

NYANDENI LOCAL MUNICIPALITY



Annual Budget

3 Year Plan: 2012 to 2015

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2. MAYORAL SPEECH

INTRODUCTION

Honourable Speaker

Inkosi Zezwe lakowethu

Members of the Executive Committee and Councillors

Ward Committees present here today

Community Development Workers

Municipal Administration lead by the Acting Municipal Manager

Abantu base Nyandeni; Molweni

Section 16 of the Local Government: Municipal Finance Management Act states that the Council of a municipality must for each financial year approve an annual budget for the municipality before the start of the financial year.

Empowered by the supra stated legislative provision, It is my privilege to present a municipal budget for 2012-2013 and integrated Development Plan for 2012 to 2017 financial years for consideration as contemplated in section 24 (1) of the MFMA.

In his budget speech to parliament on the 22 February 2012 the Minister of Finance said, "We will not turn away from our challenges. We must confront them boldly, and with hope. In harnessing all the resources at our disposal,, we have to do more, with less; we have to work smarter and harder. South Africans must focus on our strengths and opportunities, to identify and activate the levels of economic and social change at our disposal".

Honourable Speaker

The Minister of finance during his budget speech brought our attention to the following realities that have significant impact in our context

- The global environment remains highly uncertain. While there are signs of recovery in the US Economy, much of Europe is in recession, and significant financial risks cloud the global economic outlook
- An expansion in infrastructure investment is one of the central priorities of the 2012 budget

Honourable Speaker i am raising this point informed by the fact that the people of Nyandeni are not immune to the harsh realities associated with the global recession. This can be traced in the trends

The 2012/2013 budget is informed by the national priorities, which are,

- Creating decent employment opportunities through mainstreaming of labour intensive approaches to delivering services
- Participating fully in the Extended Public Works Programme
- Creating enabling environment for investments and other activities that lead to job creation
- Protecting the poor
- Supporting meaningful local economic development (LED) initiatives that foster micro and small business opportunities and job creation

1.1 Budget assumptions

The municipal fiscal environment is influenced by the following

- a. South African Local Government Bargaining Council regulates salary increases, in this instance, **8.5% provision has been made for salary increase**
- b. 20% tariff increase for refuse collection
- c. All other rates are as per CPI
- d. 10% provision for performance bonus
- e. Property rates remain unchanged
- f. Property rates evaluation
- g. Priorities and targets for key strategic focus areas as determined in the IDP
- h. 5.9% headline CPI Inflation

1.2 Operating Revenue Framework

See 2.3 below

1.3 Council Resolutions

The Council of Nyandeni Local Municipality meets to consider the annual budget of the municipality for the financial year 2012/2013. The Council approve and adopt the following resolutions

- 1.3.1 Budget financial performance (revenue and expenditure standard classification)
- 1.3.2 Budget financial performance (revenue and expenditure by municipal vote)
- 1.3.3 Budget financial position
- 1.3.4 Budget cash flows
- 1.3.5 Cash backed reserves and accumulated surplus reconciliation
- 1.3.6 Multi-year and single year capital appropriations by

1.4 The council of Nyandeni Local Municipality, acting in terms of section 74a of the Local Government: Municipal Systems Act, approves and adopts with effect from 1 July 2012

- 1.4.1 the tariffs for solid waste services
- 1.4.2 the tariffs for property rates
- 1.4.3 the tariffs for cemeteries
- 1.4.4 the tariffs for business licence
- 1.4.5 the tariffs for market site
- 1.4.6 the tariffs for town planning rates
- 1.4.7 the tariffs for pound

2. Executive Summary

2.1. Main challenges experienced during the compilation of the 2012/13 MTREF can be summarised as follows

- the increase in petrol price due to Eurozone and Greece crisis
- choices in funding service delivery backlogs
- Limited resources to satisfy huge service delivery backlogs
- Low revenue base vs the high rising cost of doing business
- High dependency on grants

2.2 Principles

2.3 Summary

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

Vote Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										

							Forecast			
Revenue by Vote	1									
Municipal governance and administration		60 640	76 826	97 907	120 661	129 921	-	139 675	189 300	204 348
Corporate services		1 744	2 666	3 997	212	212	-	1 043	1 096	1 157
Community and public safety		113	-	-	-	-	-	450 3	400	400
Public safety		-	192	331	1 800	2 050	-	200	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		368	-	-	-	-	-	-	-	-
Road transport		18	21	26	32	32	-	44	61	84
Environmental protection		210	630	785	771	771	-	353	935	360
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		46	66	71	-	-	-	70	80	100
Other		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	81 121	101 379	129 091	155 444	164 954	-	188 791	252 811	290 365
Expenditure by Vote to be appropriated	1									
Municipal governance and administration		37 421	39 830	46 635	55 601	58 991	-	63 341	42 828	47 577
Corporate services		24 075	38 079	50 416	14 793	15 193	-	18 478	8 661	9 559
Community and public safety		-	-	-	10 212	12 362	-	7 120	2 900	400
Public safety								14	6	

		-	-	-	14 247	15 517	-	310	706	744
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	-	8 819	8 919	-	728	244	807
Road transport		-	-	-	45	47	-	69	95	125
Environmental protection		-	-	-	457	377	-	981	405	054
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	5 318	5 598	-	600	-	-
Other		-	-	-	997	997	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	61 497	77 909	97 051	155 444	164 954	-	185 558	166 743	194 141
Surplus/(Deficit) for the year	2	19 624	23 470	32 040	-	-	-	3 233	86 068	96 223

The total revenue for the municipality is R 188 791 000 and made out of the DoRA, Provincial Gazettes and own Revenue;

EC155 Nyandeni - Supporting Table SA18

Transfers and grant receipts

Description	R e f	2008	20	2010/1	Current Year			2012/13 Medium Term		
		/9	09	1	2011/12			Revenue & Expenditure		
R thousand		Audi	Au	Audite	O	Adjust	Full	Budget	Budget	Bud
		ted	dit	d	ri	ed	Ye	Year	Year +1	get
		Out	ed	Outco	gi	Bud	ar	2012/13	2013/14	Year
		come	Outc	me	n	get	For			+2
			ome		a		ec			2014
					l		ast			/15
					l					

	1									
	2									
RECEIPTS:										
<u>Operating Transfers and Grants</u>										
National Government:										
Local Government Equitable Share										
Finance Management Municipal Systems Improvement										
MIG(OPERATIONAL PORTION)										
Provincial Government:										
Sport and Recreation										
MIG(OPERATIONAL PORTION)										
District Municipality:										
<i>[insert description]</i>										
Other grant providers:										
<i>LG SETA Devolution of Property Rates</i>										
Total Operating Transfers and Grants	5									
<u>Capital Transfers and Grants</u>										
National Government:										
Municipal Infrastructure Grant (MIG)										

Rural Households Infrastructure												
EQUITABLE SHARE							600	11	899	12	9	387
Provincial Government:							600	3	219	36	62	613
Intergrated national electrification programme							600	3	219	36	62	613
District Municipality:							-	-	-	-	-	-
<i>[insert description]</i>												
Other grant providers:							-	-	-	-	-	-
LG SETA												
EPWP												
Total Capital Transfers and Grants	5	-	-	-	-	-	060	54	053	91	116	360
TOTAL RECEIPTS OF TRANSFERS & GRANTS		-	-	-	-	-	384	175	891	218	259	958

The municipality has own revenue that needs vigorous collection strategy and implementation of credit control and debt collection. The relevant departments must ensure the projected revenue is collected or they must create a conducive environment for Budget and Treasury Office to ensure Revenue projected is collected.

Other Revenue by source				
<i>Advertising rental</i>				
<i>Funeral fees</i>				
<i>Tender Sales</i>				
Rent Office		62	142	113
Auction Sale				
Site Rental				
Commission Charged				
Transfer from reserves				
Vending and Hawking/fair value on short term investment			119	189
Fines and Learners licence				

Rent Hall/other revenue		790	758	3 675
Plan Fees and Servitudes and other revenue	3	-		
Total 'Other' Revenue	1	852	1 020	3 978

The summary expenditure for the municipality that is aligned to IDP, SDBIP and procurement plan amounts to R 185 558 000 with a surplus of R 3 233 000. The budget line item will be captured through financial management system that were submitted by departments as tabled on the draft budget in March 2012

Expenditure by Vote to be appropriated	1									
Municipal governance and administration		37 421	39 830	46 635	55 601	58 991	-	63 341	42 828	47 577
Corporate services		24 075	38 079	50 416	14 793	15 193	-	18 478	8 661	9 559
Community and public safety		-	-	-	10 212	12 362	-	7 120	2 900	400
Public safety		-	-	-	14 247	15 517	-	14 310	6 706	744
Health Economic and environmental services		-	-	-	-	-	-	-	-	-
		-	-	-	8 819	8 919	-	9 728	10 244	10 807
Road transport Environmental protection		-	-	-	45 457	47 377	-	69 981	95 405	125 054
Electricity		-	-	-	-	-	-	-	-	-
Water Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	5 318	5 598	-	2 600	-	-
Other Vote 14 - [NAME OF VOTE 14]		-	-	-	997	997	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure	2							185	166	194

by Vote		61 497	77 909	97 051	155 444	164 954	-	558	743	141
Surplus/(Deficit) for the year	2	19 624	23 470	32 040	-	-	-	3 233	86 068	96 223

IDP and Service Delivery and Budget Implementation Plan

Honourable Speaker

It is important once again to remind council that the IDP we present today is a five year principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan

Consultations

IDP and Budget consultation were conducted in accordance with the process plan adopted by council in August 2011. Furthermore, the Draft IDP and Budget was tabled before council on 28 March 2012

The following consultation were done, but not limited to

- Mayoral Outreach conducted in 2011 to solicit community inputs
- IDP Representative Forum held
- IGR Forum and related Clusters
- IDP and Budget Public Hearings
- Meetings with Rate Payers both from Ngqeleni and Libode
- Consultation Municipal Strategic Planning to craft a vision
- Policy Development Process conducted and will be finalised before the start of the financial year
- Alignment with National and Provincial Plans taken into account

VISION

"A well governed place of opportunities characterised by integrated-employment -creating economy and sustainable functional urban and rural centres for better livelihoods"

VALUES

- Diligence*
- Promptness*
- Integrity*
- Accountability*

- *Participative*
- *Responsive*
- *Considerate*

IDP STRATEGIC OBJECTIVES

- To ensure sound governance practices within Nyandeni Local Municipality
- To provide sound governance for local communities through
- To provide sustainable services to all inhabitants of the municipality
- Economic Growth that lead to sustainable job creation
- Institutional Development and Organisational Transformation
- Financial Viability and Management

Strategic Programmes

- N2 Toll road
- Electrification Programme
- Water and Sanitation programme
- Road construction and maintenance
- Expansion of waste management
- Transport and Public Safety
- Performance Management
- Supply Chain Management
- Spatial Planning and Human Settlement
- Governance and Intergovernmental Relations
- Poverty alleviation
- Local Economic Development Initiatives

Council Resolution for IDP

The Council of Nyandeni Local Municipality acting in terms of section 25 of the MSA Council adopts and approves with effect from 1 July 2012 the IDP For 2012-2017 financial years

THANK YOU

3 BUDGET RELATED RESOLUTIONS

Budget for 2012/13

3.1 Council resolves that the multi-year annual budget of capital and operating expenditure for 2012/2013 and the indicated two outer years of 2013/2014 and 2014/2015 which was tabled for public scrutiny and input be approved for community consultation 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 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 2012 to 30 June 2013, provided that rebates, as indicated, on application be allowed:.

Tariffs and Charges

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

<u>1.HALL HIRE CHARGES</u>	<u>2011/2012</u>	<u>2012/2013</u>	<u>2013/2014</u>
Meeting, workshop, conference	R144.00	R152.50	R160.58
Memorial & Religious services	R240.00	R254.16	R267.63
Concerts, Contests & shows	R480.00	R508.32	R535.26
Wedding, Parties	R600.00	R635.40	R669.08
Gospel concerts, shows (day/night), traditional shows, exhibition, launch, farewell, graduation, celebration, day of prayer	R360.00	R381.24	R401.45
<u>2. SECURITY FEES</u>			
Memorial, religious services	R240.00	R254.16	R267.63
Concerts, contests & shows (day/night)	R720.00	R762.48	R802.89
Parties, discos	R1200.00	R1270.80	R1338.15
Weddings	R840.00	R889.56	R936.71
Gospel concerts, shows (day/night)	R240.00	R254.16	R267.63
<u>3. WOODSALE</u>			
Head load	R12.00	R12.71	R13.38
Bakkie	R180.00	R190.62	R200.72
Truck	R360.00	R381.24	R401.45
Lantjies	R6.00	R6.35	R6.69
Lantjies	R10.80	R11.44	R12.05
Poles	R4.20	R4.45	R4.69
Tree	R18.00	R19.06	R20.07
<u>4. POUND FEES</u>			
Entrance fee	R60.00	R63.54	R66.91
Driving fee	R48.00	R50.83	R53.52
Day charges	R24.00	R25.42	R26.76
Outgoing fees	R60.00	R63.54	R66.91
Cattle, horse	R48.00	R50.83	R53.52
Sheep & Goat	R24.00	R25.42	R26.77
<u>5. REFUSE REMOVAL</u>			
Households	R18.00	R22.87	R24.08
Businesses: General	R100.00	R127.08	R133.82
: Big Retailers	R220.00	R279.58	R353.27
Government: Category 1	R100.00	R127.08	R133.82
:Category2	R2436.00	R2563.00	R2569.82
Churches	R18.00	R22.87	R24.08
<u>6. CEMETERY</u>			
Living in town	R250.00	R264.75	R278.78
Outside town	R350.00	R370.65	R390.29
<u>7. TENDER FEES</u>			

R50 000.00-R200 000.0	R180.00	R190.62	R200.72
R200 000.00-R500 000.00	R240.00	R254.16	R267.63
R500 000.00-R800 000.00	R300.00	R317.70	R334.54
R800 000.00-R1000 000.00 Or More	R360.00	R381.24	R401.45
8. BUSINESS LICENCE			
Supermarket & General Dealer	R420.00	R468.35	R600.00
Hawker	R30.00	R33.45	R100.00
Caravan (Restaurant & Telephone) p/y	R60.00	R66.91	R100.00
Salon (p/y)	R60.00	R66.91	R100.00
Funeral Parlor (p/y)	R480.00	R535.26	R600.00
Hardware (p/y)	R420.00	R468.35	R550.00
Accommodation establishment	R360.00	R401.45	R432.00
	R360.00	R401.45	
9. MARKET SITE			
Hawkers (p/m)	R24.00	R25.42	R26.77
Caravan Site(p/m)	R60.00	R63.54	R66.91
10. CHAIR HIRE			
Around town (chair per day)	R6.00	R6.35	R6.69
Indemnity fee (per chair)	R12.00	R12.71	R13.38
11. TOWN PLANNING TARIFFS	2010/2011	2011/2012	2012/2013
11.1 Zoning Certificates	25.00	30.00	31.77
11.2 Town Planning scheme document	300.00	300.00	300.00
11.3 Application for special consent			
Application fees	400.00	450.00	476.55
application form			
Rezoning Application			
Advertising	Price as quoted by Daily Dispatch	Price as quoted by Daily Dispatch	
11.4 Application Fees			
Erven from 500sqm-1000sqm	R700/site	R725/site	R767.78/site
Erven from 1000sqm-1500sqm	R800/site	R825/site	R873.68/site
Erven from 1500sqm- 2000sqm	R900/site	R925/site	R979.58/site
Erven from 2000sqm and >	R1000/site	R1025/site	R1085.48/site
11.5 Subdivision and Township Application			
Basic Subdivision fee	R600	R625	R661.8
Charges per subdivision (Remainder considered a subdivision)	R55	R55	R55
11.6 Application for Removal of Restrictive Conditions			
Application fee	R1500	R1500	R1500
11.7 Relaxation of Building Line	R150	R200	R211.80
11.8 Consolidation	R500	R500	R500

RATES TARRIF**DETERMINATION OF TARIFF AS PER CATEGORY AS FROM 1 JULY 2012-30 JUNE 2014**

<u>CATEGORY</u>	<u>TARRIF</u>
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

	2011/12	2012/13	2013/14
Refuse Removal	100	127.08	133.82
Bags (1000*R0,80)	800	(1000*R0,90)	900.00
Mileage (24km*2days*4weeks in month)	1536	1536.00	1536.00
	<u>2436</u>	<u>2563.08</u>	<u>2569.82</u>

NOTES

- Property rates –no change in tariffs
- Other tariffs – 5.5% increase based on CPIX across the board will be a fair percentage so as to be close to the tariffs levied by other rural municipalities.
- **On Refuse Removal** - 20% increase.
- General business is classified as your small micro medium enterprises (SMME'S).
- -Big Retailers are classified as those bigger than general business, e.g:- Superspar, U-Save, Build it etc.
- -Category1 for government Offices and other government institutions.
- -Category2 will be your Hospitals.

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 Policies

3.7 Council resolves that the following Budget policies be approved

- Cash Management & Investment Policy
- Property Rates Policy
- Tariff Policy
- Bad debts & Write Off Policy
- Credit Control and Debt Collection Policy
- Budget & IDP Policy

Cashflow

3.8 Council resolves that the projects identified for implementation are subject to funds available from grants in respect of Integrated National Electrification Programme (Municipal) Grant, Expanded Public Works Programme Incentive Grant, Municipal Infrastructure Grant, and also Equitable Share.

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 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 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."

4.1.2 Key assumptions

4.1.2.a National Treasury provided guidance in MFMA Circular No. 58 issued in terms of Municipal Finance Management Act No. 56 of 2003 regarding inflation:-

Fiscal year	2010	2011	2011/12	2012/13	2013/14
	Actual	Estimate		Forecast	

Headline CPI Inflation	3.3%	5.0%	5.4%	5.6%	5.4%
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4.1.2.b The inflation rate to be used for calculating wage increases

The period of the salary and Wage Collective Agreement 2009/10 to 2011/2012 has come to an end. In the absence of other information from the South African Local Government Bargaining Council, we have provided 8.5% increase to calculate the salary adjustment.

Note that Municipal Managers and those employees appointed as managers directly accountable to the Municipal Managers in terms of Section 57(6) of the Municipal Systems Act 32 of 2000 are included in the above mentioned calculation in which 8.5% has been utilised.

4.1.2.c For the period 1 July 2012 to 30 June 2013, Eskom will increase the municipal tariff rates for bulk electricity by 27.06 per cent.

4.1.3 National Treasury guide lines in terms of allocations

Circular 58 states that Municipalities must refer to MFMA Circulars 48,51,54,and 55 with regards to the following issues:

Mayor's discretionary funds and similar discretionary budget allocations

It has been observed that many municipal budgets contain sub-votes or allocations to "Mayoral Discretionary Funds", "Special Projects", "Special Events" or similar discretionary type funds.

- ❑ National Treasury regards these types of allocations as a bad practice because:
- ❑ It is not clear how they are aligned to the constitutional requirement that municipalities structure their budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community (see section 153(a) of the Constitution);
- ❑ They do not provide for the appropriation of funds for the purposes of a department or functional area of the municipality (see the definition of 'vote' in section 1 of the MFMA);
- ❑ They undermine the budget consultation processes since the intended use of the funds is not transparently reflected in the tabled budget; and
- ❑ There is a risk that they may be abused for personal gain or to improperly benefit another person or organisation.

Unallocated Ward Allocations

New Office Buildings

Virement policies

Providing clean water and managing waste water

Renewal and repairs and maintenance of existing assets

Budgeting for an operating deficit

Credit Cards and debit cards linked to municipal bank accounts

Municipal Financial Management (IT) systems

Therefore National Treasury discourages allocations of this nature. Good budget practice requires that a municipal budget should transparently indicate the purposes and areas where municipal funds (i.e. public funds) are to be allocated.

Further key issues to be noted in MFMA Circular No. 58 are set out in **ANNEXURE A**

4.2 BUDGET SCHEDULES

4.2.1 Table A1 : Budget summary

EC155 Nyandeni - Table A1 Budget Summary

Description	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousands										
Financial Performance										
Property rates	1,141	2,666	3,997	5,300	5,300	-	-	5,800	6,107	6,443
Service charges	46	66	71	-	-	-	-	70	74	78
Investment revenue	3,819	3,281	2,279	1,000	1,000	-	-	1,500	1,580	1,666
Transfers recognised - operational	75,150	75,524	91,649	2,572	2,572	-	-	132,031	138,057	145,629
Other own revenue	922	1,213	4,309	3,676	11,386	-	-	6,027	6,306	6,646
Total Revenue (excluding capital transfers and contributions)	81,078	82,749	102,306	12,548	20,258	-	-	145,428	152,123	160,462
Employee costs	24,075	61,677	49,498	71,498	71,498	-	-	62,796	69,390	76,900
Remuneration of councillors	10,119	-	-	-	-	-	-	15,144	16,734	18,575
Depreciation & asset impairment	-	-	-	-	-	-	-	-	-	-
Finance charges	84	-	-	-	-	-	-	100	105	111
Materials and bulk purchases	-	-	-	-	-	-	-	8,265	8,703	9,182
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	26,124	25,016	32,254	37,374	43,793	-	-	48,766	45,843	47,838
Total Expenditure	60,402	86,694	81,753	108,872	115,291	-	-	135,071	140,776	152,606
Surplus/(Deficit)	20,676	(3,944)	20,553	(96,324)	(95,033)	-	-	10,357	11,348	7,856
Transfers recognised - capital	-	-	-	-	-	-	-	43,353	61,860	84,162
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	20,676	(3,944)	20,553	(96,324)	(95,033)	-	-	53,710	73,207	92,019
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	20,676	(3,944)	20,553	(96,324)	(95,033)	-	-	53,710	73,207	92,019
Capital expenditure & funds sources										
Capital expenditure	-	-	-	-	-	-	-	53,710	73,206	92,024
Transfers recognised - capital	-	-	-	-	-	-	-	53,710	73,206	92,024
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-	-
Total sources of capital funds	-	-	-	-	-	-	-	53,710	73,206	92,024
Financial position										
Total current assets	20,801	48,473	24,332	5,300	5,300	5,300	5,300	57,381	6,000	6,200
Total non current assets	297,597	325,487	367,462	-	-	-	-	367,962	421	444
Total current liabilities	15,527	31,315	16,878	-	-	-	-	5,761	-	-
Total non current liabilities	395	306	537	-	-	-	-	-	-	-
Community wealth/Equity	302,476	342,339	374,379	-	-	-	-	-	-	-
Cash flows										
Net cash from (used) operating	35,531	42,705	13,867	-	-	-	-	51,711	60,703	64,075
Net cash from (used) investing	(21,374)	(27,432)	(43,291)	(39,342)	(40,512)	(40,512)	(40,512)	(60,460)	(63,736)	(63,133)
Net cash from (used) financing	-	(106)	332	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	13,975	29,142	50	(39,342)	(40,512)	(40,512)	(40,512)	(8,749)	(11,782)	(10,840)
Cash backing/surplus reconciliation										
Cash and investments available	49,108	83,730	66,392	-	-	-	-	105,619	-	-
Application of cash and investments	8,870	9,715	10,780	(4,237)	(5,300)	-	-	3,847	(3,125)	(3,183)
Balance - surplus (shortfall)	40,238	74,015	55,612	4,237	5,300	-	-	101,772	3,125	3,183
Asset management										
Asset register summary (WDV)	60,167	60,167	60,192	-	-	-	113,177	113,177	68,356	84,804
Depreciation & asset impairment	-	-	-	-	-	-	-	-	-	-
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	-	-	-	-	-	-	-
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	43	2,628	1,636	-	-	-	-	-	-	-
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	46	66	71	-	-	-	70	70	80	100

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

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

Standard Classification Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand	1									
Revenue - Standard										
<i>Governance and administration</i>		47,682	79,491	101,904	120,873	130,133	130,133	140,718	151,566	159,769
Executive and council		-	-	-	-	-	-	-	-	-
Budget and treasury office		46,495	76,826	97,907	120,661	129,921	129,921	139,675	150,471	158,612
Corporate services		1,187	2,666	3,997	212	212	212	1,043	1,096	1,157
<i>Community and public safety</i>		205	192	331	1,800	2,050	2,050	3,650	400	400
Community and social services		205	-	-	-	-	-	450	400	400
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	192	331	1,800	2,050	2,050	3,200	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		13,930	21,630	26,758	32,771	32,771	32,771	44,353	61,935	84,360
Planning and development		15	-	-	-	-	-	-	-	-
Road transport		13,914	21,630	26,758	32,771	32,771	32,771	44,353	61,935	84,360
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		44	66	71	-	-	-	70	80	100
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		44	66	71	-	-	-	70	80	100
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	61,861	101,379	129,064	155,444	164,954	164,954	188,791	213,981	244,629
Expenditure - Standard										
<i>Governance and administration</i>		-	77,909	96,798	70,395	74,185	74,185	77,619	80,695	87,498
Executive and council		-	11,420	11,261	34,669	37,791	37,791	38,912	43,539	47,272
Budget and treasury office		-	28,410	35,121	20,933	21,201	21,201	22,779	19,926	21,574
Corporate services		-	38,079	50,416	14,793	15,193	15,193	15,928	17,230	18,652
<i>Community and public safety</i>		-	-	-	24,458	27,878	27,878	32,082	33,360	36,923
Community and social services		-	-	-	10,212	12,362	12,362	31,582	32,833	36,368
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	12,127	13,397	13,397	500	527	555
Housing		-	-	-	2,120	2,120	2,120	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		13,930	-	-	54,276	56,296	56,296	24,375	25,667	27,078
Planning and development		15	-	-	8,819	8,919	8,919	8,828	9,296	9,808
Road transport		13,914	-	-	45,457	47,377	47,377	15,547	16,371	17,271
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	5,318	5,598	5,598	1,000	1,053	1,111
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	5,318	5,598	5,598	1,000	1,053	1,111
<i>Other</i>	4	-	-	-	997	997	997	-	-	-
Total Expenditure - Standard	3	13,930	77,909	96,798	155,444	164,954	164,954	135,076	140,775	152,610
Surplus/(Deficit) for the year		47,931	23,470	32,266	-	-	-	53,715	73,207	92,019

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	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
Revenue by Vote	1									
Municipal governance and administration		60,640	76,826	97,907	120,661	129,921	-	139,675	150,626	158,712
Corporate services		1,744	2,666	3,997	212	212	-	1,043	1,096	1,157
Community and public safety		113	-	-	-	-	-	450	400	400
Public safety		-	192	331	1,800	2,050	-	3,200	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		368	-	-	-	-	-	-	-	-
Road transport		18,210	21,630	26,785	32,771	32,771	-	44,353	61,860	84,360
Environmental protection		-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		46	66	71	-	-	-	70	-	-
Other		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	81,121	101,379	129,091	155,444	164,954	-	188,791	213,982	244,629
Expenditure by Vote to be appropriated	1									
Municipal governance and administration		37,421	39,830	46,635	55,601	58,991	-	63,341	42,828	47,577
Corporate services		24,075	38,079	50,416	14,793	15,193	-	18,478	8,661	9,559
Community and public safety		-	-	-	10,212	12,362	-	7,120	2,900	400
Public safety		-	-	-	14,247	15,517	-	5,310	706	744
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	-	8,819	8,919	-	9,728	10,244	10,807
Road transport		-	-	-	45,457	47,377	-	60,807	79,186	102,441
Environmental protection		-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	5,318	5,598	-	2,600	-	-
Other		-	-	-	997	997	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	61,497	77,909	97,051	155,444	164,954	-	167,384	144,524	171,528
Surplus/(Deficit) for the year	2	19,624	23,470	32,040	-	-	-	21,407	69,458	73,100

4.2.4 Table A4 : Budget financial performance (revenue and expenditure)

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

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
Revenue By Source											
Property rates	2	1,141	2,666	3,997	5,300	5,300	-	-	5,800	6,107	6,443
Property rates - penalties & collection charges											
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	46	66	71	-	-	-	-	70	74	78
Service charges - other											
Rental of facilities and equipment											
Interest earned - external investments		3,819	3,281	2,279	1,000	1,000			1,500	1,580	1,666
Interest earned - outstanding debtors											
Dividends received											
Fines		71	192	331	300	550			700	737	778
Licences and permits					1,500	1,500			2,500	2,633	2,777
Agency services											
Transfers recognised - operational		75,150	75,524	91,649	2,572	2,572			132,031	138,057	145,629
Other revenue	2	852	1,020	3,978	1,876	9,336	-	-	2,827	2,936	3,091
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		81,078	82,749	102,306	12,548	20,258	-	-	145,428	152,123	160,462
Expenditure By Type											
Employee related costs	2	24,075	61,677	49,499	71,498	71,498	-	-	62,796	69,390	76,900
Remuneration of councillors		10,119							15,144	16,734	18,575
Debt impairment	3								3,500	-	-
Depreciation & asset impairment	2	-	-	-	-	-	-	-	-	-	-
Finance charges		84							100	105	111
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8								8,265	8,703	9,182
Contracted services											
Transfers and grants											
Other expenditure	4, 5	26,124	25,016	32,254	37,374	43,793	-	-	45,266	45,843	47,838
Loss on disposal of PPE											
Total Expenditure		60,402	86,694	81,753	108,872	115,291	-	-	135,071	140,776	152,606
Surplus/(Deficit)		20,676	(3,944)	20,553	(96,324)	(95,033)	-	-	10,357	11,348	7,856
Transfers recognised - capital									43,353	61,860	84,162
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		20,676	(3,944)	20,553	(96,324)	(95,033)	-	-	53,710	73,207	92,019
Taxation											
Surplus/(Deficit) after taxation		20,676	(3,944)	20,553	(96,324)	(95,033)	-	-	53,710	73,207	92,019
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		20,676	(3,944)	20,553	(96,324)	(95,033)	-	-	53,710	73,207	92,019
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		20,676	(3,944)	20,553	(96,324)	(95,033)	-	-	53,710	73,207	92,019

4.2.5 Table A5 : Budgeted capital expenditure by vote and funding

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

Vote Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure, to be appropriated	2										
Vote 1 - Municipal governance and administration		-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget & Treasury		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and social services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Public safety		-	-	-	-	-	-	-	-	-	-
Vote 6 - Planning and development		-	-	-	-	-	-	-	-	-	-
Vote 7 - Infrastructure		-	-	-	-	-	-	-	-	-	-
Vote 8 - Waste management		-	-	-	-	-	-	-	-	-	-
Tourism		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure, to be appropriated	2										
Vote 1 - Municipal governance and administration		-	-	-	70	-	-	-	500	527	555
Vote 2 - Budget & Treasury		75,111	73,257	75,943	1,700	1,700	1,700	1,700	860	2,011	2,128
Vote 3 - Corporate Services		2,498	2,138	2,911	400	400	400	400	2,450	1,474	1,549
Vote 4 - Community and social services		13,234	13,234	13,234	600	600	600	600	1,100	4,233	4,466
Vote 5 - Public safety		-	-	-	750	2,050	2,050	2,050	2,570	-	-
Vote 6 - Planning and development		39,446	39,446	39,655	2,120	2,020	2,020	2,020	970	1,021	1,078
Vote 7 - Infrastructure		135,705	157,784	184,337	32,152	32,152	32,152	32,152	44,260	62,886	81,137
Vote 8 - Waste management		-	-	-	1,350	1,390	1,390	1,390	1,000	1,053	1,111
Tourism		-	-	-	200	200	200	200	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		265,995	285,859	316,080	39,342	40,512	40,512	40,512	53,710	73,206	92,024
Total Capital Expenditure - Vote		265,995	285,859	316,080	39,342	40,512	40,512	40,512	53,710	73,206	92,024
Capital Expenditure - Standard											
Governance and administration		-	-	-	-	-	-	-	3,810	4,012	4,233
Executive and council		-	-	-	-	-	-	-	500	527	555
Budget and treasury office		-	-	-	-	-	-	-	860	2,011	2,128
Corporate services		-	-	-	-	-	-	-	2,450	1,474	1,549
Community and public safety		-	-	-	-	-	-	-	3,670	4,233	4,466
Community and social services		-	-	-	-	-	-	-	1,100	4,233	4,466
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	2,570	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	-	-	-	-	-	45,230	63,908	82,214
Planning and development		-	-	-	-	-	-	-	970	1,021	1,078
Road transport		-	-	-	-	-	-	-	44,260	62,886	81,137
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	-	-	-	-	-	-	1,000	1,053	1,111
Electricity		-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	1,000	1,053	1,111
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	-	-	-	-	-	-	-	53,710	73,206	92,024
Funded by:											
National Government		-	-	-	-	-	-	-	39,753	41,880	44,162
Provincial Government		-	-	-	-	-	-	-	3,600	20,000	40,000
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	10,357	11,346	7,861
Transfers recognised - capital	4	-	-	-	-	-	-	-	53,710	73,206	92,024
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	-	-	-	-	-	-	-
Total Capital Funding	7	-	-	-	-	-	-	-	53,710	73,206	92,024

4.2.6 Table A6 : Budgeted financial position

EC155 Nyandeni - Table A6 Budgeted Financial Position

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
ASSETS											
Current assets											
Cash		13,975	44,102	15,010					4,403		
Call investment deposits	1	-	-	-					50,608		
Consumer debtors	1	-	378	811	5,300	5,300	5,300	5,300	2,370	6,000	6,200
Other debtors		141	397	1,161							
Current portion of long-term receivables		6,685	3,597	7,350							
Inventory	2										
Total current assets		20,801	48,473	24,332	5,300	5,300	5,300	5,300	57,381	6,000	6,200
Non current assets											
Long-term receivables											
Investments		35,133	39,628	51,382					50,608		
Investment property		59,387	59,387	59,387					59,387		
Investment in Associate											
Property, plant and equipment	3	202,297	225,692	255,888	-	-	-	-	257,568	-	-
Agricultural									400	421	444
Biological											
Intangible		780	780	805							
Other non-current assets											
Total non current assets		297,597	325,487	367,462	-	-	-	-	367,962	421	444
TOTAL ASSETS		318,398	373,961	391,794	5,300	5,300	5,300	5,300	425,343	6,421	6,644
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	106	99	199	-	-	-	-	-	-	-
Consumer deposits			1,211	2,731							
Trade and other payables	4	14,181	29,216	11,650	-	-	-	-	5,761	-	-
Provisions		1,241	789	2,297							
Total current liabilities		15,527	31,315	16,878	-	-	-	-	5,761	-	-
Non current liabilities											
Borrowing		395	306	537	-	-	-	-	-	-	-
Provisions		-	-	-	-	-	-	-	-	-	-
Total non current liabilities		395	306	537	-	-	-	-	-	-	-
TOTAL LIABILITIES		15,922	31,621	17,415	-	-	-	-	5,761	-	-
NET ASSETS	5	302,476	342,339	374,379	5,300	5,300	5,300	5,300	419,582	6,421	6,644
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		298,864	338,342	370,203							
Reserves	4	3,612	3,998	4,177	-	-	-	-	-	-	-
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	302,476	342,339	374,379	-	-	-	-	-	-	-

4.2.7 Table A7 : Budgeted cash flows

EC155 Nyandeni - Table A7 Budgeted Cash Flows

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		79,691	99,326	3,694	7,176	16,686	16,686	16,686	9,607	6,504	6,759
Government - operating	1			102,450	114,497	114,497	114,497	114,497	121,324	139,241	151,429
Government - capital	1				32,771	32,771	32,771	32,771	49,753	52,465	55,469
Interest		3,827	3,281	2,279	1,000	1,000	1,000	1,000	1,500	1,700	1,900
Dividends											
Payments											
Suppliers and employees		(47,903)	(59,835)	(94,465)	(155,444)	(164,954)	(164,954)	(164,954)	(130,373)	(139,207)	(151,483)
Finance charges		(84)	(67)	(91)					(100)		
Transfers and Grants	1										
NET CASH FROM/(USED) OPERATING ACTIVITIES		35,531	42,705	13,867	-	-	-	-	51,711	60,703	64,075
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE				(301)							
Decrease (increase) in non-current debtors				(11,779)							
Decrease (increase) other non-current receivables											
Decrease (increase) in non-current investments		(3,543)	(4,496)								
Payments											
Capital assets		(17,831)	(22,936)	(31,211)	(39,342)	(40,512)	(40,512)	(40,512)	(60,460)	(63,736)	(63,133)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(21,374)	(27,432)	(43,291)	(39,342)	(40,512)	(40,512)	(40,512)	(60,460)	(63,736)	(63,133)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing											
Increase (decrease) in consumer deposits				332							
Payments											
Repayment of borrowing			(106)								
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	(106)	332	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		14,157	15,167	(29,092)	(39,342)	(40,512)	(40,512)	(40,512)	(8,749)	(3,032)	942
Cash/cash equivalents at the year begin:	2	(182)	13,975	29,142						(8,749)	(11,782)
Cash/cash equivalents at the year end:	2	13,975	29,142	50	(39,342)	(40,512)	(40,512)	(40,512)	(8,749)	(11,782)	(10,840)

4.2.8 Table A8 : Cash backed reserves / accumulate surplus reconciliation

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

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12				2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	13,975	29,142	50	(39,342)	(40,512)	(40,512)	(40,512)	(8,749)	(11,782)	(10,840)
Other current investments > 90 days		-	14,960	14,960	39,342	40,512	40,512	40,512	63,760	11,782	10,840
Non current assets - Investments	1	35,133	39,628	51,382	-	-	-	-	50,608	-	-
Cash and investments available:		49,108	83,730	66,392	-	-	-	-	105,619	-	-
Application of cash and investments											
Unspent conditional transfers		10,949	21,874	5,889	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	(2,079)	(12,159)	4,891	(4,237)	(5,300)	-	-	3,847	(3,125)	(3,183)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		8,870	9,715	10,780	(4,237)	(5,300)	-	-	3,847	(3,125)	(3,183)
Surplus(shortfall)		40,238	74,015	55,612	4,237	5,300	-	-	101,772	3,125	3,183

4.2.9 Table A9 : Asset management

EC155 Nyandeni - Table A9 Asset Management

Description	Ref	2008/9	2009/10	2010/11	Current Year 2011/12			2012/13 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2012/13	Budget Year +1 2013/14	Budget Year +2 2014/15
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	-	-	-	-	-	-	38,923	41,935	44,360
Infrastructure - Road transport		-	-	-	-	-	-	38,923	41,935	44,360
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	38,923	41,935	44,360
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	-	-	-	-	-	-	38,923	41,935	44,360
Infrastructure - Road transport		-	-	-	-	-	-	38,923	41,935	44,360
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	38,923	41,935	44,360
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	-	-	-	-	-	-	38,923	41,935	44,360
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5							37,860	41,935	44,360
Infrastructure - Electricity								3,600	20,000	40,000
Infrastructure - Water										
Infrastructure - Sanitation										
Infrastructure - Other								9,000	6,000	
Infrastructure								50,460	67,935	84,360
Community										
Heritage assets										
Investment properties		59,387	59,387	59,387	-	-	-	59,387	-	-
Other assets								2,930		
Agricultural Assets								400	421	444
Biological assets										
Intangibles		780	780	805						
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	60,167	60,167	60,192	-	-	-	113,177	68,356	84,804
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment										
Repairs and Maintenance by Asset Class	3									
Infrastructure - Road transport										
Infrastructure - Electricity										
Infrastructure - Water										
Infrastructure - Sanitation										
Infrastructure - Other										
Infrastructure										
Community										
Heritage assets										
Investment properties										
Other assets	6, 7									
TOTAL EXPENDITURE OTHER ITEMS										

EC152 Ntbankulu - Table A9 Asset Management

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	-	-	30,291	37,201	37,101	37,101	35,732	43,067	34,316
Infrastructure - Road transport		-	-	27,151	36,051	36,051	36,051	33,386	41,083	32,243
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	27,151	36,051	36,051	36,051	33,386	41,083	32,243
Community		-	-	2,500	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	640	1,150	1,050	1,050	2,346	1,984	2,073
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	-	-	27,151	36,051	36,051	36,051	33,386	41,083	32,243
Infrastructure - Road transport		-	-	27,151	36,051	36,051	36,051	33,386	41,083	32,243
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	27,151	36,051	36,051	36,051	33,386	41,083	32,243
Community		-	-	2,500	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	640	1,150	1,050	1,050	2,346	1,984	2,073
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	-	-	30,291	37,201	37,101	37,101	35,732	43,067	34,316
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Infrastructure - Road transport		14,711	12,644	28,697	36,051	35,851	35,851	33,386	41,083	32,243
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		14,711	12,644	28,697	36,051	35,851	35,851	33,386	41,083	32,243
Community		-	-	2,500	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		1,734	974	640	1,150	1,050	1,050	1,860	1,959	2,066
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	16,445	13,619	31,837	37,201	36,901	36,901	35,246	43,042	34,309
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		-	-	-	304	304	304	304	2,500	2,638
Repairs and Maintenance by Asset Class	3	-	-	1,205	1,203	1,543	1,543	1,180	2,227	3,049
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	400	300	300	300	300	1,300	2,072
Infrastructure		-	-	400	300	300	300	300	1,300	2,072
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	-	-	805	903	1,243	1,243	880	927	978
TOTAL EXPENDITURE OTHER ITEMS		-	-	1,205	1,507	1,847	1,847	1,484	4,727	5,687
Renewal of Existing Assets as % of total capex		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Renewal of Existing Assets as % of deprecn"		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M as a % of PPE		0.0%	0.0%	3.8%	1.8%	2.2%	2.2%	8.3%	9.6%	8.6%
Renewal and R&M as a % of PPE		0.0%	0.0%	4.0%	3.0%	4.0%	4.0%	3.0%	5.0%	9.0%

EC152 Ntbankulu - Table A9 Asset Management

Description	Ref	2007/8	2008/9	2009/10	Current Year 2010/11			2011/12 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2011/12	Budget Year +1 2012/13	Budget Year +2 2013/14
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	-	-	-	-	-	-	35,732	43,067	34,316
Infrastructure - Road transport		-	-	-	-	-	-	33,386	41,083	32,243
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	33,386	41,083	32,243
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	2,346	1,984	2,073
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	-	-	-	-	-	-	-	-	-
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	-	-	-	-	-	-	33,386	41,083	32,243
Infrastructure - Road transport		-	-	-	-	-	-	33,386	41,083	32,243
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	33,386	41,083	32,243
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	2,346	1,984	2,073
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	2	-	-	-	-	-	-	35,732	43,067	34,316
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5				64,444	64,444				
Infrastructure - Electricity										
Infrastructure - Water										
Infrastructure - Sanitation										
Infrastructure - Other										
Infrastructure					64,444	64,444				
Community					2,500	2,500				
Heritage assets										
Investment properties										
Other assets					1,790	1,490				
Agricultural Assets										
Biological assets										
Intangibles										
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5				68,734	68,434				
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment					304	304		304	2,500	2,638
Repairs and Maintenance by Asset Class	3							1,180	2,227	3,049
Infrastructure - Road transport										
Infrastructure - Electricity										
Infrastructure - Water										
Infrastructure - Sanitation										
Infrastructure - Other								300	1,300	2,072
Infrastructure								300	1,300	2,072
Community										
Heritage assets										
Investment properties										
Other assets	6, 7							880	927	978
TOTAL EXPENDITURE OTHER ITEMS					304	304		1,484	4,727	5,687

5 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.

During the past nine years we have made definite progress in enabling the people of this region to enjoy the fruits of liberation and democracy. We have seen substantial improvements made in providing healthcare, building houses and providing sanitation and the bucket system has been eradicated. We have laid a solid foundation and are on course to improving the lives of our communities. As we celebrate the change in our communities, we are also aware of the many challenges we still face. Our fight against poverty and underdevelopment will be further intensified. 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 2012-2017 IDP as well as newly identified 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 deadlines in the process plan for the Development of the 2012/2017 IDP and preparation of the Multi-Year Budget for the 2012/13 year is reflected below:

MILESTONE	ACTIVITIES	RESPONSIBILITY	TIMEFRAME
	Table Draft IDP and Budget Process Plan for 2012-13 for adoption by Council including the following documents <ul style="list-style-type: none"> ✓ Public Participation Plan ✓ AFS ✓ Performance Information report 	Mayor	24 August 2011
	Annual Financial Statements submitted to Auditor General	Chief Financial Officer	22 August 2011
	Compilation of the Draft Performance Information	Municipal Manager	10-22 August 2011
COUNCIL SITTING	Tabling of IDP & Budget Process Plan, AFS & Performance information report to council for adoption	Mayor	25 August 2011
	Open Council Meeting.	Speaker	September 2011
Situational Analysis	Advertise IDP & Budget schedule	Manager: IDP	September 2011

	Review comprehensive Socio-Economic Analysis	Senior Manager Operations	September 2011
	Intergovernmental Relations Forum	Municipal Manager	13 September 2011
	Management Strategic Planning	Municipal Manager	24- 25 October 2011
	Council Planning Session	Mayor	07-09 October 2011
	Mayoral Imbizo's to give service delivery feedback and solicit development priorities from communities	Office of the Speaker	14-22 November 2011
	Review of the Organizational Structure	Senior Manager Corporate Services	November 2011
	IDP Representative Forum	Mayor	15 Nov 2011
COUNCIL SITTING	Table Annual, Mid-term Reports and Adjustment Budget for approval to the Special Council Meeting	Speaker	24 January 2012
	Tabling of Draft IDP and Budget and related policies for 2012/13.	Council	28 March 2012

MILESTONE	ACTIVITIES	RESPONSIBILITY	TIMEFRAME
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PROJECT PHASE	Outline prioritized development projects and setting of targets and indicators	All Departments	February 2012
	Projects phase session to align projects and programmes of local municipalities, sector departments and parastatals	IDP Steering Committee IDP Rep Forum	February-March 2012
INTEGRATION PHASE	Integrate - interdepartmental & sector projects	All Departments IDP Steering Committee	28 February 2012
	IDP & Budget Public Hearings	Council	23-27 April 2012
	IGR Forum to solicit final plans from government departments	Mayor	08 May 2012
COUNCIL SITTING	Tabling of final IDP and Budget and related policies to Council	Council	30 May 2012
	Preparation of SDBIP	Municipal Manager	May-June-2012
	Signing of Performance Agreements and Contracts	Municipal Manager	May-June 2012
	Oversight report	Office of the Speaker	June 2012

Note 1: The IDP/Budget also refers to all other IDP and Budget Related Policies to be reviewed and/or approved

Note 2: SDBIP and Performance Contracts to be included in Budget Approval Process.

Public Consultation and Planning

In pursuing the legislative mandate and its mission, Nyandeni Local Municipality has vigorously engaged community members outlining the process plan to be followed in developing 2012/2017 Integrated Development Plan and 2012/2015 MTEF Budget.

The municipality embarked on programs that involved stakeholders in pre-planning, planning and implementation of the IDP, Budget, SDBIP and PMS Process Plan. In November 2011 the Mayoral Imbizo's were held to give service delivery feedback and solicit development priorities from communities. On the 15th of November, the IDP Representative Forum was scheduled to sit where IDP, Budget, SDBIP, PMS process plan was presented, where organs of state, members from religious fraternity, business sector and Nyandeni Councilors were represented. This was done to solicit inputs and commitment from all stakeholders in the implementation of the Process plan.

Nyandeni Local Municipality Council adopted the IDP, Budget, SDBIP and PMS process plan on **25th August 2011**, after which it was submitted to the Department of Local Government and Traditional Affairs, Provincial Treasury. The process plan was further published on the Daily Dispatch to solicit inputs from all stakeholders.

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:

- ❑ Cash Management & Investment Policy
- ❑ Property Rates Policy
- ❑ Tariff Policy
- ❑ Bad debts & Write Off Policy
- ❑ Credit Control and Debt Collection Policy
- ❑ Budget & IDP Policy

8 Budget Assumptions

8.1 National Treasury provided guidance in MFMA Circular No. 58 issued in terms of Municipal Finance Management Act No. 56 of 2003 regarding inflation:-

Fiscal year	2010 Actual	2011 Estimate	2011/12	2012/13 Forecast	2013/14
Headline CPI Inflation	3.3%	5.0%	5.4%	5.6%	5.4%

8.2 The inflation rate to be used for calculating wage increases

The period of the salary and Wage Collective Agreement 2009/10 to 2011/2012 has come to an end. In the absence of other information from the South African Local Government Bargaining Council, we have provided 8.5% increase to calculate the salary adjustment.

Note that Municipal Managers and those employees appointed as managers directly accountable to the Municipal Managers in terms of Section 57(6) of the Municipal Systems Act 32 of 2000 are included in the above mentioned calculation in which 8.5% has been utilised.

8.3 For the period 1 July 2012 to 30 June 2013, Eskom will increase the municipal tariff rates for bulk electricity by 27.06 per cent.

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 2012/2013 capital budget amounts to R53 710 000, and for the two outer years its R73 205 895, and R92 023 671. It is predominantly funded through the MIG funding and Electrification Grant funding. The portion that is funded through the Equitable share in the year under review amounts to R12,2 million (including our own revenue), which 23% of the total amount.

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 2012. 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 and refuse removal is R5,8 million for the current year, and for two outer years is R6,1 million and 6,4 million.

The income received in the form of the Equitable Share Grant is R127,3 million and for the two outer years is R134,1 million and R141,5 million.

Other Grants and subsidies are as follows:

Grant Name	Financial Year	Amount
FMG	2012/13	R1 500 000
MSIG	2012/13	R 800 000
EPWP	2012/13	R1 000 000
Devolution of Property Rates	2012/13	R543 000
Library Services	2012/13	R300 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 2012 to 30 June 2013 (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 SDBIP for the 2012/2013 financial year will be approved by the Executive Mayor in June 2012 following approval of the Budget.

11 Municipal Manager's Quality Certification

I **Mrs N Nomandela**, Municipal Manager of the Nyandeni Local Municipality hereby certify that the 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 adjustment budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Signature

Mrs N. Nomandela
Acting Municipal Manager
Nyandeni Local Municipality

Date

Annexure

Summary of key issues

National priorities – Creating Decent Employment Opportunities

1. In drafting 2012/2013 budgets and MTREFs municipalities are urged to continue to explore opportunities to main stream labour intensive approaches in delivering services, and more particularly to participate in the Extended Public Works Programme.
2. The municipality ought to focus on maximising its contribution to job creation by
 - ✓ Ensuring that service delivery and capital projects use labour intensive methods wherever appropriate
 - ✓ Ensuring that service providers use labour intensive approaches
 - ✓ Supporting labour intensive LED projects
 - ✓ Participating fully in the Extended Public Works Programme
 - ✓ And implementing interns programme to provide young people with on-the-job-training

Headline inflation forecasts

3. The headline inflation forecast for 2012/13 is 5.4 per cent. Municipalities must take this into consideration when preparing their budgets.

Revising rates, tariffs and other charges

4. Municipalities should continue to explore appropriate ways of structuring the tariffs for utility services to encourage more efficient use of these services and to generate the resources required to fund the maintenance, renewal and expansion of the infrastructure required to provide the services

Funding choices and management issues

5. Municipal revenues and cash flows are expected to remain under pressure in 2011/12 and so municipalities should adopt a conservative approach when projecting their expected revenues and cash receipts
6. Municipalities must pay special attention to controlling unnecessary spending on nice-to-have items and non-essential activities, such as foreign travel, councillor and staff perks, and advertising and public relations activities.
7. Municipalities must also ensure that their capital budgets reflect consistent efforts to address the backlogs in basic services.
8. Allocations to “Mayoral Discretionary Funds”, “Special Projects”, “Special Events” or similar discretionary type funds are discouraged.
9. Municipalities are urged to allocate all Ward Allocations in tabled and approved budgets.

Conditional transfers to municipalities

10. To bring legal certainty to the process of managing unspent conditional grant funds, section 20 of the 2012 Division of Revenue Bill regulates the process.
11. Municipalities may not rollover unspent conditional grant spending in terms of section 28(2)(e) of the MFMA. Written permission to spend these rolled over funds will be given by National Treasury.

The Municipal Budget and Reporting Regulations

12. All municipalities must prepare budgets, adjustments budgets and in-year reports for the 2012/13 financial year in accordance with the Municipal Budget and Reporting Regulations. In this regard, municipalities must comply with both:
 - ❑ The formats set out in Schedules A, B and C; and
 - ❑ The relevant attachments to each of the Schedules (the Excel Formats).
13. All municipalities must do a funding compliance assessment of their 2012/13 budgets in accordance with the guidance given in MFMA Circular 42 and the MFMA Funding Compliance Guideline before tabling their budget, and where necessary rework their budget to comply so that they table a properly funded budget.

Budget process and submissions for the 2012/13 MTREF

14. The deadline for the submission of approved budgets is ten working days after the council approves the annual budget.