020 (R11 367 000).

Expenditure

The Original Budget submitted to Council for approval and for public consultation provides for total operating expenditure of R379 203 000 and shows an increase of 9.5% on the 2018/2019 financial year's final operating expenditure budget of R346 410 000. All vacant positions are budgeted in the 2019/2020 budget for capacitation and achievement of strategic objectives. Employee related costs include all employees of Ndlambe Municipality but excludes Councilors allowances. In this budget the municipality has taken an initiative of phasing in the increase in repairs and maintenance budget. It has therefore progressed from 5% to 7% of the total operating expenditure.

The capital budget is R68 572 000 for the 2019/2020 financial year and represents a decrease of 28.97% on the 2018/2019 capital budget of R96 542 000. The capital budget is funded by grants in the sum of R39 609 000, Long term loan of R23 065 000 and 5 898 000 from internal funds. Funding of capital expenditure from internal funds really needs to be addressed. In 2018/2019 budget the greater portion of Ndlambe capital budget was from the grant funding that includes the drought relief grant that was subsequently during the year revised to Schedule 5b from Schedule 6b of the DORA.

The top 10 capital projects for the 2019/2020 financial year are as follows:

Top 10 Capital Project

Project Description	Funding	Total Budget	2021 Draft Budget	2022 Draft Budget
Refurbishment of Internal water Reticulation in Alexandria	Municipal Infrastructure Grant	15 746 795.00		
Machinery and Equipment	Capital: Borrowing: Loan	15 065 000.00	-	-
Acquisition of Buildings	Capital: Borrowing: Loan	8 000 000.00	-	-
Construction of Reservoirs in Thornhill (OTP)	Eastern Cape: Infrastructure: Waste Water Infrastructure	6 268 771.00	-	-
Upgrading of Runeli Drive (OTP)	Eastern Cape: Infrastructure: Road Infrastructure	6 235 652.00	-	-
Acquisition: Upgrading of Klipfontein Sportfield	Municipal Infrastructure Grant	3 850 040.00	-	-
Upgrading of Mangcangaza Street	Municipal Infrastructure Grant	2 400 000.00	-	-
Fencing of Municipal Buildings	Operational Revenue	1 500 000.00	-	-
Acquisition: Plant and Machinery	Operational Revenue	1 060 000.00	1 118 300.00	1179807
Acquisition: Road Infrastructure	Human Settlement Re-development Program	1 002 000.00	1 057 110.00	1 115 251.00

4) TABLED BUDGET SUPPORTING TABLES

See Annexure 2

PART 2 – SUPPORTING DOCUMENTATION

1) OVERVIEW OF THE ANNUAL BUDGET PROCESS

The annual budget process plan is attached below. The budget process plan indicated all the key deadlines that needed to be met to ensure that a credible budget is produced for presentation to Council on 30 May 2019.

NDLAMBE MUNICIPALITY BUDGET TIMETABLE FOR THE 2019/2020 FINANCIAL YEAR

COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE
JULY 2018			
31 July 2018	Finalize Performance Agreements (2018/19) of Municipal Manager and Managers reporting to the Municipal Manager and submit to MEC and publicize.	Municipal Manager	Check legal requirement
12 July 2018	Call for civil society to register for representation on Rep Forum; Update database and reconstitute public participation structures (e.g. IDP Representatives Forum)	Municipal Manager, CFO, IDP Official	Notices and newspaper advertisement
18 July 2018	IDP/Budget timetable, budget guidelines, budget instructions, IDP/budget schedule to be presented to the Budget Steering Committee.	IDP/Budget Office	Budget Steering committee minutes and attendance register
13 July 2018	Review Process Plan and develop IDP/PMS/Budget time schedule for 2019/20 (MFA S35(1)).	(Legal requirement) Cacadu DM and Local Municipality.	Aligned Draft IDP and Budget time schedule / Process Plan with CDM Draft Framework.
31 July 2018	Submit reviewed IDP/Budget timetable, budget guidelines, budget instructions, and budget schedules for 2019/2020 to be presented to Council for adoption.	IDP/Budget Steering Committee	Council Resolution and IDP/Budget process plan
05 July 2018 (Already taken place)	1st Meeting with Cogta-EC. To monitor development of process plans as per sec 31 of MSA	Local Municipalities in Cacadu Region	Areas identified for monitoring
31 July 2018	Chairperson of the IDP/Budget Steering Committee to establish the IDP/budget steering committee. The committee must be representative of each office and directorate	Chairperson IDP/Budget Steering Committee	IDP/Budget steering committee minutes.
01 August 2018			
03 August 2018	Upload the IDP/Budget time schedule, process plan on the municipal website, place on notice boards and advertise in a local newspaper	IDP/Budget Office	Newspaper advert and notice

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COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE
15 August 2018	Submit adopted process plans and council resolution to EC-CoGTA, National and Provincial Treasury	IDP/Budget Office	E-mail, formal letter or Courier receipt
15 August 2018	Submit adopted schedule of key dates to external stakeholders (Sector Departments)	MM and IDP Manager	E-mail or formal letter
15 August 2018	IDP/Budget Steering Committee to meet and make suggestions on any structural changes to the budget. Report on project implementation progress, spending trends and challenges; present status quo on backlogs in preparation for the IDP Rep Forum Meetings	Chairperson IDP/Budget Steering Committee Mayor, Portfolio Cllr. Municipal Manager, CFO and Section 56 Managers	Reports, presentations, minutes and attendance register
15 August 2018	IDP/Budget Steering Committee to set parameters for the next 3 years based on marked trends and other information available. <ul style="list-style-type: none"> ➤ Tariff increases ➤ Salary increases ➤ General expenses ➤ Repairs and maintenance ➤ Key changes to be reflected considering all strategies and studies (including institutional study) ➤ Develop priority areas ➤ Reflect on all factors that could potentially impact on future budgets. 	Chairperson IDP/Budget Steering Committee	
To be communicated by the District	Confirm Councils existing and new policy priorities for next three years	Chairperson IDP/Budget Steering Committee	
End August (Proposed date)	IDP/Budget Steering Committee to determine the funding / revenue covering potentially available funding for next three years.	Chairperson IDP/Budget Steering Committee	
31 August 2018	Attend District IDP Rep Forum Meetings	IDP Co-ordinators and Mayors	Attendance Register
31 August 2018	Review of the Strategic Plan	Mayor, Councillors, Municipal Manager, Directors and management	Strategic Plan document
	Submit draft 2017/18 annual performance report	Municipal Manager, CFO, Sec 56 Managers	Letter of Acknowledgement by Office of the AG.
31 August 2018	IDP/Budget Steering Committee to determine the most likely financial outlook and identify need for changes to fiscal strategies.	Chairperson IDP/Budget Steering Committee	

Ndlambe Municipality Original Budget 2019/2020

COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE
September 2018			
September 2018	IDP/Budget Steering Committee to review tariff structures, if necessary.	Chairperson IDP/Budget Steering Committee	
03 September 2018	Managers / directors to have held a staff meeting with staff in their directorate responsible for compiling the budgets where the budget timetable, policies, guidelines, instruction and minutes of the budget steering committee are to have been discussed.	All Managers / Directors	Minutes of the meeting
05 September 2018	Chairperson of the IDP/Budget Steering Committee to have held a meeting with all ward councillors to discuss the budget timetable, policies, guidelines, instructions and minutes of the budget steering committee.	Chairperson IDP/Budget Steering Committee	
28 September 2018 (Depending on availability of support from Cogta)	Convene first IDP/Budget Representative Forum meeting. Present adopted process plan and project status. Sector departments to report on 2018/19 FY project implementation progress.	Municipal Manager, Mayor and IDP Official	Presentations, minutes and attendance register
October 2018			
October 2018	Ward councillors to have completed meetings with their ward committees to explain the budget process and documentation and to gather information and submit to the Chairperson of the IDP/Budget Steering Committee that is to be considered when offices and directorates do their capital / operational budgets and tariffs.	All Ward Councillors	
1 to 30 October 2018	In collaboration with Council, develop & publicize community based planning Review programme.	Office of the Mayor, Municipal Manager, IDP Officer, Public Participation Manager and CFO	CBP Programme
05 October 2018	Undertake ward-wide CBP workshops. Present IDP/Budget process plan / time schedule; obtain new needs to be prioritised for 2019/2020.	Municipal Manager, Directors, IDP Officer, Mayor and Council	Attendance Registers, presentations and minutes and new priorities
10 October 2018	Conduct gap analysis to determine level of existing development consider changes in the current environment; IDP Assessment (2018/19) and Annual Performance Report and develop corrective action plans.	Municipal Manager, Directors and IDP Official	Corrective Action Plans

Ndlambe Municipality Original Budget 2019/2020

COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE
October 2018	Chairperson of the IDP/Budget Steering Committee to provide all offices and directorates with the input from Ward Councillors to consider when preparing their budgets and tariffs.	Chairperson IDP/Budget Steering Committee	
15 October 2018	Q1 Performance Reporting. Evaluation Sec 56 managers, lower levels if applicable and institution PMS - Legal compliance	MM and PMS Officer	Score sheet
15 October 2018	Q1 review by Internal Audit. Preparation of Annual Performance Report for MPAC	MM, PMS Manager and Internal Audit Unit	Reviewed Reports
15 October 2018	Municipalities receive inputs from National and Provincial Government and other bodies on factors influencing the budget – reference to legislation.	All Managers / Directors	
26 October 2018	Offices and Directorates to start to prepare draft capital and operational plans with cost and revenue estimates.	All Managers / Directors	
26 October 2018	Convene the second IDP/Budget Steering Committee meeting. Report on refined objectives and strategies, planned strategic interventions and proposed amendment to the organogram in response to overcome challenges. Present consolidated proposed directorate projects and budget needs.	Municipal Manager, CFO and IDP Manager	Reports, presentations, minutes and attendance register
31 October 2018	Managers and directors to assess the Human Resources component of their operating budget for the next year and for the two following years and make submissions to the finance department. Submissions would include full motivations for each post and assessments must take into consideration all known studies, establishment plan (organogram) and any other future developments over the next three years that would require a provision for costing.	All Managers / Directors	
31 October 2018	The submission on all offices and directorates human resources requirements to be considered by the Municipal Manager in consultation with each manager and director and to be facilitated by the chairperson of the IDP/Budget Steering Committee.	Chairperson IDP/Budget Steering Committee , Municipal Manager and Directors	

Ndlambe Municipality Original Budget 2019/2020

COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE
November 2018			
November 2018	The submission of the salary and allowance component of the budget to be provided to the Human Resources Department by all managers and directors. The Human Resources Department is responsible for determining the costs associated with the submissions. Once Human Resources Department has budgeted all salary and allowance budgets for all offices and directorates, this information is then to be submitted to the relevant office or directorate.	All Managers / Directors	Salary budget per directorate
15 November 2018	Human Resources Department to calculate required budget amount for the leave provision.	Dir. Corporate Services	Leave provision calculation
16 November 2018 (Proposed date)	Offices and directorates are to scientifically determine operating income and through sound budgeting techniques determine operating expenditure/costs linked to the budget for the next three years under the budget categories: <ul style="list-style-type: none"> ➤ Income ➤ Salaries and Allowances (As presented by the Human Resources Department) ➤ General expenses ➤ Repairs and maintenance ➤ Capital outlay ➤ Financing charges 	All Managers / Directors	
17 November 2018	The finance department will assist offices and directorates where required in determining budget figures for: <ul style="list-style-type: none"> ➤ Insurance ➤ Depreciation ➤ Provision for bad debts 	All Managers / Directors	
20 November 2018	Convene the second IDP/Budget Representatives Forum meeting (community engagement). Report on community needs; Report on interventions and strategies to deal with developmental challenges. Sectors to report on project progress for 2018/2019 and submit sector projects and indicative budget allocations for 2019/20	Municipal Manager, Mayor and IDP Official	Presentations, minutes and attendance register
27 November 2018	Offices and directorates are to complete the relevant capital request forms as provided by the finance directorate with all required information and to provide a summary of capital requirements for the next three financial years.	All Managers / Directors	

Ndlambe Municipality Original Budget 2019/2020

COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE
27 November 2018	Income, expenditure and capital budgets together with all forms and supporting documents are to be consolidated to be submitted to the finance department in the mScoa format for inclusion budget designed for three years.	All Managers / Directors	Income and expenditure budget
27 November 2018	Offices and directorates to finalise their SDBIP's for each cost / functional centre on what is contained in the operating budget that indicate what the key objectives / measurable outputs are. The SDBIP format provided by the Office of the Municipal Manager is to have been used.	All Managers / Directors	
December 2018			
December 2018	Offices and directorates to review tariffs and charges and develop options for changes to be included in the budget to be tabled.	All Managers / Directors	
18 December 2018	Draft operational / capital budgets and tariffs to have been completed and submitted to the Budget Office together with detailed plans (SDBIP) on all expenditure / income to be incurred for the ensuing three years.	All Managers / Directors	Draft budget submission
January 2019			
January 2019	Chairperson of the IDP/Budget Steering Committee to confirm in writing to the Mayor that all required documentation (SDBIP's, capital budget, operating budget, Tariffs) has been submitted to the finance directorate for consolidation.	Chairperson IDP/Budget Steering Committee	Letter or email
10 January 2019	Chairperson of the Budget Steering Committee to advise the Mayor and Municipal Manager, in writing, of any office or directorate that has not submitted all budget related documentation to the finance directorate by 27 November 2018.	Chairperson IDP/Budget Steering Committee	Letter or email
22 January 2019	Q2 Performance Reporting. Evaluation Sec 56 managers, lower levels if applicable and institution PMS - Legal compliance	MM and PMS Officer	
22 January 2019	All the submissions from offices and directorates are to be consolidated by the finance department with all working papers that would have been submitted in support of the proposed operating and capital budget.	Budget office	
22 January 2019	The finance directorate is to keep a central file on all budget related documents.	Budget office	
22 January 2019	The finance directorate to review all budget related policies with internal stakeholders and request written submissions on any proposed amendments from internal stakeholders.	All Managers / Directors	

Ndlambe Municipality Original Budget 2019/2020

COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE
22 January 2019	Chairperson of the IDP/Budget Steering Committee to confirm in writing to the Mayor that all SDBIP's, capital budgets and operating budgets have been consolidated.	Chairperson IDP/Budget Steering Committee	
22 January 2019	Finance directorate to incorporate any changes from National and Provincial Governments on three-year allocations in the budget.	Budget office	
22 January 2019	Finance directorate to review tariffs and charges and ensure that all costs of trading and economic services are covered by the tariff submitted by offices and directorates.	Budget office	
25 January 2019	Finance directorate to document all material changes in budgets from the previous financial year budget and report such changes to the Chairperson of the Budget Steering Committee.	Budget office	
February 2019			
February 2019	IDP/Budget Steering Committee to have met to discuss capital / operational budget to be tabled to Council, tariffs, draft SDBIP's and any material changes to the budget based on the previous year's budget. Also to ensure that anticipated expenditure meets parameters set out by National / Provincial Government.	Chairperson IDP/Budget Steering Committee	
05 February 2019	Review of performance by MPAC and adoption by Council	MPAC and Council	Moderated Reports adopted by Council
26 February 2019	IDP/Budget Steering Committee Chairperson to have met with the ward councillors to discuss any anticipated changes to the operational / capital budget, tariffs and draft SDBIP's that are to be tabled to Council.	Chairperson IDP/Budget Steering Committee All ward councillors	
26 February 2019	IGR Session to facilitate alignment	Municipal Manager and IGR secretariat	Attendance Register

Ndlambe Municipality Original Budget 2019/2020

COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE
March 2019			
	Finance directorate to finalise detailed budget to be tabled in the formats issued by National Treasury.	Budget office	
Early March 2019	Finance directorate consolidates all comments on budget related policies and inserts budget policies with internal comments into the budget pack to be tabled to Council.	Budget office	
7 March 2019	Convene the third IDP/Budget Steering Committee. Finalize internal alignment and project register. Ensure budget alignment between the draft IDP and draft SDBIP with agreed upon targets and performance indicators per project.	Municipal Manager, Mayor and IDP Official	Reports, presentations, minutes and attendance register
13 March 2019	The capital/operating budget and draft SDBIP's and budget related policies presented to the IDP/Budget Steering Committee by the finance directorate and to include a high level summary and is supported by the budget forecasting model and reflects over a period of three years.	Budget office	
Mid-March 2019	Mid-year budget engagement with Provincial Treasury	Provincial Treasury, Senior Management, Portfolio Councilor, IDP Manager and Budget Office	
29 March 2019	Chairperson of IDP/Budget Steering Committee presents budget pack to Mayor with recommendations.	Chairperson IDP/Budget Steering Committee	
APRIL 2019			
April 2019	Convene the third IDP/Budget Representatives Forum meeting. Present the final draft IDP and Draft SDBIP. Sector Dept. report on project implementation for 2018/19 and confirm project and budget allocations for 2019/20. (Finalize external project alignment)	Municipal Manager, Mayor and IDP Official	Presentations, minutes and attendance register
10 April 2019	Mayor to have tabled draft IDP, operating/capital budget, tariff list and budget related policies and draft SDBIP's to Council.	Executive Mayor / IDP/Budget Office	Tabled budget document and Council resolution
10 April 2019	Forward copy of tabled budget to National and Provincial Governments and Cacadu District Municipality for review, both electronically and in printed format.	Budget office	Email and courier receipt

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COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE
10 April 2019	IDP Unit to advertise the Draft IDP and tabled budget approved by Council, inviting comments from all stakeholders.	Budget office	Advert and notice
11 April 2019	In collaboration with Council develop and publicize the draft IDP and tabled budget 2019/20 Community Engagement Programme. Make citizens aware of outreaches, prior to the adoption of the final Draft IDP and Budget. Secure venues and arrange logistics for scheduled meetings.	All Ward Councillors	Public notices. Mayoral Imbizo programme
12 April 2019	Q3 Performance Reporting. Evaluation Sec 56 managers, lower levels if applicable and institution PMS - Legal compliance	MM and PMS Officer	Score sheets and attendance registers
20 April 2019	Draft budget engagement with Provincial Treasury	Provincial Treasury, Senior Management, Portfolio Councilor, IDP Manager and Budget Office	
23 April 2019	Convene 4th IDP and Budget Steering Committee. Interrogate community comments and finalize SDBIP/IDP alignment and any necessary amendments to the IDP/ budget.	Municipal Manager and IDP Official and CFO	Reports, presentations, minutes and attendance register
27 April 2019	Convene the 4th IDP Representatives Forum meeting to present final IDP for consideration Present the FINAL IDP . Report on public engagement and outcome of the 21-days public inspection and invite any last changes or additions to sector project register.	Municipal Manager, Mayor and IDP Official	Presentations, minutes and attendance register
MAY 2019			
May 2019	IDP/Budget Steering Committee to discuss and analyse additional inputs from community, ward committees, National/Provincial Governments and Cacadu District Municipality.	Chairperson Budget Steering Committee	
Mid May 2019	Managers and directors to incorporate feedback from community, ward committees, National/Provincial Governments, and if required, revise the budget previously tabled to Council in consultation with the Chairperson of the IDP/Budget Steering Committee.	All Managers / Directors	

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COMPLETION DATE	ACTIVITY	RESPONSIBILITY	EVIDENCE
June 2019			
June 2019	Submit 2019/20 IDP/Budget to the MPAC for oversight before adoption.	Municipal Manager, CFO and Mayor	Oversight report and recommendations by MPAC
Within 10 days after adoption	Mayor to have presented final budget to council for adoption and to have included operating / capital budget, resolutions, tariffs, capital implementation plans, operational objectives, changes to IDP/budget plans.	Executive Mayor / IDP/Budget Office	Adopted Final IDP/Budget and related budget policies and Council resolution.
10 June 2019	Submit adopted Reviewed IDP to the MEC for local government	MM and IDP Manager	Letter of acknowledgment
29 June 2019	Capital / operating budget to have been presented to National Treasury and DPLG.	Executive Mayor/Budget Office	
29 June 2019	Upload the Council approved Reviewed IDP/Budget (2019/20) on the municipal website and places a notice in local newspapers for public inspection (21days).	Budget office and IDP Manager	Notice and local newspaper
29 June 2019	Complete all the budget annexures required by National Treasury and submit to the National Data Base and submit hard copies to National and Provincial Treasury	Budget office	
Date to be communicated by COGTA	Finance to provide the Mayor with the consolidated SDBIP for consideration	Budget office	
	Publish the rates tariff in the Provincial Government Gazette	Dep Dir Revenue	
			Signed MEC comments and individual assessment reports.

The following budget instructions were approved by Council and issued to all directorates and offices to assist them with the compilation of the 2019/2020 budget;

The Budget plan for the 2019/2020 financial year has been developed to meet the requirements of Act No. 56 of 2003: Local Government Municipal Finance Management Act, 2003 and Standard Chart of Accounts for Local Government Regulations, 2014, that take effect on 1 July 2019.

The main aims of the annual budget plan are:

- Assist co-ordination of various areas of responsibility in implementing and reviewing the IDP and other long term plans of the Ndlambe Municipality.
- Provide medium term financial plans for each directorate which are linked to plans and not one year incremental budgets.
- Ensure that progress against the budget plans can be monitored and corrective

action taken if necessary.

- Ensure that plans are reviewed on a continual basis in concert with the budget in-year review.

The following documents are to be produced by each directorate:

- Directorates' medium term budget policy statement. This document must set out the allocations for the next three years of both the capital and operating budget taking into account the strategic direction which the directorate intends taking over the next three years based on the current revenue collected.
- The IDP must give rise to the detailed plans that will be used to formulate the directorate's policy objective. All individual components of the policy objectives should be costed. Sufficient information is to be provided to allow priority rating.
- Functional operational plans must be drawn up which are to set out the operational plans for each section in a directorate per project segment (SDBIP).

The above documents will influence budget allocations to each directorate so they are to be as detailed as possible.

High level strategic planning is to be undertaken while drawing up the budget. The planning is to be long term (minimum three years) and must set out targets in terms of outcomes, levels of service delivery and general tariff policies. Service level requirements, demographics, backlogs, etc. are to be considered. Council and community consultation by directorates has to be undertaken during the time that the directorates are drawing up their budgets.

Some IDP projects may be individual projects but many will have a widespread impact across the operational budget. In this case it must be fully budgeted for a minimum period of three years. The costing must include capital outlay, increase or decrease in operational expenditure, and revenue that could be generated. Directorates should at this point also consider provincial and national government priorities.

Operation budgets are to be linked to plans (SDBIP). Each directorate must compile operational plans and capital plans. The plans must be for the current budget year and for at least two years into the future. The plans must detail service levels, initiatives, financial forecasts and non-financial indicators. While directorates prepare budget segments, summary level information will be incorporated in the budget. Directorates need to first complete their operational plans then use the plans as a base for completing budget segments. This is to ensure that directors consider high level strategy and outcomes and output objectives and do not let previous year budget drive the budget process.

Directors are to prepare budget segments as per their operation plans. Each item must be project driven. This detail will not be incorporated in the budget document but must be available in the budget process for councillors, community and other stakeholders to use in deliberations. The budget segments are to be kept by the relevant director and must agree to the published summary budget. The budget segments will be used throughout the year to gauge performance during the budget review stages.

The budget to be published will include information from the IDP, each directorate's operational plans and budget summary. Budget segments will only be given to directors for distribution to their relevant sections.

The actual budget document will be compiled by the Finance Directorate and will contain functional operational plans of each directorate which would have been submitted for at least the next three years. Directorates further need to maintain a rolling plan which is to incorporate operational objectives and initiatives, financial projections, financial and non-

financial performance measures and commentary on the directorates' past performance. The Finance Directorate will interrogate the directorates' budget and financial plans to ensure consistency and accuracy. From all directorates' rolling plans, an executive summary will be made in a format which will allow councillors and the community to gauge performance during the budget process.

The consultation part of the budget is very important as it is during this phase that the budget has to be fine-tuned to fit service delivery and outcome objectives of each directorate within the economic realities of Ndlambe Municipality. It involves consultation with the community and council and will require sensitive analysis of the budget and policy choices to fit in with the limited financial resources.

The draft IDP/ Budget have to be tabled by the end of March 2019, must be considered by the end of May 2019 and approved by the end of June 2019. This will give directors sufficient time to pass the operational plans onto their sections prior to the start of the budget year. Regular IDP/Budget reviews are to be held between ward councillors and directorates to review the plans and determine the progress against the IDP/Budget objectives.

3.2 BUDGET POLICY GUIDELINES

1. A three-year budget is to be prepared.
2. Council's IDP is to be consulted throughout the budget process.
3. Salary increases are to be budgeted for by the relevant directorate / office with $\pm 7.5\%$ increase plus notch.
4. Noticeable changes and/or adjustments to income and expenditure are to be reported on.
5. Relevant documentation to be completed with regard to capital expenditure.
6. Expansion and/or restriction to any service to be reported on.
7. Request for posts to be filled during the next three budget periods to be handed to the human resources per the dates reflected on the budget time-table.
8. Average increase on the annual budget is to be limited as far as possible to the guidelines by the Department of Finance to 5.5% for 2019/2020, 5.5% for 2020/2021 and 5.5% for 2021/2022.
9. The NER is to be contacted for guidelines on the increase in electricity income.
10. Councillors and stakeholders are to be involved in the budget process at all times.

3.3 INSTRUCTIONS

1. Consult all relevant legislation including circulars when completing your budget.
2. All segments on the budget are to be budgeted for (including electricity/water, rates, insurance, etc.) - do not leave any gaps.
3. Tariff by-laws are to be consulted when calculating tariffs.
4. All amounts budgeted must be rounded off to the nearest R10,00.
5. The Budget timetable is to be strictly adhered to.
6. SDBIP has to be completed for all income / expenditure as per the attached circular from National Treasury and ensure that the SDBIP corresponds with the OPEX AND CAPEX.
7. The IDP/Budget co-ordinators are Mr S Mjacu, Ms N Matthews and Mrs U Xako.
8. The capital request forms A,B and C are to be completed in respect of every capital item placed on the budgets for the three years. If capital request forms are not completed the capital item will be removed from the capital budget.

2) OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH THE INTEGRATED DEVELOPMENT PLAN

Directorates aligned all operating and capital expenditure to the goals and actions as set out in the Integrated Development Plan. On the capital budget, the operating budget and the service delivery budget implementation plan directors have provided IDP numbers where possible to highlight the linkages. The budget is linked to the following main strategic goals and objectives as per the Integrated Development Plan;

- Basic Services Delivery
- Municipal Institutional Development and Transformation
- Local Economic Development
- Municipal Financial Viability and Management
- Good Governance and Public participation
- Cost effective and sustainable service delivery

Through the process of drafting the budget the key responsibilities of the Ndlambe Municipality were taken into account;

- Provide democratic and accountable government for all local communities of Ndlambe
- Ensure the provision of services to all the Ndlambe community in a sustainable manner

Promote social and economic development

- Promote a safe and healthy environment
 - Encourage the involvement of all communities and community-based organizations in the matters of local government
 - Maximizing of infrastructural development through the utilization of all available resources
 - Implementation of effective management systems, internal controls and procedures
 - Ensure we have a skilled, committed and motivated workforce
- Comply with the Batho Pele principles

3) MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

Department	Strategic Objective	Strategy	Indicator Code	Key Performance Indicator (KPI)	Project	Means of Verification	Custodian
Community Protection Services	7. Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens	Provide an efficient and affordable solid-waste disposal option to Communities according to the legislative framework	1_7_1_P001	1. Number of households with access to refuse removal and cleansing services as per schedule	P001 Solid Waste Removal: Refuse Disposal	Refuse Removal Schedule Verification document	Director: Community Protection services
Community Protection Services	5. Develop a vibrant, rapidly growing, employment generating oceans economy	Blue flag beach management (Impact on tourism)	1_5_2_P002	2. Number of beaches obtaining full blue flag status and pilot blue flag beach status	P002 Tourism Development: Blue Flag International Standard Maintenance For Tourists Attraction	Blue Flag Application Blue Flag Certificate	Director: Community Protection services
Community Protection Services	8. Create a safe and secure living environment	Improve the effectiveness of fire & emergency services in the whole of Ndlambe municipality	1_8_3_P003	3. Percentage compliance with the required attendance time for firefighting incidents (in accordance with SANS 10090)	P003 Fire Fighting and Protection: Fire	Verification Document Management Report	Director: Community Protection services
Community Protection Services	8. Create a safe and secure living environment	Environment Protection Programme	1_8_4_P004	4. Number of enforcements patrols carried out on estuaries, coastline and nature reserves	P004 Pollution Control: Environmental Compliance	Quarterly Management Reports signed by the Director	Director: Community Protection services
Community Protection Services	10. Preserve the natural beautiful environment	A maintenance Plan for all sports fields, parks & cemeteries	1_10_5_P005	5. Percentage implementation of maintenance plan for all Sports fields, parks & cemeteries	P005 Parks Programme: Parks	Verification Document Management report	Director: Community Protection services
Infrastructural Development	2. Develop state-of-the-art physical infrastructure	Upgrading of water infrastructure	1_2_6_P006	6. Percentage construction of bulk water infrastructure	P006 Augmentation of the Alexandra Bulk Water Supply	Monthly Progress Reports	Director: Infrastructural Development
Infrastructural Development	2. Develop state-of-the-art physical infrastructure	Upgrading of water infrastructure	1_2_7_P007	7. Percentage construction of bulk water infrastructure	P007 Upgrading of Bathurst water supply	Monthly Progress Reports	Director: Infrastructural Development

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Infrastructural Development	2. Develop state-of-the-art physical infrastructure	Upgrading of water infrastructure	1_2_8_P008	8. Percentage construction of bulk water infrastructure	P008 Construction of link services in Thorn Hill	Monthly Progress Reports	Director: Infrastructural Development
Infrastructural Development	2. Develop state-of-the-art physical infrastructure	Maintenance and improvement of infrastructure to ensure all households have access to basic sanitation	1_2_9_P009	9. Percentage of households with access to basic sanitation	P009 Sanitation: Provision of Sanitation Services to the households	Monthly Progress Reports	Director: Infrastructural Development
Infrastructural Development	2. Develop state-of-the-art physical infrastructure	Maintenance and improvement of infrastructure to ensure all households have access to water	1_2_10_P010	10. Percentage of households with access to water supply	P010 Water: Provision of Water Services to the households	Monthly Progress Reports	Director: Infrastructural Development
Infrastructural Development	2. Develop state-of-the-art physical infrastructure	Improvement in the implementation of Indigent policy	1_2_11_P011	11. Percentage of non-revenue water	P011 Management and Services: Non Revenue water	Monthly Progress Reports	Director: Infrastructural Development
Infrastructural Development	2. Develop state-of-the-art physical infrastructure	Ensure all households have access to electricity	1_2_12_P012	12. Percentage of households with access to electricity	P012 Electrification: Provision of Electricity services to the Households	Monthly Progress Reports	Director: Infrastructural Development
Infrastructural Development	2. Develop state-of-the-art physical infrastructure	Ensure all households have access to electricity	1_2_13_P013	13. Percentage households with access to free basic electricity	P013 Indigent and Cultural Management and Services: Electricity Debt Impairment	Monthly Progress Reports	Director: Infrastructural Development
Infrastructural Development	7. Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens	Blue drop compliance (Water budget ring fencing, deal with process/ technical issues)	1_7_14_P014	14. Compliance to SANS241	P014 Drinking Water Quality: Water Services Authority	Water Results Report	Director: Infrastructural Development
Infrastructural Development	7. Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens	Green drop compliance	1_7_15_P015	15. Wastewater quality compliance according to the water use license	P015 Waste Water Treatment Works: Water Service Authority	Water Results Report	Director: Infrastructural Development

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Infrastructural Development	2. Develop state-of-the-art physical infrastructure	Upgrading of roads to paving surface	1_2_16_P016:P022	16. Kilometres of road constructed	P016 Upgrading of West Beach Drive P017 Upgrading of Ndlambe Roads Phase 3 (Klipfontein) P018 Upgrading of Ndlambe Roads Phase 3 (Kenton on Sea) P019 Upgrading of Bathurst Main Road P020 Upgrading of Alexandria Road P021 Upgrading of Diaz Road P022 Upgrading of Marseille Phase 1	Construction Progress Reports / Completion Certificates	Director: Infrastructural Development
Financial Services	7. Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens	Improvement in the implementation of Indigent policy	1_7_17_P013;P023:P025	17. % Indigent households having access to free basic services	P013 Indigent and Cultural Management and Services: Electricity Debt Impairment P023 Indigent and Cultural Management and Services: Indigent support Water for all Wards P024 Indigent and Cultural Management and Services: Waste debt impairment P025 Indigent and Cultural Management and Services: Indigent support and management in all wards	Free Basic Services Report	Chief Financial Officer

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KEY PERFORMANCE AREA (KPA) 2: LOCAL ECONOMIC DEVELOPMENT							
Goal(s): (1) A premier place to work and do business (2) Destination of choice for living (3) Tourist destination of choice for people who love natural and cultural heritage, and adventure water sports							
Department	Strategic Objective	Strategy	Indicator Code	Key Performance Indicator (KPI)	Project	Means of Verification	Custodian
Office of the Municipal Manager	3. Develop a vibrant, rapidly growing, agri-based employment generating economy	Increase employment opportunities through EPWP and other programmes	2_3_18_P026:P027 ; P096; P108	18. The number of jobs created through municipality's local, economic development initiatives including capital projects	P026 Project Implementation: LED project implementation P027 EPWP (Community Services) P096 Job Creation (Infrastructure) P108 Job Creation (Finance)	Employment contracts (approved by EPWP) Timesheets (verified by EPWP)	Municipal Manager
Office of the Municipal Manager	3. Develop a vibrant, rapidly growing, agri-based employment generating economy	Promote agricultural production and agro-processing	2_3_19_P028	19. Number of emerging farmers supported in the production of chicory	P028 Project Implementation: LED Chicory Projects	Requisitions, Proof of payment	Municipal Manager
Office of the Municipal Manager	3. Develop a vibrant, rapidly growing, agri-based employment generating economy	Promote agricultural production and agro-processing	2_3_20_P029	20. Hectares of land provided to emerging farmers for commanges (municipal land)	P029 Recapitalisation of commanges	Signed lease agreements	Municipal Manager
Office of the Municipal Manager	11. Develop and support adventure and extreme water sports	Create partnerships in support of tourism and heritage events	2_11_21_P030	21. Number of adventure and water sports supported	P030 Project Implementation: Amanzi Sport Festival	Payment Vouchers	Municipal Manager
Office of the Municipal Manager	12. Develop cultural heritage economy	Create partnerships in support of tourism and heritage events	2_12_22_P031	22. Number of heritage and cultural events/initiatives supported	P031 Festivals: Ndlambe Music festival	Requisitions, proof of payments, Attendance registers	Municipal Manager
Office of the Municipal Manager	4. Develop a vibrant, rapidly growing, tourism based, employment generating economy	Source funding and provide support to SMME's and Cooperatives within the tourism and heritage space	2_4_23_P032	23. Number of SMME's and Cooperatives supported	P032 Entrepreneurial Support System: SMME Support	Requisitions, proof of payments, Attendance registers, training manuals	Municipal Manager

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Corporate Services	9. Position the municipality as a learning hub of excellence	Develop technical skills within the community	2_9_24_P033	24. Number of learnerships awarded	P033 Learnerships	Signed agreement and letters to learners	Director: Corporate Services
KEY PERFORMANCE AREA (KPA) 3: FINANCIAL VIABILITY AND MANAGEMENT							
Goal(s): (2) Destination of choice for living							
Department	Strategic Objective	Strategy	Indicator Code	Key Performance Indicator (KPI)	Project	Means of Verification	Custodian
Financial Services	6. Improve financial viability of the municipality	Increase the number Finance employees that are competent (SETA certification)	3_6_25_P034	25. Number of Finance employees enrolled towards SETA certification	P034 Workshops Seminars and Subject Matter Training: Training of municipal staff on skills development	Proof of Registration	Chief Financial Officer
Financial Services	6. Improve financial viability of the municipality	Increase budget provision for asset repairs and maintenance	3_6_26_P035:P039	26. Percentage of budget of budget provision allocated for asset repairs and maintenance	P035 Transport Assets: Maintenance of motor vehicles P036 Buildings: Maintenance of Office Buildings P037 Buildings: Maintenance of Building and Facilities P038 Repairs and Maintenance: Pumps P039 Machinery and Equipment: Maintenance of plant and equipment	Asset Repairs and Maintenance Report	Chief Financial Officer
Financial Services	6. Improve financial viability of the municipality	Revenue collection improvement	3_6_27_P040	27. Collection Rate	P040 Revenue Collection	Revenue Collection Report	Chief Financial Officer
Financial Services	6. Improve financial viability of the municipality	Decrease net debtor days	3_6_28_P041	28. Net debtors days	P041 Debtors	Debtors Age Analysis	Chief Financial Officer
Financial Services	6. Improve financial viability of the municipality	Improve cost coverage rate	3_6_29_P042	29. Cost coverage rate	P042 Cost coverage	Financial Viability Report	Chief Financial Officer

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Financial Services	6. Improve financial viability of the municipality	Improve cost coverage rate	3_6_30_P043	30. Creditors Payment Period	P043 Creditors	Creditors Age Analysis	Chief Financial Officer
KEY PERFORMANCE AREA (KPA 4): GOOD GOVERNANCE AND PUBLIC PARTICIPATION							
Goal(s): (1) A premier place to work and do business (2) Destination of choice for living							
Department	Strategic Objective	Strategy	Indicator Code	Key Performance Indicator (KPI)	Project	Means of Verification	Custodian
Corporate Services	1. Improve the efficient running of and the governance of the Municipality	Improve coordination and stakeholder management	4_1_31_P044	31. Percentage of ward committees with 6 or more ward committee members (excluding the ward councillor)	P044 Meetings: Compensation of ward committee members	Ward Committee Attendance Register	Director: Corporate Services
Corporate Services	1. Improve the efficient running of and the governance of the Municipality	Improve good governance	4_1_32_P045	32. Number of Council meetings held	P045 Council Meetings	Council Agenda Attendance Register Minutes of Meeting	Director: Corporate Services
Office of the Municipal Manager	1. Improve the efficient running of and the governance of the Municipality	Improve Audit Opinion	4_1_33_P046	33. Number of repeat audit findings	P046 Audit Improvement	Auditor-General Report from previous year and current year	Municipal Manager
Corporate Services	1. Improve the efficient running of and the governance of the Municipality	Reduce turnaround time to resolve employee suspensions	4_1_34_P047	34. Number of active suspensions longer than three months	P047 Labour Relations	Suspension Letters Disciplinary Outcome	Director: Corporate Services
Office of the Municipal Manager	1. Improve the efficient running of and the governance of the Municipality	Improve coordination and stakeholder management	4_1_35_P048	35. Number of public participation programmes held	P048 Public Participation Meeting: Stakeholders engagement	Attendance Registers Reports	Municipal Manager
Office of the Municipal Manager	8. Create a safe and secure living environment	Create awareness on social issues such as HIV/AIDs and TB	4_8_36_P049	36. Number of social/special programmes held	P049 Social Programmes	Attendance Registers Reports	Municipal Manager

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KEY PERFORMANCE AREA (KPA) 5: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT							
Goal(s): (1) A premier place to work and do business							
Department	Strategic Objective	Strategy	Indicator Code	Key Performance Indicator (KPI)	Project	Means of Verification	Custodian
Corporate Services	1. Improve the efficient running of and the governance of the Municipality	Increase number of employment equity groups in management	5_1_37_P050	37. The number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan (Indians and Disabled)	P050 Human Resource Management: Employment Equity Plan	Employment Equity Report	Director: Corporate Services
Corporate Services	1. Improve the efficient running of and the governance of the Municipality	Capacitation of municipal workforce and Council	5_1_38_P051	38. The percentage of a municipality's budget actually spent on implementing its workplace skills plan	P051 Workshops Seminars and Subject Matter Training: Training of municipal staff on skills development	Municipal Budget Training Report	Director: Corporate Services
Corporate Services	1. Improve the efficient running of and the governance of the Municipality	Improve response time and resolution of complaints	5_1_39_P052	39. Response time to resolve customer complaints	P052 Customer Care	Complaints Register Feedback Register	Director: Corporate Services
Corporate Services	1. Improve the efficient running of and the governance of the Municipality	Development of effective wellness programme	5_1_40_P053	40. Number of days of sick leave taken by employees	P053 Employee Assistance Programme: Employee wellness programmes	Leave Reports	Director: Corporate Services
Corporate Services	1. Improve the efficient running of and the governance of the Municipality	Fill funded vacant posts at the municipality	5_1_41_P054	41. Staff Vacancy Rate	P054 Organisational Development	Organogram Payroll	Director: Corporate Services

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Corporate Services	1. Improve the efficient running of and the governance of the Municipality	Provide conditional bursary schemes for youth artisanal and new economy skills training	5_1_42_P055	42. Number of conditional bursaries awarded	P055 Education and Training: Provision of bursaries to students within Ndlambe area	Award Letters to students	Director: Corporate Services
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4) BUDGET RELATED POLICIES

The Municipal Finance Management Act and Reporting Regulations require that all budget and budget related policies be reviewed, and where applicable, be updated on an annual basis.

The draft budget related policies are as follows:-

- ❖ Rates Policy
- ❖ Indigent Policy
- ❖ Budget Policy
- ❖ Creditors, Staff and Councilors Payment Policy
- ❖ Credit Control and Debt Collection Policy
- ❖ Funding and Reserve Policy
- ❖ Virement Policy
- ❖ Subsistence and Travel Policy
- ❖ Policy and Procedures for Irregular and Fruitless Expenditure
- ❖ Fixed Asset Policy
- ❖ Supply Chain Management Policy
- ❖ Write-off of Irrecoverable Debt Policy
- ❖ Loans Policy
- ❖ Tariff Policy
- ❖ Management of Accumulated Surplus and Bad Debt Policy

Stakeholders are requested to comment on the policies listed above before the budget is presented to Council for final adoption.

The following finance policies also have an impact on the budget;

- ❖ Banking and Investment Policy
- ❖ Imprest/Petty Cash Policy
- ❖ Entertainment Policy
- ❖ Unforeseen and Unavoidable Expenditure Policy

All of the above policies can be viewed on the Ndlambe Municipality website www.ndlambe.gov.za

5) OVERVIEW OF BUDGET ASSUMPTIONS

The municipality have strived to take into consideration the headline forecast and micro-economic forecasts when preparing the 2019/2020 budgets and MTREF as stipulated in the MFMA Circular No 93 and 94.

The following budget assumptions are taken into consideration in preparing Ndlambe Municipality's MTREF Budget 2019/2020

- The Consumer Price Index (CPI) of 5.2% as indicated in the Medium Term Budget Policy Statement (MTBPS) 2019.
- The Municipality has used the new general valuations to determine the property rates increases at an increase of 5.2% at 0.0111 cents plus the 2% reduction of general property rebates.
- The GDP increase of 1.5% has been taken into account to determine the revenue growth rate for each service charge.
- The current average collection rate of 87% is used to determine the cash receipts of the service charges and property rates and the other cash receipts is at 100%.
- The Service charges (Water, Waste Management, Waste Water Management) the Municipality proposed an increase of 6% for each service charge. NERSA has proposed the electricity municipal tariff of 13.07% for municipalities.

It must be stressed that Ndlambe Municipality has adopted the zero based budgeting approach in the 2019/20 budgets. The increases are calculated or based on the extrapolated 2018/2019 current actual performance.

- The salary and wage increases are 6.5% as per the Circular by SALGA. The municipality has made a provision of an additional 2.5% for staff that are still notching. The Payday system currently does not automate the salary increases because of the dates of the salary increments that are not yet loaded into the system. The Salaries and wages are at 39% of the total operating expenditure vs the norm of 40%.
- The bulk increase for municipalities as approved by NERSA is 15.63%. Whereas bulk water is forecasted to increase by 10% based on the average annual increases by Amatola Water Board in the previous years.
- The Municipality is addressing the issue of Repairs and Maintenance by phasing in a certain % that it can afford, until the repairs and maintenance provision is fully addressed. The Repairs and Maintenance has increased by 93% as compared to the previous year's budget that is 7% of total operating expenditure vs the norm of 10%.
- The depreciation in the 2019/2020 budget is 0% increase compared to 2018/2019 financial year, subsequently it is projected at 5.5% increase in the forecasted years.
- The municipality will obtain the long term loan from financial institutions to finance the capital expenditure. The loan is projected at 12% average interest rate offered by the commercial banks for the period of 36 months. The prime lending rate is currently at 10.25%.

6) OVERVIEW OF BUDGET FUNDING

The 2019/20 budget is predominantly funded from rates, service and usage charges, grants and subsidies. The budget total revenue is R389 569 000

Table SA10 Funding Measurement

See Annexure 2 attached

The budget will remain a plan which can only be realized through on availability of cash, therefore actual expenditure can only be incurred when the cash flow permits and that can happen by increasing our collection rate.

Capital Expenditure

See Annexure 3 attached

The capital expenditure table shows that Ndlambe Municipality internal reserves are totally depleted and that we are now reliant on government grants and external funding. It is now essential that all projects are carefully considered and that the impact of the funded projects on the capital budget is taken into account before they are approved. It will be detrimental to continue with funded projects if our transfers from operational revenue will not be able to carry them. It is important for Directorates to be aware of funded projects to be able to provide for such in the budgets. Awareness will provide an opportunity for re-allocation of the limited transfers from operational revenue.

Ndlambe Municipality has reached a point where it has considered obtaining external loans to fund capital expenditure in order to address the issue of redundant vehicles to improve service delivery.

Ndlambe Municipality Original Budget 2019/2020

7) NDLAMBE ALLOCATIONS OF GRANTS AND SUBSIDIES

	Current Year		Medium Term Revenue and Expenditure Framework		
Name of Grant	Original 2018/2019	Adjusted 2018/2019	2019/2020	2020/2021	2021/2022
Financial Management Grant (FMG)	1 970 000	1 970 000	2 435 000	2 568 925	2 967 000
Municipal Infrastructural Grant (MIG)	26 809 000	26 809 000	27 295 000	29 977 505	14 987 102
Expanded Public Works Program (EPWP)	1 000 000	1 000 000	1 002 000	1 057 110	1 115 251
Library Grant (DSRAC)	2 750 000	4 530 000	2 750 000	2 537 274	2 676 825
Environmental Health Subsidy	1 548 740	1 548 740	0	0	0
Equitable Share	88 241 000	88 241 000	96 716 000	102 002 695	107 580 047
Public Safety	1 060 000	1 060 000	0	0	0
Office of The Premier Grant (OTP)	0	5 000 000	12 205 423	0	0
Disaster Grant	0	950 000	0	0	0
SBDM Grants	0	800 000	0	0	0
Drought Relief Grant	0	32 809 000	0	0	0
Total	123 378 740	164 717 740	142 403 423	138 143 509	129 326 225

8) ALLOCATIONS AND GRANTS MADE BY NDLAMBE MUNICIPALITY

	Current Year		Medium Term Revenue and Expenditure Framework		
Segment Description	Original Budget 2018/2019	Adjusted Budget 2018/2019	Budget 2019/2020	Budget 2020/2021	Budget 2021/2022
Anti-Crime	360 000	360 000	381 600	402 588	424 730
Bursaries nonemployees	221 000	221 000	221 000	233 155	245 979
Grants in aid	100 000	245 671	100 000	105 500	111 302
Soup Kitchen	80 000	80 000	200 000	211 000	222 604
Community Development Initiatives	130 000	250 000	150 000	158 250	166 954
Sport Development	50 000	350 000	100 000	105 500	111 303
SMME Development	500 000	500 000	600 000	633 000	667 815
Poverty Relief	70 000	120 000	80 000	84 400	89 042
Tourism Development	685 000	685 000	753 500	794 942	838 664
Amanzi Festival	-	40 000	-	-	-
Total	2 196 000	2 851 671	2 586 100	2 728 335	2 878 393

The above are the allocations and grants that will be made by the municipality. During the financial year, Council may resolve to make further allocations or grants based on the merits of the applicant.

9) COUNCILOR ALLOWANCES AND EMPLOYEE BENEFITS

COUNCILORS ALLOWANCES 2019/2020

See annexure 2

SECTION 57 EMPLOYEES BUDGET 2019/2020

See annexure 2

10) MONTHLY TARGETS FOR EVENUE, EXPENDITURE AND CASH FLOW

See annexure 2

The monthly targets for revenue expenditure and cash flow is to be found under annual budget tables, section 4 of part 1, tables SA22, SA23, SA24 and SA30 for the 2018/2019 financial year. Table SA 29 in the same section provides monthly projections for capital expenditure by vote.

From the information provided it is clear to note that expenditure can only be incurred if the revenue is in our bank account. Cash flow management is going to have to be a priority throughout the year and directors will only be permitted to incur expenditure if the revenue has been received.

**11) DRAFT ANNUAL BUDGETS AND SERVICES DELIVERY AND BUDGET
IMPLIMENTATION PLANS PER DIRECTORATE**

The service delivery budget implementation plan (SDBIP) will be available after Council has adopted the 2019/2020 annual budget.

12) CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

The contracts that have a financial obligation the majority is currently on a month to month contract basis. The municipality is in the process of going on tender and there is a likelihood that the obligation will remain in the future financial years.

Service Provider/Organisation	Service Provided	Start Date	End Date	2018/2019 Actual to date	2019/2020	2020/2021	2021/2022
Manelec (PTY) LTD	Electricity Service	01-Oct-16	Month to Month	11 598 013	12 000 000	12 660 000	13 356 300
Munsoft (PTY) LTD	Financial System	01-Jan-19		1 934 185	2 032 748	2 144 549	2 262 499
Uber Tech Technologies	Support on Information Technology	Month to Month	-	575 050	754 886	796 405	840 207
Hi Tech Security	Security Services	Month to Month	-	4 136 809	7 066 122	7 454 759	5 864 770
CAB Holding PTY LTD	Printing of Customer Account	01-Apr-19	31-Mar-22	1 090 918	1 417 000	1 494 935	1 577 156
Kowie Marine Properties	Rental of Offices	01-Mar-17	28-Feb-20	925 260	1 373 206	1 448 732	1 528 412
Kangela Satellite (PTY) LTD	Vehicle Tracking System	01-Oct-18	30-Nov-19	142 000	870 000	917 850	968 332

13) CAPITAL EXPENDITURE DETAILS

Capital expenditure for the 2019/2020 financial year will be funded mainly by grants as follows;

See annexure 3 attached for details

Funded By:	Total Budget 2019/20	2020/21 Draft Budget	2021/22 Draft Budget
National Government	25 930 249.00	19 358 910.00	29 048 150.00
Provincial Government	12 676 923.00	129 058.00	136 156.00
District Municipality	-	-	-
Other transfers and grants	1 002 000.00	1 057 110.00	1 115 251.00
Transfers recognised - capital	39 609 172.00	20 545 078.00	30 299 557.00
Public contributions and donations	-	-	-
Borrowing	23 065 000.00	-	-
Internally Generated Funds	5 897 990.00	4 639 680.00	5 195 072.00
Total Capital Funding	68 572 162.00	25 184 758.00	35 494 629.00

The following are the top ten valued projects that will be undertaken by Ndlambe Municipality during the 2019/2020 Financial Year

See annexure 3 attached for details

TOP 10 CAPITAL PROJECTS

Project Description	Funding Source	Total Budget	2021 Draft Budget	2022 Draft Budget
Refurbishment of Internal water Reticulation in Alexandria	Municipal Infrastructure Grant	15 746 795		
Machinery and Equipment	Borrowing: Loan	15 065 000	-	-
Acquisition of Buildings	Borrowing: Loan	8 000 000	-	-
Construction of Reservoirs in Thornhill	Eastern Cape: Infrastructure: Waste Water Infrastructure	6 268 771	-	-
Upgrading of Runeli Drive	Eastern Cape: Infrastructure: Road Infrastructure	6 235 652	-	-
Acquisition: Upgrading of Klipfontein Sportfield	Municipal Infrastructure Grant	3 850 040	-	-
Upgrading of Mangcangaza Street	Municipal Infrastructure Grant	2 400 000	-	-
Fencing of Municipal Building	Operational Revenue	1 500 000	-	-
Acquisition: Plant and Machinery	Operational Revenue	1 060 000	1 118 300	1 179 807
Acquisition: Road Infrastructure	Human Settlement Re-development Programme	1 002 000	1 057 110	1 115 251

14) LEGISLATION COMPLIANCE STATUS

The Ndlambe Municipal Councilors and staff are committed to comply fully with all legislation impacting on local government. Section 195(1) of the Constitution sets the basic values and principles that local government must adhere to. To comply fully with all legislation, the municipality must also adhere to circulars issued in line with the legislation and all regulations promulgated to give effect to certain legislation.

The main pieces of legislation that Ndlambe Municipality needs to comply with are;

- The Constitution of the Republic of South Africa
- Local Government: Municipal Structures Act, Act 117 of 1998 with all amendments to date
- Local Government: Municipal Systems Act, Act 32 of 2000 with all amendments to date
- Local Government: Municipal Finance Management Act, Act 56 of 2004 with all amendments to date
- Local Government: Property Rates Act, Act 6 of 2004 with all amendments to date
- Electricity Act of 1987
- Labour Relations Act of 1995
- Financial and Fiscal Commission Act of 1997
- Intergovernmental Fiscal Relations Act of 1997
- Water Services Act of 1997
- Municipal Demarcation Act of 1998
- National Environmental Management Act of 1998
- Remuneration of Political Office Bearers Act of 1998
- Skills Development Act
- Preferential Procurement Policy Framework Act of 2000
- Intergovernmental Relations Framework Act of 2005
- Division of Revenue Act
- Fuel Card User Policy

Circulars and regulations are published from time to time to give effect to the stipulations of the legislation and these also need to be complied with. Certain circulars are however only to be complied with if adopted by Council.

At present the Ndlambe Municipality does not comply with all the existing legislation and the aim is to ensure that by the end of the 2020/2021 financial year all legislation is complied with. This matter has been pointed out in the report of the Auditor-General for the past few years and is in the process of being addressed.

15) SERVICE DELIVERY STANDARDS

See annexure 5

The reporting on service delivery standards is a new initiative by the Ndlambe Municipality to make a commitment to the community and advise the community on the service delivery that they can expect from the municipality from the budget that is available. By documenting service delivery standards the community will have realistic expectations about the nature of the services being delivered. The community will know how often a service will be provided, how long it will take to receive a service, what level of service can be expected, how much the service will cost and be able to monitor performance against the set standards. It must be mentioned that the service delivery standards represent an ideal service to be provided, the aging infrastructure and fleet are key mechanisms to deliver the promised standards. In the event of being failed by these mechanisms, Ndlambe municipality will communicate with the community while finding alternatives to minimize service interruption.

17) MUNICIPAL MANAGERS' QUALITY CERTIFICATION



QUALITY CERTIFICATE

I **Rolly Dumezweni**, Municipal Manager of **Ndlambe Municipality**, hereby certify that the budget and 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 the annual budget and supporting documentation are consistent with the Integrated Development Plan of the municipality.

Rolly Dumezweni

Municipal Manager of Ndlambe Municipality (EC105)

R DUMEZWENI

DATE

Part 3 – Annexures

Annexure 1	Tariff Schedule 2019/2020
Annexure 2	Budget Schedules
Annexure 3	Capital Budget 2019/2020
Annexure 4	Budget Related Policies / Finance Policies
Annexure 5	Service Delivery Standards