

NYANDENI LOCAL MUNICIPALITY



## **Draft Annual Budget**

**3 Year Plan: 2017/18 to 2020**

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## 2. MAYOR'S REPORT

As we engross the five year strategic planning, we continue to dream and live. It is the dream that, we have conceptualized into a vision that will continue to inform and guide our strategy, the ultimate state which we seek to realize. We do so knowing that our institution is a Local Municipality still imbued with suffering from most social ills confronting our society.



This IDP is guided by the vigorous consultative process where the people of Nyandeni have spoken. A point must be restated, that as a collective,( those who must pay and those who must collect) are not doing sufficiently in the area of revenue enhancement. Our planning is prefaced on the following challenges:

- Fundamental amongst these challenges is the scourge of unemployment characterized by dismal performance on the employment of both the skilled and semi-skilled in the area. The majority of our people, both skilled and unskilled migrate to other areas to seek employment opportunities.
- There is absolutely no investment on land and property development.
- There are serious financial leakages owing to the fact that the large scale of trade is conducted by people from outside Nyandeni.
- There is no congruence between infrastructural and economic development to enhance and cause major dent to poverty.
- The state of our bulk infrastructure is still below acceptable standards and far from the realisation of quality services over and above the massive efforts to provide access.
- We do not have facilities to house manufacturing, production and processing and thus seeing us having to import even the simplest of consumables.
- Our tourist destinations are not sufficiently marketed and developed, and further that there is not systematic tourist cosmos to complete the life of a tourist in the area.

- We still lack on enforcement of existing bye-laws.
- The capacity of the finance department on the collections section

It is in this context that our efforts for this term will target achieving the following amongst our priorities and key interventions:

- Intensify crusade of clean towns
- Reinforce our capacity with EPWP to give opportunity to our youth.
- Youth cooperatives must be supported so that we can create work for the youth.
- Renewable Energy.
- Enforcement of existing bye-laws.
- Intensify our interventions in the assistance of farmers to compliment the work of the Agrarian Reform Department.
- Provisioning of sufficient social amenities as an effort to provide access to services like Banking, post services, police stations, and community halls.
- Poor state of infrastructure, including roads and sewerage system. Vigour on the part of maintenance for better quality of services.
- Local Economic Development will be one of our key focal

This year as we mark the 100 years since the legend OR Tambo first saw the African sun. It is proper to draw inspiration from the wise words of this African stalwart:

*"We have...striven for seven decades to build one, common nationhood, with one destiny. Our shared experience of collective sacrifices in the struggle for a common goal has knit us together as one solid block of liberation. The comradeship that we have formed in the trenches of freedom, transcending the barriers that the enemy sought to create, is a guarantee and a precondition for our victory. But we need still to build on this achievement. All of us - workers, peasants, students, priests, chiefs, traders, teachers, civil servants, poets, writers, men, women and youth, black and white - must take our common destiny in our own hands."*

## **Catalyst Programmes and Projects**

In line with National Development Plan and Eastern Cape Provincial Development Plan the municipality has identified the following catalyst programs and projects to stimulate local economic growth, these projects will and are implemented together with government departments

- Development and upgrading of R61 to N2 Road
- Provision of Electricity for households use and industry supply
- Development of Ntlangano Nature Conservancy Project

### **3. BUDGET RELATED RESOLUTIONS**

#### **Draft Annual Budget for 2017/18**

3.1 Council resolves that the multi-year draft annual budget of capital and operating expenditure for 2017/2018 and the indicated two outer years of 2018/2019 and 2019/2020 which will be tabled for public scrutiny be approved as set out by the following amended tables:

- ❑ Table A1 Budget summary
- ❑ Table A2 : Budgeted financial performance (revenue and expenditure by standard classification)
- ❑ Table A3 : Budgeted financial performance (revenue and expenditure by municipal vote)
- ❑ Table A4 : Budget financial performance (revenue and expenditure)
- ❑ Table A5 : Budgeted capital expenditure by vote and funding
- ❑ Table A6 : Budgeted financial position
- ❑ Table A7 : Budgeted cash flows
- ❑ Table A8 : Cash backed reserves / accumulate surplus reconciliation
- ❑ Table A9 : Asset management

#### **Multi Year Capital Budget**

3.2 Council resolves that draft multi-year capital appropriations by vote and associated funding reflected in Table A5 be approved.

#### **Property Rates and other Municipal Tax**

3.3. That, in terms of section 24 of the Local Government Municipal Property Rates Act, Act 6 of 2004, rates differentiating among the different categories of properties determined by the actual use, the zoning and/or permitted use of properties, for property tax be levied on market value of all rateable properties within the municipal area for the financial year 1 July 2017 to 30 June 2018, provided that rebates, as indicated, on application be allowed:

## Tariffs and Charges

3.4 Council resolves that the following tariffs and charges be applied.

<b><u>1.HALL HIRE CHARGES</u></b>	<b><u>2017/2018</u></b>	<b><u>2018/2019</u></b>	<b><u>2019/2020</u></b>
Meeting, workshop, conference	R177.00	R188.00	R199.00
Memorial & Religious services	R301.00	R319.00	R338.00
Concerts, Contests & shows	R601.00	R637.00	R675.00
Wedding, Parties	R750.00	R796.00	R843.00
Gospel concerts, shows (day/night), traditional shows, exhibition, launch, farewell, graduation, celebration, day of prayer	R452.00	R479.00	R508.00
<b><u>2. SECURITY FEES</u></b>			
Memorial, religious services	R301.00	R319.00	R338.00
Concerts, contests & shows (day/night)	R900.00	R954.00	R1 011.00
Parties, discos	R1 502.00	R1 592.00	R1 688.00
Weddings	R1 050.00	R1 113.00	R1 180.00
Gospel concerts, shows (day/night)	R301.00	R319.00	R338.00
<b><u>3. WOODSALE</u></b>			
Head load	R15.00	R16.00	R17.00
Bakkie	R225.00	R238.00	R252.00
Truck	R452.00	R479.00	R507.00
Lantjies	R7.40	R7.90	R8.00
Lantjies	R14.00	R15.00	R15.00
Poles	R5.30	R5.60	R6.00
Tree	R22.00	R24.00	R25.00
<b><u>4. POUND FEES</u></b>			
Entrance fee	R74.00	R79.00	R83.00
Driving fee	R60.00	R64.00	R68.00
Day charges	R30.00	R31.00	R33.00
Outgoing fees	R74.00	R79.00	R83.00
Cattle, horse	R60.00	R64.00	R68.00
Sheep & Goat	R31.00	R33.00	R35.00
<b><u>5. REFUSE REMOVAL</u></b>			
Households	R27.00	R28.00	R30.00
Businesses: General	R151.00	R160.00	R169.00
: Big Retailers	R396.00	R420.00	R445.00
Government: Category 1	R151.00	R160.00	R169.00
:Category2	R2885.00	R3 058.00	R3 242.00
Churches	R26.50	R28.00	R30.00
<b><u>6. CEMETERY</u></b>			
Living in town	R312.00	R330.00	R350.00
Outside town	R438.00	R464.00	R492.00
<b><u>7. TENDER FEES</u></b>			
R50 000.00-R200 000.0	R225.00	R238.00	R252.00
R200 000.00-R500 000.00	R301.00	R319.00	R338.00
R500 000.00-R800 000.00	R376.00	R399.00	R423.00
R800 000.00-R1000 000.00 Or More	R452.00	R479.00	R507.00

<b>8. BUSINESS LICENCE</b>				
Supermarket & General Dealer		R673.00	R713.00	R756.00
Hawker		R112.00	R119.00	R126.00
Caravan (Restaurant & Telephone) p/y		R112.00	R119.00	R126.00
Salon (p/y)		R112.00	R119.00	R126.00
Funeral Parlor (p/y)		R673.00	R713.00	R756.00
Hardware (p/y)		R617.00	R654.00	R693.00
Accommodation establishment		R484.00	R513.00	R544.00
<b>9. MARKET SITE</b>				
Hawkers (p/m)		R31.00	R33.00	R35.00
Caravan Site(p/m)		R74.00	R79.00	R83.00
<b>10. CHAIR HIRE</b>				
Around town (chair per day)		R7.40	R7.90	R8.00
Indemnity fee (per chair)		R15.00	R16.00	R17.00
<b>11. TOWN PLANNING TARIFFS</b>				
		<b>2017/2018</b>	<b>2018/2019</b>	<b>2019/2020</b>
11.1 Zoning Certificates		R36.00	R38.00	R40.00
11.2 Town Planning scheme document		R337.00	R357.00	R379.00
<b>11.3 Application for special consent</b>				
Application fees		R534.00	R566.00	R600.30
application form				
Rezoning Application				
Advertising		Price as quoted by Daily Dispatch	Price as quoted by Daily Dispatch	Price as quoted by Daily Dispatch
<b>11.4 Application Fees</b>				
Erven from 500sqm-1000sqm		R862/site	R913/site	R968.00/site
Erven from 1000sqm-1500sqm		R982/site	R1 040/site	R1 103/site
Erven from 1500sqm- 2000sqm		R1 100/site	R1 166/site	R1236/site
Erven from 2000sqm and >		R1 218/site	R1 291/site	R1368/site
<b>11.5 Subdivision and Township Application</b>				
Basic Subdivision fee		R743.00	R788.00	R835.00
Charges per subdivision (Remainder considered a subdivision)		R61.00	R65.00	R69.00
<b>11.6 Application for Removal of Restrictive Conditions</b>				
Application fee		R1684.00	R1 785.00	R1893.00
<b>11.7 Relaxation of Building Line</b>				
		R239.00	R253.00	R268.00
<b>11.8 Consolidation</b>				
		R562.00	R600.00	R631.00
<b>11.9 Building Plan Approval</b>				
		R41.00/sqm	R44.00/sqm	R46.00/sqm

## **RATES TARRIF**



**DETERMINATION OF TARIFF AS PER CATEGORY AS FROM 1 JULY 2017-30 JUNE 2018**

<b>CATEGORY</b>	<b>TARRIF</b>
Residential Property	0.0078
Businesses	0.0116
Government1	0.0116
government2	0.0116
Agriculture 1	0.0101
Agriculture2	0.0101
Institutions	0.0116
Clinics	0.0116
Hospital	0.0116
Schools	0.0116
Trading Stations	0.0116
R 61 Road	0.0019
N2 Road	0.0019

**Category2**

	<b>2017/2018</b>	<b>2018/2019</b>	<b>2019/2020</b>	
Refuse Removal	R150.50	R160.00	R169.00	
Bags (1000*R0,80)	(1000*R1,01) R1 010.00	(1000*R1,07) R1 070.00	(1000*R1,13) R1 130	
Mileage (24km*2days*4weeks in month) 627 R1	R1 725.00	R1 828.00	R1 938.00	
	<b>R2 885.50</b>	<b>R3 058.00</b>	<b>R3 237.00</b>	

### **Measurable Performance Objectives**

3.5 Council resolves that the measurable performance objectives for revenue from each source and for each vote reflect the budget.

### **Integrated Development Plan**

3.6 Council resolves to approve the implementation of the Integrated Development Plan.

### **Budget Related Polices**

3.7 Council resolves that the following draft budget related polices be approved

- Supply Chain Management
- Asset Management
- Credit Control and Debt Collection
- Budget and IDP Policy
- Bad debts write off
- Rates policy
- Tariff policy
- Banking and investment policy
- Indigent Policy
- Expenditure management policy
- Debt Write off policy

### **Cashflow**

3.8 Council resolves that the projects identified for implementation are subject to funds available from grants in respect of Equitable share, Integrated National Electrification Programme, Finance Management Grant, Expanded Public Works Programme Incentive Grant, Municipal Infrastructure Grant, Small Town Revitalisation Programme, EPWP Greenest Municipal Town Competition.

## 4. THE BUDGET

This section contains an Executive Summary of the annual budget, highlighting the processes and assumptions which lead to the compilation of the draft annual budget.

### 4.1 Executive Summary

#### Overview

The budget process is governed by the Municipal Finance Management Act 56 of 2003 and the Municipal Systems Act 32 of 2000. The objective process is to ensure good governance and accountability and enables the municipality to involve residents and other stakeholders in the budgeting process.

In terms of Section 16 (1) and (2) of the Municipal Finance Management Act no 56 of 2003:

- (1) The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.
- (2) In order for the municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

In terms of Section 24 (1) and (2) of the Municipal Finance Management Act (MFMA) No 56, 2003:

“(1) The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget.

(2) An annual budget –

(a) must be approved before the start of the budget year;

(b) is approved by the adoption by the council of a resolution referred to in section 17(3)(a)(i); and

(c) must be approved together with the adoption of resolutions as may be necessary –

(i) imposing any municipal tax for the budget year;

(ii) setting any municipal tariffs for the budget year;

(iii) approving measurable performance objectives for revenue from each source and for each vote in the budget;

(iv) approving any changes to the municipality’s integrated development plan; and

(v) approving any changes to the municipality’s budget-related policies.”

The application of sound financial management principles for the compilation of the NLM’s financial plan is essential and critical to ensure that the NLM remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities

The NLM’s business and service delivery priorities were reviewed as part of this year’s planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship.

The following budget principles and guidelines directly informed the compilation of the 2017/18 MTREF:

- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

National Treasury's MFMA Circular No. 66, 67, 70, 72, 74, 75, 78, 79, 82, 85, and 86 were used to guide the compilation of the 2017/18 MTREF.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2017/18 Medium-term Revenue and Expenditure Framework:

**TABLE 1 CONSOLIDATED OVERVIEW OF 2017/18 MTERF**

<b>R thousand</b>	<b>Adjustment Budget 2016/17</b>	<b>Budget Year 2017/18</b>	<b>Budget Year +1 2018/19</b>	<b>Budget Year +2 2019/20</b>
Total Operating Revenue	319 030 000	333 273 000	332 284 000	355 666 000
Total Operating Expenditure	302 797 000	312 695 000	323 404 000	350 101 000
Surplus /(deficit) for the year	16 233 000	20 578 000	8 880 000	5 565 000
Capital Expenditure	58 050 000	94 813 000	74 232 000	98 812 000
Total Capital Expenditure	74 830 000	115 391 000	83 112 000	104 377 000

Total operating revenue is R333 273 000 million for the 2017/18 financial year. For the two outer years, operational revenue will increase by R998 000, and by 1R2 338 000.

Total operating expenditure for the 2017/18 financial year has been appropriated at R312 695 000 million and translates into a balancing budget with no either surplus or deficit where total expenditure equals to the total revenue. For the two outer years, expenditure has been appropriated at R323 404 000 and R350 101 000. Depreciation and provision for bad debts which are non-cash items have been budgeted for, and for the budget to balance we have to transfer funds from our reserves.

The capital budget for 2017-18 has been appropriated at R115 391 000, for two outer years at R83 112 000 and R104 377 000. In the current year, MIG revenue has increased by 6.6% as compared to the previous year. There is a new grant i.e. Small Town Revitalization which worth R32 919 000, and is included in the capital expenditure. An amount of R11 000 000 has been funded from the Reserves, and R9 578 000 funded from the Equitable share. A substantial portion of the capital budget is currently funded from the conditional grants over the MTERF.

## **4.2 OPERATING REVENUE FRAMEWORK**

The NLM will be implementing its Integrated Revenue Enhancement Strategy which is built around the following key components

- National Treasury's guidelines and macroeconomic policy;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the NLM.
- Implementation of its Credit Control and Debt Collection policy and by-laws



The following table is a summary of the 2016/17 MTREF (classified by main revenue source):

**Table 2 Summary of revenue classified by main revenue source**

**Budgeted Financial Performance (revenue )**

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>	1										
<b>Revenue By Source</b>											
Property rates	2	5 259	5 690	5 605	5 690	5 690	5 690	5 690	7 068	7 471	7 889
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	178	188	200	245	245	245	245	260	277	295
Service charges - other											
Rental of facilities and equipment		144	86	61	185	185	185	185	126	133	141
Interest earned - external investments		4 743	4 931	7 231	5 618	5 618	5 618	5 618	5 978	8 300	8 831
Interest earned - outstanding debtors				204							
Dividends received											
Fines, penalties and forfeits		59	45	39	56	56	56	56	310	400	426
Licences and permits		3 252	3 274	2 357	5 618	5 618	5 618	5 618	3 000	3 500	3 724
Agency services				61	500	500	500	500	400	426	453
Transfers and subsidies		157 576	186 230	245 981	226 856	228 474	228 474	228 474	247 723	245 407	267 769
Other revenue	2	1 451	1 928	12 469	41 644	72 644	72 644	72 644	68 409	66 371	66 139
Gains on disposal of PPE											
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>172 663</b>	<b>202 372</b>	<b>274 209</b>	<b>286 412</b>	<b>319 030</b>	<b>319 030</b>	<b>319 030</b>	<b>333 273</b>	<b>332 284</b>	<b>355 666</b>

**TABLE 3 Percentage growth in revenue by main revenue source**

Description R thousand	Ref	Current Year 2016-17		2017/18-2020 Medium Term Revenue & Expenditure Framework					
		Adjusted Budget	Increase/(decrease %)	Budget Year 2017/18	Increase/(decrease %)	Budget Year +1 2018/19	Increase/(decrease %)	Budget Year +2 2019/20	Increase/(decrease %)
<b>Revenue By Source</b>									
Property rates	2	5 690		7 068	24%	7 471	1.46%	7 889	5.6%
Property rates - penalties & collection charges									
Service charges - electricity revenue	2	–		–		–		–	0%
Service charges - water revenue	2	–		–		–		–	0%
Service charges - sanitation revenue	2	–		–		–		–	0%
Service charges - refuse revenue	2	245		260	6%	277	6.5%	295	6.5%
Service charges - other									
Rental of facilities and equipment		185		126	(32%)	133	5.6%	141	6%
Interest earned - external investments		5 618		5 978	6%	8 300	38%	8 831	6%
Interest earned - outstanding debtors									
Dividends received									
Fines		56		310	6%	400	6%	426	6%
Licences and permits		5 618		3 000	-47%	3 500	16%	3 724	6%
Agency services		500		400	-20%	426	6%	453	6%
Transfers recognised - operational		228 474		247 723	8%	245 407	-.1%	267 769	9%
Other revenue	2	72 644		68 409	-6%	66 371	-3%	66 139	0%
Gains on disposal of PPE									
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>319 030</b>		<b>333 273</b>		<b>332 254</b>		<b>355 666</b>	





In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms 2 percent of the revenue basket for the NLM. In the 2017/18 financial year, revenue from rates and taxes total R7 068 000 million or 2 per cent, and the figure exclude the revenue forgone.

In 2018/19 it shows an amount of R7 471 000, and in 2019/20 year shows an amount of R7 889 000 million. The revenue generated from rates and taxes has increased by 24 per cent in 2017/18, for two outer years increased by 1.4 per cent and 6%. The above mentioned rates and taxes revenue for the 2017/18 -19 MTERF exclude revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. The revenue forgone for each year shows an amount of R1 014 091, R1 071 894 and R1 131 920.

The municipality has updated the Supplementary Valuation Roll for implementation as from the 1<sup>st</sup> of July 2017. A thorough reconciliation of both the Supplementary Valuation roll and General Valuation roll will be performed to ensure that the revenue generated from rates and taxes is realistic. Upon implementing the Municipal Property Rates Act, the municipality has a Tariff Policy. The tariff policy has considered the rebates for some of customers that may be regarded as indigent.

## Transfers and Grants receipts

EC155 Nyandeni - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>										
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		-	-	-	224 956	224 956	224 956	241 239	245 007	267 369
Local Government Equitable Share					213 070	213 070	213 070	223 248	223 307	239 669
Finance Management					1 625	1 625	1 625	1 700	1 700	1 700
Municipal Systems Improvement										1 000
Integrated National Electrification Programme					9 000	9 000	9 000	15 000	20 000	25 000
EPWP Incentive					1 261	1 261	1 261	1 291		
Other transfers/grants [insert description]										
<b>Provincial Government:</b>		-	-	-	1 400	1 400	1 400	400	400	400
Sport and Recreation					400	400	400	400	400	400
Other transfers/grants [insert description]					1 000	1 000	1 000			
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Other grant providers:</b>		-	-	-	500	2 118	2 118	6 084	-	-
Small town revitalisation (OTP)										
DEDEAT					500	2 118	2 118	6 084	-	-
<b>Total Operating Transfers and Grants</b>	5	-	-	-	226 856	228 474	228 474	247 723	245 407	267 769
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		-	-	-	58 050	58 050	58 050	61 894	65 421	69 143
Municipal Infrastructure Grant (MIG)					58 050	58 050	58 050	61 894	65 421	69 143
Other capital transfers/grants [insert desc]										
<b>Provincial Government:</b>		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
<b>District Municipality:</b>		-	-	-	-	-	-	-	-	-
[insert description]										
<b>Other grant providers:</b>		-	-	-	-	-	-	32 919	8 811	29 669
Small town revitalisat								32 919	8 811	29 669
<b>Total Capital Transfers and Grants</b>	5	-	-	-	58 050	58 050	58 050	94 813	74 232	98 812
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		-	-	-	284 906	286 524	286 524	342 536	319 639	366 581

In 2017/18 financial year, the operational grants show an amount of R245 239 000. For the two outer years, the operational grants have increased by R3 788 000 and R22 362 000 which 2% and 9% for each year.

**Table 5 Comparison of proposed rates to be levied for the 2017/18 financial year**

**RATES TARRIF**

**DETERMINATION OF TARIFF AS PER CATERGORY AS FROM 1 JULY 2017-30 JUNE 2018**

<b>CATERGORY</b>	<b>TARRIF</b>
Residential Property	0.0078
Businesses	0.0116
Government1	0.0116
government2	0.0116
Agriculture1	0.0101
Agriculture2	0.0101
Institutions	0.0116
Clinics	0.0116
Hospital	0.0116
Schools	0.0116
Trading Stations	0.0116
R 61 Road	0.0019
N2 Road	0.0019

**Category2**

	<b>2017/2018</b>	<b>2018/2019</b>	<b>2019/202</b>
Refuse Removal	R150.50	R160.00	R169.00
Bags (1000*R0,80)	(1000*R1,01) R1 010.00	(1000*R1,07) R1 070.00	(1000*R1,13) R1 130
Mileage (24km*2days*4weeks in month) R1 627	R1 725.00	R1 828.00	R1 938.00
	<b>R2 885.50</b>	<b>R3 058.00</b>	<b>R3 237.00</b>

There is no change on the tariffs for rates and taxes. Upon checking the collection rate within the institution, the tariffs have not been increased.

### 4.3 OPERATING EXPENDITURE FRAMEWORK

The NLM's expenditure framework for the 2017/18 budget and MTREF is informed by the following:

- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
- Strict adherence to the principle of no project plans no budget. If there is no business plan no funding allocation can be made.
- Also, there is a new reform i.e. MSCOA, which indicates that each line item, for each to be budgeted, such a project should be in the Integrated Development Plan.

The following table is a high level summary of the 2017/18 budget and MTREF (classified per main type of operating expenditure):

**EC155 Nyandeni - Table A1 Budget Summary**

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Employee costs	79 836	92 149	104 244	116 929	116 929	116 929	116 929	125 582	134 876	144 856
Remuneration of councillors	15 983	17 014	18 041	19 456	19 456	19 456	19 456	20 895	22 442	24 102
Depreciation & asset impairment	30 481	33 632	31 783	33 753	33 753	33 753	33 753	45 301	49 831	54 814
Finance charges	140	117	140	117	117	117	117	117	124	131
Materials and bulk purchases	4 463	4 938	4 964	20 507	27 787	27 787	27 787	11 789	12 535	13 327
Transfers and grants	-	-	-	5 300	5 300	5 300	5 300	5 639	6 000	6 384
Other expenditure	79 434	85 857	93 200	89 253	99 455	99 455	99 455	103 371	97 596	106 486
<b>Total Expenditure</b>	<b>210 336</b>	<b>233 708</b>	<b>252 373</b>	<b>285 315</b>	<b>302 797</b>	<b>302 797</b>	<b>302 797</b>	<b>312 695</b>	<b>323 404</b>	<b>350 101</b>



## Employee Related Costs

The municipality has taken into consideration the three-year Salary and Wage Collective Agreement for the period 1 July 2015 to 30 June 2018. The preparation of the 2017/18 MTERF constitutes implementation of the last year of the agreement which municipalities must implement as follows:

2017/18 Financial year – average CPI (Feb 2016 –Jan 2016 which is 6.4%) + 1 percent, that makes 7.4%

For the outer years the inflation rate based on average CPI plus 1per cent for 2019 and 2020 has been considered.

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

The overall amount of the Salaries and Wages is R146 477 000, and for two outer years, its R157 318 000 (5.7%) and R168 958 000 (5.6%).

### Depreciation, asset and debtors impairment:

Depreciation and debtors impairment has been provided for at R45,8 million in 2017/18, R49,8 million in 2018/19 and R54,8 million in 2019/20.

### Other Expenditures:

The other expenditures include R4,2 million for the audit fees, mSCOA at R1,5 million. The general expenditure is worth R93 million.

### Materials and Other Bulk Purchases:

This includes the repairs and maintenance. The amount for 2017/18 budget year is R11,7 million. For the two outer years it has increased to R2,5 million (6% increase) and R13,3 million (6% increase) each year.

The following table gives a breakdown of the main expenditure categories of the total operating budget for the 2017/18 financial year.

#### PERCENTAGE ALLOCATION FOR 2017/2018 FINANCIAL YEAR.

EXPENDITURE ITEM	EXPENDITURE PERCENTAGE %
Personnel expenditure	47%
General expenditure	34%
Repairs and Maintenance	4%
Provisions	15%
<b>TOTAL %</b>	<b>100 %</b>





#### **4.4 CAPITAL EXPENDITURE**

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>	1										
<b><u>Single-year expenditure to be appropriated</u></b>	2										
Vote 1 - EXECUTIVE & COUNCIL		-	-	1 139	-	-	-	-	1 000	-	-
Vote 2 - FINANCE & ADMINISTRATION- CORPORATE SERVICES		2 456	2 955	4 293	750	4 627	4 627	4 627	6 672	6 088	1 157
Vote 3 - FINANCE & ADMINISTRATION - BUDGET & TREASURY		2 481	6 324	-	-	1 003	1 003	1 003	-	1 064	2 865
Vote 4 - PLANNING & DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY & SOCIAL SERVICES		-	488	8 799	-	-	-	-	-	-	-
Vote 6 - HOUSING		-	-	-	-	-	-	-	-	-	-
Vote 7 - ROAD TRANSPORT		60 723	64 654	68 015	58 148	68 403	68 403	68 403	96 118	75 961	100 355
Vote 8 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-
Vote 9 - HEALTH		-	-	-	-	-	-	-	-	-	-
Vote 10 - SPORT AND RECREATION		-	-	-	-	-	-	-	-	-	-
Vote 11 - ELECTRICITY		-	-	-	-	-	-	-	-	-	-
Vote 12 - WASTE MANAGEMENT		-	-	696	249	249	249	249	11 600	-	-
Vote 13 - OTHER		-	-	-	-	-	-	-	-	-	-
Vote 14 - INTERNAL AUDIT		-	-	-	-	-	-	-	-	-	-
Vote 15 - OTHER		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		<b>65 660</b>	<b>74 421</b>	<b>82 942</b>	<b>59 147</b>	<b>74 283</b>	<b>74 283</b>	<b>74 283</b>	<b>115 391</b>	<b>83 113</b>	<b>104 377</b>
<b>Total Capital Expenditure - Vote</b>		<b>65 660</b>	<b>74 421</b>	<b>82 942</b>	<b>59 147</b>	<b>74 283</b>	<b>74 283</b>	<b>74 283</b>	<b>115 391</b>	<b>83 113</b>	<b>104 377</b>

When comparing the previous budget of R74,2 million, there is an decrease of R41,1 million which is 55%. In a total budget of R115,3 million for the budget year 2017/18, an amount of R90,1 million is allocated to the infrastructure assets, R11,6 million to the landfill site, R5 million to the upgrade of offices, R6 million to the plant& machinery, R1,8 million to other assets and R800 000 to the intangibles assets.

For the two outer years the there is a decrease to R83 million and increase to R104,3 million.

## 4.5 DRAFT ANNUAL BUDGET TABLES

### 4.5.1 Table A1 : Budget summary

EC155 Nyandeni - Table A1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	5 259	5 690	5 605	5 690	5 690	5 690	5 690	7 068	7 471	7 889
Service charges	178	188	200	245	245	245	245	260	277	295
Investment revenue	4 743	4 931	7 231	5 618	5 618	5 618	5 618	5 978	8 300	8 831
Transfers recognised - operational	157 576	186 230	245 981	226 856	228 474	228 474	228 474	247 723	245 407	267 769
Other own revenue	4 906	5 333	15 191	48 003	79 003	79 003	79 003	72 244	70 830	70 882
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>172 663</b>	<b>202 372</b>	<b>274 209</b>	<b>286 412</b>	<b>319 030</b>	<b>319 030</b>	<b>319 030</b>	<b>333 273</b>	<b>332 284</b>	<b>355 666</b>
Employee costs	79 836	92 149	104 244	116 929	116 929	116 929	116 929	125 582	134 876	144 856
Remuneration of councillors	15 983	17 014	18 041	19 456	19 456	19 456	19 456	20 895	22 442	24 102
Depreciation & asset impairment	30 481	33 632	31 783	33 753	33 753	33 753	33 753	45 301	49 831	54 814
Finance charges	140	117	140	117	117	117	117	117	124	131
Materials and bulk purchases	4 463	4 938	4 964	20 507	27 787	27 787	27 787	11 789	12 535	13 327
Transfers and grants	-	-	-	5 300	5 300	5 300	5 300	5 639	6 000	6 384
Other expenditure	79 434	85 857	93 200	89 253	99 455	99 455	99 455	103 371	97 596	106 486
<b>Total Expenditure</b>	<b>210 336</b>	<b>233 708</b>	<b>252 373</b>	<b>285 315</b>	<b>302 797</b>	<b>302 797</b>	<b>302 797</b>	<b>312 695</b>	<b>323 404</b>	<b>350 101</b>
<b>Surplus/(Deficit)</b>	<b>(37 674)</b>	<b>(31 336)</b>	<b>21 836</b>	<b>1 097</b>	<b>16 233</b>	<b>16 233</b>	<b>16 233</b>	<b>20 578</b>	<b>8 881</b>	<b>5 565</b>
Transfers and subsidies - capital (monetary allocations)	48 566	61 324	58 809	58 050	58 050	58 050	58 050	94 813	74 232	98 812
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>10 892</b>	<b>29 988</b>	<b>80 645</b>	<b>59 147</b>	<b>74 283</b>	<b>74 283</b>	<b>74 283</b>	<b>115 391</b>	<b>83 113</b>	<b>104 377</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>10 892</b>	<b>29 988</b>	<b>80 645</b>	<b>59 147</b>	<b>74 283</b>	<b>74 283</b>	<b>74 283</b>	<b>115 391</b>	<b>83 113</b>	<b>104 377</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>65 660</b>	<b>74 421</b>	<b>82 942</b>	<b>59 147</b>	<b>74 283</b>	<b>74 283</b>	<b>74 283</b>	<b>115 391</b>	<b>83 113</b>	<b>104 377</b>
Transfers recognised - capital	65 660	74 421	77 318	59 147	58 050	58 050	58 050	115 391	83 113	104 377
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	5 624	-	16 233	16 233	16 233	-	-	-
<b>Total sources of capital funds</b>	<b>65 660</b>	<b>74 421</b>	<b>82 942</b>	<b>59 147</b>	<b>74 283</b>	<b>74 283</b>	<b>74 283</b>	<b>115 391</b>	<b>83 113</b>	<b>104 377</b>
<b>Financial position</b>										
Total current assets	82 922	75 685	109 071	75 685	75 685	75 685	75 685	107 786	129 875	136 789
Total non current assets	320 035	355 809	406 635	416 441	416 441	416 441	416 441	499 748	566 398	410 518
Total current liabilities	20 539	17 662	20 740	17 396	17 396	17 396	17 396	12 514	10 011	8 009
Total non current liabilities	4 003	4 221	4 711	4 470	4 470	4 470	4 470	16 862	5 364	5 473
Community wealth/Equity	378 414	409 612	490 256	470 260	470 260	470 260	470 260	578 159	680 897	533 825
<b>Cash flows</b>										
Net cash from (used) operating	48 050	64 354	106 775	95 267	95 267	95 267	95 267	187 970	162 467	197 728
Net cash from (used) investing	(56 728)	(73 100)	(71 559)	(59 147)	(74 283)	(74 283)	(74 283)	(115 391)	(83 113)	(104 377)
Net cash from (used) financing	1 431	(1 000)	1 036	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	<b>75 440</b>	<b>65 694</b>	<b>101 947</b>	<b>111 560</b>	<b>96 424</b>	<b>96 424</b>	<b>96 424</b>	<b>174 526</b>	<b>253 881</b>	<b>347 232</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	75 440	65 694	101 947	65 694	65 694	65 694	65 694	101 947	116 947	126 947
Application of cash and investments	1 962	6 946	16 141	7 783	11 032	11 032	11 032	11 777	8 094	6 496
<b>Balance - surplus (shortfall)</b>	<b>73 478</b>	<b>58 749</b>	<b>85 806</b>	<b>57 912</b>	<b>54 663</b>	<b>54 663</b>	<b>54 663</b>	<b>90 170</b>	<b>108 852</b>	<b>120 451</b>
<b>Asset management</b>										
Asset register summary (WDV)	320 035	355 809	406 635	375 448	385 704	385 704	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-	-	-
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-	-	-	-	-	-
<b>Free services</b>										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	908	953	953	953	953	953	1 014	1 014	1 072	1 132
<b>Households below minimum service level</b>										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

## Explanatory Notes

- Table A1 is a budget summary and provides a concise overview of the NLM's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
- Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:

## 4.5.2 Table A2 : Budgeted financial performance (revenue and expenditure by standard classification)

EC155 Nyandeni - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue - Functional</b>	<b>1</b>									
<i>Governance and administration</i>		155 389	184 809	244 702	267 587	298 587	298 587	306 358	307 070	325 130
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		155 389	184 809	244 702	267 587	298 587	298 587	306 358	307 070	325 130
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		309	3 627	2 801	6 780	6 780	6 780	78	82	510
Community and social services		309	300	344	606	606	606	78	82	510
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	3 327	2 457	6 174	6 174	6 174	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		51 890	75 071	60 133	60 350	60 350	60 350	96 218	94 341	123 916
Planning and development		13	38	105	39	39	39	42	45	47
Road transport		51 877	75 033	60 028	60 311	60 311	60 311	96 176	94 296	123 868
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		13 641	188	25 382	9 745	11 362	11 362	21 344	20 277	25 295
Energy sources		13 463	-	25 000	9 000	9 000	9 000	15 000	20 000	25 000
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		178	188	382	745	2 362	2 362	6 344	277	295
<i>Other</i>	<b>4</b>	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	<b>2</b>	<b>221 229</b>	<b>263 696</b>	<b>333 018</b>	<b>344 462</b>	<b>377 080</b>	<b>377 080</b>	<b>423 998</b>	<b>421 771</b>	<b>474 851</b>
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		210 336	228 769	225 201	166 596	170 019	170 019	-	-	-
Executive and council		15 983	17 014	18 041	62 899	62 899	62 899	-	-	-
Finance and administration		194 353	211 755	207 160	103 697	107 120	107 120	-	-	-
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		-	-	-	56 115	56 005	56 005	-	-	-
Community and social services		-	-	-	52 845	52 835	52 835	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	1 624	1 624	1 624	-	-	-
Housing		-	-	-	1 646	1 546	1 546	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	4 938	4 964	51 877	59 105	59 105	-	-	-
Planning and development		-	-	-	16 202	16 297	16 297	-	-	-
Road transport		-	4 938	4 964	35 676	42 808	42 808	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	22 207	10 726	17 662	17 662	-	-	-
Energy sources		-	-	22 207	9 000	14 318	14 318	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	1 726	3 344	3 344	-	-	-
<i>Other</i>	<b>4</b>	-	-	-	-	5	5	-	-	-
<b>Total Expenditure - Functional</b>	<b>3</b>	<b>210 336</b>	<b>233 708</b>	<b>252 373</b>	<b>285 315</b>	<b>302 797</b>	<b>302 797</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Surplus/(Deficit) for the year</b>		<b>10 892</b>	<b>29 988</b>	<b>80 645</b>	<b>59 147</b>	<b>74 283</b>	<b>74 283</b>	<b>423 998</b>	<b>421 771</b>	<b>474 851</b>

### Explanatory Notes

Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile „whole of government“ reports.

## 4.5 3 Table A3 : Budgeted financial performance (revenue and expenditure by municipal vote)

EC155 Nyandeni - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue by Vote</b>	1									
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE & ADMINISTRATION- CORPORATE SE		398	-	-	-	-	-	-	-	-
Vote 3 - FINANCE & ADMINISTRATION - BUDGET & TRE		154 990	-	-	-	-	-	-	-	-
Vote 4 - PLANNING & DEVELOPMENT		-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 6 - HOUSING		-	-	-	-	-	-	-	-	-
Vote 7 - ROAD TRANSPORT		-	-	-	-	-	-	-	-	-
Vote 8 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-
Vote 9 - HEALTH		-	-	-	-	-	-	-	-	-
Vote 10 - SPORT AND RECREATION		-	-	-	-	-	-	-	-	-
Vote 11 - ELECTRICITY		-	-	-	-	-	-	-	-	-
Vote 12 - WASTE MANAGEMENT		-	-	-	-	-	-	-	-	-
Vote 13 - OTHER		-	-	-	-	-	-	-	-	-
Vote 14 - INTERNAL AUDIT		-	-	-	-	-	-	-	-	-
Vote 15 - OTHER		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	155 389	-	-	-	-	-	-	-	-
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE & ADMINISTRATION- CORPORATE SE		398	-	-	-	-	-	-	-	-
Vote 3 - FINANCE & ADMINISTRATION - BUDGET & TRE		154 990	-	-	-	-	-	-	-	-
Vote 4 - PLANNING & DEVELOPMENT		-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 6 - HOUSING		-	-	-	-	-	-	-	-	-
Vote 7 - ROAD TRANSPORT		-	-	-	-	-	-	-	-	-
Vote 8 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-
Vote 9 - HEALTH		-	-	-	-	-	-	-	-	-
Vote 10 - SPORT AND RECREATION		-	-	-	-	-	-	-	-	-
Vote 11 - ELECTRICITY		-	-	-	-	-	-	-	-	-
Vote 12 - WASTE MANAGEMENT		-	-	-	-	-	-	-	-	-
Vote 13 - OTHER		-	-	-	-	-	-	-	-	-
Vote 14 - INTERNAL AUDIT		-	-	-	-	-	-	-	-	-
Vote 15 - OTHER		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	155 389	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	2	-	-	-	-	-	-	-	-	-

### Explanatory Notes

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the NLM.

## 4.5.4 Table A4 : Budget financial performance (revenue and expenditure)

EC155 Nyandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue By Source</b>											
Property rates	2	5 259	5 690	5 605	5 690	5 690	5 690	5 690	7 068	7 471	7 889
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	178	188	200	245	245	245	245	260	277	295
Service charges - other											
Rental of facilities and equipment		144	86	61	185	185	185	185	126	133	141
Interest earned - external investments		4 743	4 931	7 231	5 618	5 618	5 618	5 618	5 978	8 300	8 831
Interest earned - outstanding debtors				204							
Dividends received											
Fines, penalties and forfeits		59	45	39	56	56	56	56	310	400	426
Licences and permits		3 252	3 274	2 357	5 618	5 618	5 618	5 618	3 000	3 500	3 724
Agency services				61	500	500	500	500	400	426	453
Transfers and subsidies		157 576	186 230	245 981	226 856	228 474	228 474	228 474	247 723	245 407	267 769
Other revenue	2	1 451	1 928	12 469	41 644	72 644	72 644	72 644	68 409	66 371	66 139
Gains on disposal of PPE											
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>172 663</b>	<b>202 372</b>	<b>274 209</b>	<b>286 412</b>	<b>319 030</b>	<b>319 030</b>	<b>319 030</b>	<b>333 273</b>	<b>332 284</b>	<b>355 666</b>
<b>Expenditure By Type</b>											
Employee related costs	2	79 836	92 149	104 244	116 929	116 929	116 929	116 929	125 582	134 876	144 856
Remuneration of councillors		15 983	17 014	18 041	19 456	19 456	19 456	19 456	20 895	22 442	24 102
Debt impairment	3	2 418	2 836	5 107	7 000	7 000	7 000	7 000	3 000	3 171	3 349
Depreciation & asset impairment	2	30 481	33 632	31 783	33 753	33 753	33 753	33 753	45 301	49 831	54 814
Finance charges		140	117	140	117	117	117	117	117	124	131
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	4 463	4 938	4 964	20 507	27 787	27 787	27 787	11 789	12 535	13 327
Contracted services		-	497	684	1 096	1 096	1 096	1 096	1 600	1 702	1 811
Transfers and subsidies		-	-	-	5 300	5 300	5 300	5 300	5 639	6 000	6 384
Other expenditure	4,5	66 692	77 621	87 075	81 157	91 358	91 358	91 358	98 771	92 723	101 326
Loss on disposal of PPE		10 324	4 903	334							
<b>Total Expenditure</b>		<b>210 336</b>	<b>233 708</b>	<b>252 373</b>	<b>285 315</b>	<b>302 797</b>	<b>302 797</b>	<b>302 797</b>	<b>312 695</b>	<b>323 404</b>	<b>350 101</b>
<b>Surplus/(Deficit)</b>		<b>(37 674)</b>	<b>(31 336)</b>	<b>21 836</b>	<b>1 097</b>	<b>16 233</b>	<b>16 233</b>	<b>16 233</b>	<b>20 578</b>	<b>8 881</b>	<b>5 565</b>
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		48 566	61 324	58 809	58 050	58 050	58 050	58 050	94 813	74 232	98 812
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatns, Higher Educational Institutions)	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)											
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>10 892</b>	<b>29 988</b>	<b>80 645</b>	<b>59 147</b>	<b>74 283</b>	<b>74 283</b>	<b>74 283</b>	<b>115 391</b>	<b>83 113</b>	<b>104 377</b>
Taxation											
<b>Surplus/(Deficit) after taxation</b>		<b>10 892</b>	<b>29 988</b>	<b>80 645</b>	<b>59 147</b>	<b>74 283</b>	<b>74 283</b>	<b>74 283</b>	<b>115 391</b>	<b>83 113</b>	<b>104 377</b>
Attributable to minorities											
<b>Surplus/(Deficit) attributable to municipality</b>		<b>10 892</b>	<b>29 988</b>	<b>80 645</b>	<b>59 147</b>	<b>74 283</b>	<b>74 283</b>	<b>74 283</b>	<b>115 391</b>	<b>83 113</b>	<b>104 377</b>
Share of surplus/ (deficit) of associate	7										
<b>Surplus/(Deficit) for the year</b>		<b>10 892</b>	<b>29 988</b>	<b>80 645</b>	<b>59 147</b>	<b>74 283</b>	<b>74 283</b>	<b>74 283</b>	<b>115 391</b>	<b>83 113</b>	<b>104 377</b>

### Explanatory Notes:

Total revenue (excluding capital transfers and contributions) is R333,2 million in 2017/18 and escalates to R332,2 million by 2018/19 and to R355,6 million in 2019/20.

## 4.5.5 Table A5 : Budgeted capital expenditure by vote and funding

EC155 Nyandeni - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	2										
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE & ADMINISTRATION- CORPORATE SE		-	-	-	-	-	-	-	-	-	-
Vote 3 - FINANCE & ADMINISTRATION - BUDGET & TRE		-	-	-	-	-	-	-	-	-	-
Vote 4 - PLANNING & DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - HOUSING		-	-	-	-	-	-	-	-	-	-
Vote 7 - ROAD TRANSPORT		-	-	-	-	-	-	-	-	-	-
Vote 8 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-
Vote 9 - HEALTH		-	-	-	-	-	-	-	-	-	-
Vote 10 - SPORT AND RECREATION		-	-	-	-	-	-	-	-	-	-
Vote 11 - ELECTRICITY		-	-	-	-	-	-	-	-	-	-
Vote 12 - WASTE MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 13 - OTHER		-	-	-	-	-	-	-	-	-	-
Vote 14 - INTERNAL AUDIT		-	-	-	-	-	-	-	-	-	-
Vote 15 - OTHER		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - EXECUTIVE & COUNCIL		-	-	1 139	-	-	-	-	1 000	-	-
Vote 2 - FINANCE & ADMINISTRATION- CORPORATE SE		2 456	2 955	4 293	750	4 627	4 627	4 627	6 672	6 088	1 157
Vote 3 - FINANCE & ADMINISTRATION - BUDGET & TRE		2 481	6 324	-	-	1 003	1 003	1 003	-	1 064	2 865
Vote 4 - PLANNING & DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY & SOCIAL SERVICES		-	488	8 799	-	-	-	-	-	-	-
Vote 6 - HOUSING		-	-	-	-	-	-	-	-	-	-
Vote 7 - ROAD TRANSPORT		60 723	64 654	68 015	58 148	68 403	68 403	68 403	96 118	75 961	100 355
Vote 8 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-
Vote 9 - HEALTH		-	-	-	-	-	-	-	-	-	-
Vote 10 - SPORT AND RECREATION		-	-	-	-	-	-	-	-	-	-
Vote 11 - ELECTRICITY		-	-	-	-	-	-	-	-	-	-
Vote 12 - WASTE MANAGEMENT		-	-	696	249	249	249	249	11 600	-	-
Vote 13 - OTHER		-	-	-	-	-	-	-	-	-	-
Vote 14 - INTERNAL AUDIT		-	-	-	-	-	-	-	-	-	-
Vote 15 - OTHER		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		65 660	74 421	82 942	59 147	74 283	74 283	74 283	115 391	83 113	104 377
<b>Total Capital Expenditure - Vote</b>		65 660	74 421	82 942	59 147	74 283	74 283	74 283	115 391	83 113	104 377
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		4 937	9 279	5 432	750	5 630	5 630	5 630	7 672	7 152	4 022
Executive and council		-	-	1 139	-	-	-	-	1 000	-	-
Finance and administration		4 937	9 279	4 293	750	5 630	5 630	5 630	6 672	7 152	4 022
Internal audit		-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		-	488	8 799	-	-	-	-	-	-	-
Community and social services		-	488	8 799	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		60 723	64 654	68 015	58 148	68 403	68 403	68 403	96 118	75 961	100 355
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		60 723	64 654	68 015	58 148	68 403	68 403	68 403	96 118	75 961	100 355
Environmental protection		-	-	696	249	249	249	249	11 600	-	-
<b>Trading services</b>		-	-	-	-	-	-	-	-	-	-
Energy sources		-	-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	696	249	249	249	249	11 600	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
<b>Other</b>		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	3	65 660	74 421	82 942	59 147	74 283	74 283	74 283	115 391	83 113	104 377
<b>Funded by:</b>											
National Government		48 566	68 749	55 869	58 050	58 050	58 050	58 050	82 472	74 302	74 708
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		17 094	5 672	21 449	1 097	-	-	-	32 919	8 811	29 669
<b>Transfers recognised - capital</b>	4	65 660	74 421	77 318	59 147	58 050	58 050	58 050	115 391	83 113	104 377
<b>Public contributions &amp; donations</b>	5	-	-	-	-	-	-	-	-	-	-
<b>Borrowing</b>	6	-	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		-	-	5 624	-	16 233	16 233	16 233	-	-	-
<b>Total Capital Funding</b>	7	65 660	74 421	82 942	59 147	74 283	74 283	74 283	115 391	83 113	104 377

### Explanatory Notes

When comparing the previous budget of R74,2 million, there is an decrease of R41,1 million which is 55 For the two outer years the there is a decrease to R83 million and increase to R104,3 million.



## 4.5.6 Table A6 : Budgeted financial position

EC155 Nyandeni - Table A6 Budgeted Financial Position

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>											
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		25 991	18 103	36 028	18 103	18 103	18 103	18 103	36 028	36 028	36 028
Call investment deposits	1	49 448	47 591	65 919	47 591	47 591	47 591	47 591	65 919	80 919	90 919
Consumer debtors	1	3 399	4 978	1 398	4 978	4 978	4 978	4 978	1 398	9 450	7 088
Other debtors		3 923	4 761	5 140	4 761	4 761	4 761	4 761	3 855	2 891	2 168
Current portion of long-term receivables				227					227	227	227
Inventory	2	159	252	360	252	252	252	252	360	360	360
<b>Total current assets</b>		<b>82 922</b>	<b>75 685</b>	<b>109 071</b>	<b>75 685</b>	<b>75 685</b>	<b>75 685</b>	<b>75 685</b>	<b>107 786</b>	<b>129 875</b>	<b>136 789</b>
<b>Non current assets</b>											
Long-term receivables											
Investments											
Investment property		60 473	61 683	61 683	61 683	61 683	61 683	61 683	61 683	61 683	61 683
Investment in Associate											
Property, plant and equipment	3	259 137	293 162	344 293	353 794	353 794	353 794	353 794	436 605	503 096	347 046
Agricultural											
Biological											
Intangible		424	964	659	964	964	964	964	1 459	1 619	1 789
Other non-current assets											
<b>Total non current assets</b>		<b>320 035</b>	<b>355 809</b>	<b>406 635</b>	<b>416 441</b>	<b>416 441</b>	<b>416 441</b>	<b>416 441</b>	<b>499 748</b>	<b>566 398</b>	<b>410 518</b>
<b>TOTAL ASSETS</b>		<b>402 956</b>	<b>431 494</b>	<b>515 706</b>	<b>492 125</b>	<b>492 125</b>	<b>492 125</b>	<b>492 125</b>	<b>607 534</b>	<b>696 273</b>	<b>547 307</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1										
Borrowing	4	375	368	479	-	-	-	-	-	-	-
Consumer deposits		10 446	267	269							
Trade and other payables	4	9 284	16 685	19 228	16 685	16 685	16 685	16 685	12 514	10 011	8 009
Provisions		434	343	764	711	711	711	711			
<b>Total current liabilities</b>		<b>20 539</b>	<b>17 662</b>	<b>20 740</b>	<b>17 396</b>	<b>17 396</b>	<b>17 396</b>	<b>17 396</b>	<b>12 514</b>	<b>10 011</b>	<b>8 009</b>
<b>Non current liabilities</b>											
Borrowing		920	552	477	4 221	4 221	4 221	4 221	1 600	1 702	1 811
Provisions		3 082	3 669	4 233	249	249	249	249	15 262	3 662	3 662
<b>Total non current liabilities</b>		<b>4 003</b>	<b>4 221</b>	<b>4 711</b>	<b>4 470</b>	<b>4 470</b>	<b>4 470</b>	<b>4 470</b>	<b>16 862</b>	<b>5 364</b>	<b>5 473</b>
<b>TOTAL LIABILITIES</b>		<b>24 542</b>	<b>21 883</b>	<b>25 450</b>	<b>21 866</b>	<b>21 866</b>	<b>21 866</b>	<b>21 866</b>	<b>29 375</b>	<b>15 375</b>	<b>13 482</b>
<b>NET ASSETS</b>	5	<b>378 414</b>	<b>409 612</b>	<b>490 256</b>	<b>470 260</b>	<b>470 260</b>	<b>470 260</b>	<b>470 260</b>	<b>578 159</b>	<b>680 897</b>	<b>533 825</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		378 414	409 612	490 256	470 260	470 260	470 260	470 260	578 159	680 897	533 825
Reserves	4	-	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>378 414</b>	<b>409 612</b>	<b>490 256</b>	<b>470 260</b>	<b>470 260</b>	<b>470 260</b>	<b>470 260</b>	<b>578 159</b>	<b>680 897</b>	<b>533 825</b>

### Explanatory Notes:

Table A6 is consistent with international standards of good financial management practice, and improves understandability for councillors and management of the impact of the budget on the statement of financial position (balance sheet).

The municipality cashflow shows a positive position for 2017/18 where current assets reflect an amount of R107,7 million.

Short term call investments increased from R47,5 to R66,9 million in 2017/18. The total assets increased from R492 million in 2016/17 to R607,5 for 2017/18 budget year.

## 4.5.7 Table A7 : Budgeted cash flows

EC155 Nyandeni - Table A7 Budgeted Cash Flows

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates		5 259	5 690	5 605	4 836	4 836	4 836	4 836	7 068	7 471	7 889
Service charges		178	188	200	208	208	208	208	260	277	295
Other revenue		4 906	5 333	4 108	44 261	44 261	44 261	44 261	3 836	4 459	4 744
Government - operating	1	157 576	186 230	245 981	226 856	232 474	232 474	232 474	241 639	245 407	267 769
Government - capital	1	48 566	61 324	58 809	58 050	58 050	58 050	58 050	94 813	74 232	98 812
Interest		4 743	4 931	7 231	5 618	5 618	5 618	5 618	5 978	8 300	8 831
Dividends									-	-	-
<b>Payments</b>											
Suppliers and employees		(173 165)	(199 336)	(215 154)	(244 445)	(250 063)	(250 063)	(250 063)	(159 867)	(171 555)	(184 097)
Finance charges		(14)	(6)	(5)	(117)	(117)	(117)	(117)	(117)	(124)	(131)
Transfers and Grants	1								(5 639)	(6 000)	(6 384)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>48 050</b>	<b>64 354</b>	<b>106 775</b>	<b>95 267</b>	<b>95 267</b>	<b>95 267</b>	<b>95 267</b>	<b>187 970</b>	<b>162 467</b>	<b>197 728</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE			1 316						-	-	-
Decrease (Increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
<b>Payments</b>											
Capital assets		(56 728)	(74 416)	(71 559)	(59 147)	(74 283)	(74 283)	(74 283)	(115 391)	(83 113)	(104 377)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(56 728)</b>	<b>(73 100)</b>	<b>(71 559)</b>	<b>(59 147)</b>	<b>(74 283)</b>	<b>(74 283)</b>	<b>(74 283)</b>	<b>(115 391)</b>	<b>(83 113)</b>	<b>(104 377)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits		1 611	(513)	1 615					-	-	-
<b>Payments</b>											
Repayment of borrowing		(180)	(486)	(578)					-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>1 431</b>	<b>(1 000)</b>	<b>1 036</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(7 247)</b>	<b>(9 746)</b>	<b>36 252</b>	<b>36 120</b>	<b>20 984</b>	<b>20 984</b>	<b>20 984</b>	<b>72 580</b>	<b>79 354</b>	<b>93 351</b>
Cash/cash equivalents at the year begin:	2	82 687	75 440	65 694	75 440	75 440	75 440	75 440	101 947	174 526	253 881
Cash/cash equivalents at the year end:	2	75 440	65 694	101 947	111 560	96 424	96 424	96 424	174 526	253 881	347 232

## Explanatory Notes

The budgeted cash flow statement is the first measurement in determining if the budget is funded. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget. The cash flow of the municipality shows an increase for the 2017/18 MTERF.

#### 4.5.8 Table A8 : Cash backed reserves / accumulated surplus reconciliation

EC155 Nyandeni - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	75 440	65 694	101 947	111 560	96 424	96 424	96 424	174 526	253 881	347 232
Other current investments > 90 days		-	-	-	(45 866)	(30 730)	(30 730)	(30 730)	(72 580)	(136 934)	(220 285)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>75 440</b>	<b>65 694</b>	<b>101 947</b>	<b>65 694</b>	<b>65 694</b>	<b>65 694</b>	<b>65 694</b>	<b>101 947</b>	<b>116 947</b>	<b>126 947</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		-	-	2 618	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	1 962	6 946	13 523	7 783	11 032	11 032	11 032	11 777	8 094	6 496
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>		<b>1 962</b>	<b>6 946</b>	<b>16 141</b>	<b>7 783</b>	<b>11 032</b>	<b>11 032</b>	<b>11 032</b>	<b>11 777</b>	<b>8 094</b>	<b>6 496</b>
<b>Surplus(shortfall)</b>		<b>73 478</b>	<b>58 749</b>	<b>85 806</b>	<b>57 912</b>	<b>54 663</b>	<b>54 663</b>	<b>54 663</b>	<b>90 170</b>	<b>108 852</b>	<b>120 451</b>

#### Explanatory Notes.

The municipality have the reserves that are cash backed for 2017/18 MTERF. These reserves are fully funded by the short term call investments that are kept by the municipality in both the FNB Bankers and Standard Bank Bankers.



#### 4.5.9 Table A9 : Asset management

EC155 Nyandeni - Table A9 Asset Management

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>										
<b>CAPITAL EXPENDITURE</b>										
<b><u>Total New Assets</u></b>	1	65 413	-	-	-	-	-	-	-	-
<i>Roads Infrastructure</i>		60 234	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		<b>60 234</b>	-	-	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		-	-	-	-	-	-	-	-	-
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-

Operational Buildings		813	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		<b>813</b>	-	-	-	-	-	-	-	-
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		284	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		<b>284</b>	-	-	-	-	-	-	-	-
<b>Computer Equipment</b>		-	-	-	-	-	-	-	-	-
<b>Furniture and Office Equipment</b>		<b>1 396</b>	-	-	-	-	-	-	-	-
<b>Machinery and Equipment</b>		<b>205</b>	-	-	-	-	-	-	-	-
<b>Transport Assets</b>		<b>2 481</b>	-	-	-	-	-	-	-	-
<b>Libraries</b>		-	-	-	-	-	-	-	-	-
<b>Zoo's, Marine and Non-biological Animals</b>		-	-	-	-	-	-	-	-	-
<b><u>Total Renewal of Existing Assets</u></b>	2	-	-	-	-	-	-	-	-	-
<i>Roads Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		-	-	-	-	-	-	-	-	-

Community Facilities	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
<b>Community Assets</b>	-	-	-	-	-	-	-	-	-
<b>Heritage Assets</b>	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	-	-	-	-	-	-	-	-	-
<b>Biological or Cultivated Assets</b>	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>	-	-	-	-	-	-	-	-	-
<b>Computer Equipment</b>	-	-	-	-	-	-	-	-	-
<b>Furniture and Office Equipment</b>	-	-	-	-	-	-	-	-	-
<b>Machinery and Equipment</b>	-	-	-	-	-	-	-	-	-
<b>Transport Assets</b>	-	-	-	-	-	-	-	-	-
<b>Libraries</b>	-	-	-	-	-	-	-	-	-
<b>Zoo's, Marine and Non-biological Animals</b>	-	-	-	-	-	-	-	-	-
<b><u>Total Upgrading of Existing Assets</u></b>	6	-	-	-	-	-	-	-	-
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>	-	-	-	-	-	-	-	-	-

<i>Water Supply Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
<b>Community Assets</b>	-	-	-	-	-	-	-	-	-
<b>Heritage Assets</b>	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	-	-	-	-	-	-	-	-	-
<b>Biological or Cultivated Assets</b>	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>	-	-	-	-	-	-	-	-	-
<b>Computer Equipment</b>	-	-	-	-	-	-	-	-	-
<b>Furniture and Office Equipment</b>	-	-	-	-	-	-	-	-	-
<b>Machinery and Equipment</b>	-	-	-	-	-	-	-	-	-
<b>Transport Assets</b>	-	-	-	-	-	-	-	-	-



	-	-	-	-	-	-	-	-	-
<b>Libraries</b>	-	-	-	-	-	-	-	-	-
<b>Zoo's, Marine and Non-biological Animals</b>	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	4								
<i>Roads Infrastructure</i>	60 234	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>	<b>60 234</b>	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
<b>Community Assets</b>	-	-	-	-	-	-	-	-	-
<b>Heritage Assets</b>	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
Operational Buildings	813	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	<b>813</b>	-	-	-	-	-	-	-	-
<b>Biological or Cultivated Assets</b>									

		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		284	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		<b>284</b>	-	-	-	-	-	-	-	-
<b>Computer Equipment</b>		-	-	-	-	-	-	-	-	-
<b>Furniture and Office Equipment</b>		<b>1 396</b>	-	-	-	-	-	-	-	-
<b>Machinery and Equipment</b>		<b>205</b>	-	-	-	-	-	-	-	-
<b>Transport Assets</b>		<b>2 481</b>	-	-	-	-	-	-	-	-
<b>Libraries</b>		-	-	-	-	-	-	-	-	-
<b>Zoo's, Marine and Non-biological Animals</b>		-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>		<b>65 413</b>	-	-	-	-	-	-	-	-
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	5									
<i>Roads Infrastructure</i>		221 333	251 867	289 316	309 649	319 904	319 904			
<i>Storm water Infrastructure</i>										
<i>Electrical Infrastructure</i>										
<i>Water Supply Infrastructure</i>										
<i>Sanitation Infrastructure</i>										
<i>Solid Waste Infrastructure</i>					249	249	249			
<i>Rail Infrastructure</i>										
<i>Coastal Infrastructure</i>										
<i>Information and Communication Infrastructure</i>										
<b>Infrastructure</b>		<b>221 333</b>	<b>251 867</b>	<b>289 316</b>	<b>309 898</b>	<b>320 154</b>	<b>320 154</b>	-	-	-
Community Facilities		2 539	2 903	11 179	2 903	2 903	2 903			
Sport and Recreation Facilities										
<b>Community Assets</b>		<b>2 539</b>	<b>2 903</b>	<b>11 179</b>	<b>2 903</b>	<b>2 903</b>	<b>2 903</b>	-	-	-
<b>Heritage Assets</b>										
Revenue Generating										
Non-revenue Generating		60 473	61 683	61 683	61 683	61 683	61 683			

<b>Investment properties</b>		<b>60 473</b>	<b>61 683</b>	<b>61 683</b>	<b>61 683</b>	<b>61 683</b>	<b>61 683</b>	-	-	-
Operational Buildings Housing		21 589	20 951	22 383						
		<b>21 589</b>								
<b>Other Assets</b>			<b>20 951</b>	<b>22 383</b>	-	-	-	-	-	-
<b>Biological or Cultivated Assets</b>										
Servitudes										
Licences and Rights		424	964	659	964	964	964			
		<b>424</b>	<b>964</b>	<b>659</b>	<b>964</b>	<b>964</b>	<b>964</b>	-	-	-
<b>Intangible Assets</b>										
Computer Equipment		1 290	2 007	2 645						
Furniture and Office Equipment		3 295	3 103	2 913						
Machinery and Equipment		4 736	4 088	7 405						
Transport Assets		4 354	8 243	8 452						
Libraries										
Zoo's, Marine and Non-biological Animals										
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	<b>320 035</b>	<b>355 809</b>	<b>406 635</b>	<b>375 448</b>	<b>385 704</b>	<b>385 704</b>	-	-	-
<b>EXPENDITURE OTHER ITEMS</b>										
<b><u>Depreciation</u></b>	7	-	-	-	-	-	-	-	-	-
<b><u>Repairs and Maintenance by Asset Class</u></b>	3	-	-	-	-	-	-	-	-	-
<i>Roads Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-

	-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>	-	-	-	-	-	-	-	-	-
Community Facilities	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
<b>Community Assets</b>	-	-	-	-	-	-	-	-	-
<b>Heritage Assets</b>	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
<b>Investment properties</b>	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
<b>Other Assets</b>	-	-	-	-	-	-	-	-	-
<b>Biological or Cultivated Assets</b>	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>	-	-	-	-	-	-	-	-	-
<b>Computer Equipment</b>	-	-	-	-	-	-	-	-	-
<b>Furniture and Office Equipment</b>	-	-	-	-	-	-	-	-	-
<b>Machinery and Equipment</b>	-	-	-	-	-	-	-	-	-
<b>Transport Assets</b>	-	-	-	-	-	-	-	-	-
<b>Libraries</b>	-	-	-	-	-	-	-	-	-
<b>Zoo's, Marine and Non-biological Animals</b>	-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	-	-	-	-	-	-	-	-	-

## **Explanatory Notes**

Table A9 provides an overview of municipal capital allocations to its assets and the renewal of existing assets, which is dominated by the construction of the access road as well as spending on repairs and maintenance by asset class.

National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. Currently in the municipal budget 27% is allocated to capital expenditure and 3% is allocated to repairs and maintenance when taking into consideration the total budget.

## **5 Annual Budget Process Overview**

### **5.1 Background**

Integrated Development Planning is a process through which municipalities prepare a strategic development plan which extends over a five-year period. The Integrated Development Plan (IDP) is a product of the IDP process. The NLM IDP is the principal strategic planning instrument which guides and informs all planning, budgeting, management and decision-making processes in the municipality. Through Integrated Development Planning which necessitates the involvement of all relevant stakeholders, a municipality:

- Identifies its key development priorities;
- Formulates a clear vision, mission and values;
- Formulates appropriate strategies;
- Develops the appropriate organisational structure and systems to realise the vision and mission; and
- Aligns resources with the developmental priorities.

In terms of the Systems Act, all municipalities have to undertake an IDP process to produce IDPs. As the IDP is a legislative requirement it has a legal status and supersedes all other plans that guide development at local government level.

In a nutshell, the IDP process entails an assessment of the existing level of development and the identification of key development priorities. The vision and mission statements for the long-term development flow from the aforesaid, with specific reference to critical developmental and internal transformational needs. The development strategies and objectives will be directed at bridging the gap between the existing level of development and the vision and mission. A very critical phase of the IDP process is to link planning to the municipal budget (i.e. allocation of internal or external funding to the identified projects); because this will ensure that the IDP directs the development and implementation of projects.

Our responsibility as a sphere of government is to ensure that the quality of life of all who live and work in Nyandeni is improved. We will continue to engage in both progressive and meaningful discussions with our communities to shape a clear path from which governance and development will draw guidance and direction. The council will continue to pursue and

encourage community participation programmes, to ensure that our plans are in line with community needs.

We have a responsibility to contribute to the process of transforming the lives of our people from the conditions of abject poverty and underdevelopment. In our fight against poverty and underdevelopment, we are committed to ensuring that equitable service delivery becomes the norm in Nyandeni. For this reason NLM has to focus inter alia, on the following:

- Build sustainable communities by paying special attention to health education, service delivery, human settlements, environment and safety;
- Develop infrastructure to equalise services upgrade and ensure accessibility and unity in Nyandeni;
- Grow the economy to be linked with the national and provincial economies, empower the people of the region and build required skills; and
- Developing and implementing integrated plans and strategies for economic and social development; service delivery; infrastructure development; provision of basic services; human development; safety and security; participatory governance; youth development; women empowerment; building integrated and sustainable communities and protection of the environment.

## **DEVELOPMENT OF THE INTEGRATED DEVELOPMENT PLAN**

### **Guiding Principles**

The development of the Integrated Development Plan(IDP) in terms of the Municipal Systems Act was guided and informed by the following principles:

- It must support and work towards achieving the Vision, Mission, Values and the Strategic Priorities of the NLM;
- Focus on service delivery in terms of the eradication of backlogs and the maintenance of infrastructure;
- Address community priorities (needs) as identified in the 2017-2018 IDP priorities; and
- The review of the IDP focused on formulating measurable performance indicator targets for five, three and one year. These targets informed the preparation of the multi-year budgets, as well as the draft SDBIP.

The municipality adhered to the process plan for the development of the draft IDP and preparation of the multi-year budget for 2017/18 to 2022. The IDP development and Budget preparation has been done as per MSCOA requirements, which indicates that the municipality should capture each projects with its objectives in the IDP and budget for those projects for a period of five years.





IDP AND BUDGET PROCESS PLAN

PHASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLTATIVE FRAMEWORK
	<p>Table IDP, PMS and Annual Budget Process Plan for 2016/17 to the Executive Committee adoption including the following documents</p> <ul style="list-style-type: none"> <li>✓ Annual Financial Statements for 2015/2016</li> <li>✓ Performance Information report (MSA-s46)</li> <li>✓ Draft Annual Report for 2014/2015</li> </ul>	Municipal Manager	24 August 2016	MFMA 21(1)(b) & 53 (1) (b)
	Audit Committee Meeting to consider Draft AFS		24 August 2016	
	<p>Tabling of IDP &amp; Annual Budget Process Plan, AFS &amp; Performance information report to council for adoption including the following documents</p> <ul style="list-style-type: none"> <li>✓ Annual Financial Statements for 2015/2016</li> </ul>	Mayor	29 August 2016	MFMA 21(1)(b) & 53 (1) (b)

PHASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLTATIVE FRAMEWORK
	<ul style="list-style-type: none"> <li>✓ Performance Information report (MSA-s46)</li> <li>✓ Draft Annual Report for 2015/16</li> </ul>			
	Submit Annual Financial Statements and Annual Performance Assessment Information Report and Draft Annual Report for the year Ending 30 June 2014 to Auditor General	Chief Financial Officer, MM	31 August 2016	MFMA 126 (1) (a)
	IDP REP FORUM	Municipal Manager	29 SEPTEMBER 2016	
	Advertise budget & IDP time schedule	SM: Operations	September 2016	
	Ordinary Audit, Risk & Performance Committee	SM: Operations	23 September 2016	
	Stakeholder Engagements with Mayor	SM: Operations	September 2016	
	Mayors Inauguration of the Mayor	SM: Operations	30 September 2016	MSA s18
	Collate information relevant for inclusion in reviewed IDP, taking into account MEC comments	IDP Manager	24 October 2016	Chapter 3 of the Constitution of the

PHASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLTATIVE FRAMEWORK
				RSA, 1996
	IDP & Budget Steering Committee	Municipal Manager	5 October 2016	IDP Guide
	All Departments to embark on Organizational structure review		October 2016	
	Risk Committee Meeting		October 2016	
	Table first quarter performance report including financial performance analysis report (s52(d) to Council	Mayor	27 October 2016	MFMA s52(d)
	Management Retreat	Municipal Manager	07 -08 November 2016	
	Executive Committee Planning Workshop		10-11 November 2016	MSA s34 & s16
	Audit, Risk & Performance Committee	Municipal Manager	November 2016	
	Council Lekgotla (setting of institutional indicators aligned with national and provincial programmes, organizational	Mayor	17-18 November 2016	

PHASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLTATIVE FRAMEWORK
	structure delegation framework and governance framework			
	Executive Committee Strategic Planning	MM & Mayor	6-7 Dec 2016	Constitution of RSA s153
	IDP Representative Forum	Mayor	6 December 2016	MSA s34
	Special Exco		8 December 2016	
	Special Council Meeting		15 December 2016	
	Convene Management Retreat to compile and finalize Mid-year report, adjustment budget and Revised SDBIP	Municipal Manager & Senior Managers	10-11 January 2017	MFMA s72 (1) & 11
	BTO Special Standing Committee Meeting	CFO	13 January 2017	
	Convene Exco Workshop on Midyear report, adjustment budget and Revised SDBIP, followed by the Special Executive Committee Meeting	Mayor & MM	17 January 2017	MFMA s72 (1) & 11
	Table Mid-year Report, revised SDBIP and Adjustment Budget for approval to the Special Council Meeting	Mayor & MM	24 January 2017	MFMA s72 (1) & 11

PHASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLTATIVE FRAMEWORK
	Risk Management Committee		05 February 2017	
	Mid-year budget and performance assessments by Provincial Treasury	CFO & MM	February 2017	MFMA s72 (1) & 11
	Ordinary Audit, Risk & Performance Committee		February 2017	
	IDP and Budget Steering Committee	Mayor	13 March 2017	
<b>COUNCIL SITTING</b>	Presentation of Draft IDP, Annual Budget, Draft SDBIP, Tariffs and budget related policies to the Executive Committee	Municipal Manager & CFO	24 March 2017	
	Tabling of Draft IDP, Annual Budget, Draft SDBIP, Tariffs and budget related policies to Council	Mayor	30 March 2017	MFMA s16 (2)
	Adoption of the Oversight report	Speaker, MPAC	01 Feb 2017	MFMA s129)1)
	Conduct IDP & Budget Public Hearings	Mayor	13-20 March 2017	MFMA
	Special Executive Committee Meeting		21 April 2017	
	Table third quarter performance report including financial	Mayor	28 April 2017	MFMA s52(d)

PHASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLTATIVE FRAMEWORK
	performance analysis report to Council			
	IDP Representative Forum	Mayor	09 May 2017	
	Ordinary Exco Meeting		16 May 2017	
	Table Reviewed IDP, Annual Budget, Tariffs, Organizational Structure and budget related policies for approval by Council	Mayor	26 May 2017	MFMA s24 (1)
	Approval of the SDBIP by the Mayor	Municipal Manager	June 2017	
	Ordinary Audit, Risk & Performance Committee		22 June 2017	
	Ordinary Council Meeting		29 June 2017	
	Table fourth quarter performance report including financial performance analysis report to Council	Municipal Manage	July 2017	MFMA s52 (d)

## **6 Alignment of Budget with Integrated Development Plan**

The IDP, however, contains information on developmental needs submitted by the community that may not be covered in the Budget. There should not be an expectation that everything contained in the IDP is funded. There are numerous needs submitted that are not the responsibility of the NLM, but that of either the National or Provincial governments. However, these inputs will be analysed and discussed stakeholders such as government departments, ward committees, CDW, NGO's and private sector to refine what can be implemented. The funding process is based on the priorities identified in the IDP, as shown in the relevant tables in this document.

## **7 Budget Related Policies Overview and Amendments**

Section 18 of the Municipal Finance Management Act(MFMA) states that the Budget can only be funded by realistically anticipated revenue to be collected, and cash-backed accumulated funds from previous years, which was not committed for other purposes. Furthermore, National Treasury Circular 42 stipulates that the Budget be managed in a full accrual manner reflecting a transparent budget and accounting system approach. The MFMA further requires the municipality to adopt and implement a tariff policy. Council has approved for public participation policies for main services provided by the municipality, which are attached as annexures to this document. Council is required to adopt budgetary provisions based on realistic anticipated revenue for the budget year from each revenue source as per the requirements of the MFMA (Chapter 4,17 (1) (a) and (3) (b)).

The policies to be attached are as follows:

- ❑ Supply Chain Management Policy
- ❑ Cash Management & Investment Policy
- ❑ Property Rates Policy
- ❑ Tariff Policy
- ❑ Bad debts & Write Off Policy
- ❑ Credit Control and Debt Collection Policy
- ❑ Asset management Policy
- ❑ Budget Policy
- ❑ Indigent Policy

## 8 Budget Assumptions

8.1 National Treasury provided guidance in MFMA Circular No. 86 issued in terms of Municipal Finance Management Act No. 56 of 2003 regarding inflation:-

Fiscal Year	2016/2017	2017/2018	2018/2019	2019/2020
	Estimate	Forecast		
CPI Inflation	6.4	6.4%	5.7%	5.6%

8.2 The inflation rate to be used for calculating wage increases

The South African Local Government Bargaining Council entered into a three-year *Salary and Wage Collective Agreement* for the period 01 July 2015 to 30 June 2018. The preparation of the 2017/18 MTREF constitutes implementation of the last year of the agreement which municipalities must implement as follows:

*2017/18 Financial Year – average CPI (Feb 2016 – Jan 2017) + 1 per cent*

*The previous years were:*

*2015/16 Financial Year – 7 per cent*

*2016/17 Financial Year – average CPI (Feb 2015 – Jan 2016) + 1 per cent*

8.3 Municipalities are advised to structure their 2016/17 electricity tariffs based on the **9.4 per cent** guideline.

8.4 Collection rates

In accordance with relevant legislation and national directives, revenue recovery rates are based on realistic and sustainable trends. Nyandeni's collection rate is set at an average of 38% and is based on a combination of actual rates achieved to date and estimated outcomes of the current financial period.



## 9 Funding the Budget (including fiscal overview and sources of funding)

### 9.1 FUNDING OF THE CAPITAL BUDGET

The 2017/2018 capital budget amounts to R115,3 million, and for the two outer years its R83,1 million and R104,3 million. It is predominantly funded through the MIG funding and Small town revitalization program.

### 9.2 FUNDING OF THE OPERATING BUDGET

The Operating Budget is funded from the following main sources:

- Assessment Rates;
- Tariffs levied for Services, i.e. Refuse Collection;
- Other income and
- Operating Grants and Subsidies.

**Assessment Rates.** The Municipal Property Rates Act will be implemented on July 1 2017. The assessment rates will be levied on both land and improvements value. In terms of section 46 of the Act, the market value of a property, if sold on the date of valuation in the open market by a willing seller to a willing buyer, is to be realised in the valuation roll.

Income derived from **services** is mainly used to fund the cost rendering the service (both operating and capital needs).

The total budget for the assessment rates is R7,0 million for the current year, and for two outer years is R7,4 million and 7,8 million.

The income received in the form of the Equitable Share Grant is R223 million and for the two outer years is R233 million and R239 million.

**Other Grants and subsidies are as follows:**

<b>Grant Name</b>	<b>Financial Year</b>	<b>Amount</b>
FMG	2017/18	R 1 700 000
INEP	2017/18	R15 000 000
EPWP	2017/18	R 1 291 000
LIBRARY SUBSIDIES	2017/18	R 400 000
EPWP Greenest Towns	2017/18	R 6 084 000

**Capital Grants are as follows:**

<b>Grant Name</b>	<b>Financial Year</b>	<b>Amount</b>
MIG	2017/18	R61 894 000
SMALL TOWN REVITALISATION	2017/18	R32 919 000

## **10 Annual budgets and service delivery and budget implementation plans**

### **– Internal departments**

In terms of Section 53 (1) (c) (ii) of the Municipal Finance Management Act, the Service Delivery and Budget Implementation Plan (SDBIP) is defined as a detailed plan approved by the mayor of a municipality for implementing its delivery of municipal services and its annual budget, and which must indicate the following –

- (a) Monthly projections of –
  - (i) Revenue to be collected, by source, and
  - (ii) Operational and capital expenditure, by vote.
- (b) Service delivery targets and performance indicators for each quarter, and
- (c) Other matters prescribed.

The Honourable Mayor, in accordance with Section 53 of the MFMA, is expected to approve the SDBIP within 28 days after the approval of the Budget. In addition, the Honourable Mayor must ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators as set out in the SDBIP are made public within 14 days after its approval.

The SDBIP gives effect to the Integrated Development Plan and the Budget of the municipality. It is an expression of the objectives of the Council in quantifiable outcomes which will be implemented by the administration for the financial period from 1 July 2017 to 30 June 2018 (the financial year). It includes the service delivery targets and performance indicators for each quarter, which should be linked to the performance agreements of senior management. It therefore facilitates oversight of financial and non-financial performance of the municipality, and allows the Municipal Manager to monitor the performance of the Section 56 Managers, the Mayor/Council to monitor the performance of the Municipal Manager, and the community to monitor the performance of the Council.

The Draft SDBIP for the 2017/2018 financial year has been prepared for submission to Treasury.

## **11. Contracts having future budgetary implications**

In terms of the NLM's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

## **12. Legislation Compliance**

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

1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the NLM's website.

2. Budget and Treasury Office

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

3. Audit Committee

An Audit Committee has been established and is fully functional.

4. Service Delivery and Implementation Plan

The detail Draft SDBIP document will be finalised after tabling of the 2017/18 MTREF in March 2017 directly aligned and informed by the 2017/18 MTREF.

5. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements but there is still a need for improvement.

6. MFMA Training

The MFMA training is being implemented as there are staff members that have enrolled in the Municipal Finance Certificate Programme

### 13. Other Supporting Documents

EC155 Nyandeni - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	R ef	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>											
<b>REVENUE ITEMS:</b>											
<b>Property rates</b>	6										
Total Property Rates		6 168	6 643	6 558	6 643	6 643	6 643	6 643	8 082	8 543	9 021
<i>less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)</i>		908	953	953	953	953	953	953	1 014	1 072	1 132
<b>Net Property Rates</b>		5 259	5 690	5 605	5 690	5 690	5 690	5 690	7 068	7 471	7 889
<b>Service charges - electricity revenue</b>	6										
Total Service charges - electricity revenue											
<i>less Revenue Foregone (in excess of 50 kwh per indigent household per month)</i>											
<i>less Cost of Free Basis Services (50 kwh per indigent household per month)</i>		-	-	-	-	-	-	-	-	-	-
<b>Net Service charges - electricity revenue</b>		-	-	-	-	-	-	-	-	-	-
<b>Service charges - water revenue</b>	6										
Total Service charges - water revenue											
<i>less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)</i>											
<i>less Cost of Free Basis Services (6 kilolitres per indigent household per month)</i>		-	-	-	-	-	-	-	-	-	-
<b>Net Service charges - water revenue</b>		-	-	-	-	-	-	-	-	-	-
<b>Service charges - sanitation revenue</b>											
Total Service charges - sanitation revenue											
<i>less Revenue Foregone (in excess of free sanitation service to indigent households)</i>											

<b>less Cost of Free Basis Services (free sanitation service to indigent households)</b>		-	-	-	-	-	-	-	-	-	
<b>Net Service charges - sanitation revenue</b>		-	-	-	-	-	-	-	-	-	
<b>Service charges - refuse revenue</b>	6										
Total refuse removal revenue		178	188	200	245	245	245	245	260	277	295
Total landfill revenue											
<b>less Revenue Foregone (in excess of one removal a week to indigent households)</b>											
<b>less Cost of Free Basis Services (removed once a week to indigent households)</b>		-	-	-	-	-	-	-	-	-	-
<b>Net Service charges - refuse revenue</b>		178	188	200	245	245	245	245	260	277	295
<b>Other Revenue by source</b>											
Library fees		2	9	-	45	45	45	45	20	21	23
Plan fees		13	3	1	28	28	28	28	30		
Other income(Pound fees; Cemetery fees;Wood sales;transfer from reserves and Eco-park fees)		132	155	0	40 259	71 259	71 259	71 259	67 409	65 009	65 041
Tender sales		404	368	541	281	281	281	281	299	318	338
Training-LGSETA		398	958	441	795	795	795	795	400	426	453
Vending & Hawking fees		7	34	69	11	11	11	11	12	13	14
Auction Sale		57	72							330	
Fees earned		44	54	44							
Commissions received		140	156	174	225	225	225	225	239	254	271
Fair value gain on short term investments		254	118	267							
Donations received				10 904							
Sundry income	3			28							
<b>Total 'Other' Revenue</b>	1	1 451	1 928	12 469	41 644	72 644	72 644	72 644	68 409	66 371	66 139
<b>EXPENDITURE ITEMS:</b>											
<b>Employee related costs</b>											

Basic Salaries and Wages	2	48 913	92 149	104 244	74 920	74 920	74 920	74 920	125 582	134 876	144 856
Pension and UIF Contributions		4 776			12 139	12 139	12 139	12 139			
Medical Aid Contributions		7 864			13 864	13 864	13 864	13 864			
Overtime		4 804			5 077	5 077	5 077	5 077			
Performance Bonus		–			810	810	810	810			
Motor Vehicle Allowance		5 972			4 689	4 689	4 689	4 689			
Cellphone Allowance		–									
Housing Allowances		3 116			3 321	3 321	3 321	3 321			
Other benefits and allowances		2 613			1 925	1 925	1 925	1 925			
Payments in lieu of leave		1 251									
Long service awards		529			185	185	185	185			
Post-retirement benefit obligations	4										
<b>sub-total</b>	5	<b>79 836</b>	<b>92 149</b>	<b>104 244</b>	<b>116 929</b>	<b>116 929</b>	<b>116 929</b>	<b>116 929</b>	<b>125 582</b>	<b>134 876</b>	<b>144 856</b>
<u>Less: Employees costs capitalised to PPE</u>											
<b>Total Employee related costs</b>	1	<b>79 836</b>	<b>92 149</b>	<b>104 244</b>	<b>116 929</b>	<b>116 929</b>	<b>116 929</b>	<b>116 929</b>	<b>125 582</b>	<b>134 876</b>	<b>144 856</b>
<b>Contributions recognised – capital</b>											
<i>List contributions by contract</i>											
<b>Total Contributions recognised - capital</b>		–	–	–	–	–	–	–	–	–	–
<b>Depreciation &amp; asset impairment</b>											
Depreciation of Property, Plant & Equipment		30 481	33 632	31 783	33 753	33 753	33 753	33 753	45 301	49 831	54 814
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of PPE	10										
<b>Total Depreciation &amp; asset impairment</b>	1										

		30 481	33 632	31 783	33 753	33 753	33 753	33 753	45 301	49 831	54 814
<b>Bulk purchases</b>											
Electricity Bulk Purchases											
Water Bulk Purchases											
<b>Total bulk purchases</b>	1	-	-	-	-	-	-	-	-	-	-
<b>Transfers and grants</b>											
Cash transfers and grants		-	-	-	2 100	2 100	2 100	2 100	2 234	2 377	2 530
Non-cash transfers and grants		-	-	-	3 200	3 200	3 200	3 200	3 405	3 623	3 855
<b>Total transfers and grants</b>	1	-	-	-	<b>5 300</b>	<b>5 300</b>	<b>5 300</b>	<b>5 300</b>	<b>5 639</b>	<b>6 000</b>	<b>6 384</b>
<b>Contracted services</b>											
<i>Nashua</i>			497	684	1 096	1 096	1 096	1 096	1 600	1 702	1 811



	<i>sub-total</i>	1	-	497	684	1 096	1 096	1 096	1 096	1 600	1 702	1 811
<b>Allocations to organs of state:</b>												
Electricity												
Water												
Sanitation												
Other												
<b>Total contracted services</b>												
		-	497	684	1 096	1 096	1 096	1 096	1 096	1 600	1 702	1 811
<b><u>Other Expenditure By Type</u></b>												
Collection costs												
Contributions to 'other' provisions												
Consultant fees												
		3 350	4 238	3 836	111	111	111	111				
Audit fees												
		2 441	3 823	3 047	4 240	4 240	4 240	4 240	4 240	4 482	4 733	
General expenses												
		60 673	69 560	79 999	75 246	84 447	84 447	84 447	93 031	87 241	95 538	
<i>Fair value loss on short term investments</i>												
		228		193								
SCOA												
					1 560	2 560	2 560	2 560	1 500	1 000	1 056	
						-	-					

<b>Total 'Other' Expenditure</b>	1	<b>66 692</b>	<b>77 621</b>	<b>87 075</b>	<b>81 157</b>	<b>91 358</b>	<b>91 358</b>	<b>91 358</b>	<b>98 771</b>	<b>92 723</b>	<b>101 326</b>
<b>Repairs and Maintenance by Expenditure Item</b>	8										
Employee related costs											
Other materials			4 938	4 964	20 507	20 507	20 507	20 507			
Contracted Services											
Other Expenditure											
<b>Total Repairs and Maintenance Expenditure</b>	9	–	4 938	4 964	20 507	20 507	20 507	20 507	–	–	–

**14 Municipal Manager's Quality Certificate**

I **Mrs N Nomandela**, Municipal Manager of the Nyandeni Local Municipality hereby certify that the 2017/2018 Draft budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act 56 of 2003 and the regulations made under the Act, and that the final annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Signature



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**MS N. NOMANDELA**  
**MUNICIPAL MANAGER**

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**Nyandeni Local Municipality**

Date: 03 April 2017

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