

NYANDENI LOCAL MUNICIPALITY



## **Draft Annual Budget**

**3 Year Plan: 2012/13 to 2015**

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## 2. MAYOR'S REPORT

Section 153 of the Constitution of the Republic of South Africa, 1996, prescribe that a municipality must (a) structure and manage its administration and 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; and (b) participate in national and provincial development programmes

To give effect to the above constitutional provisions, section 34 of the Local Government: Municipal Systems Act, 2000, prescribe that a municipal council must review its integrated development plan (i) annually in accordance with an assessment of its performance measurements in terms of section 41 and (ii) to the extent that changing circumstances so demand.

The IDP Review for 2013/14 has taken into account *the National Development Plan* which defines South Africa's development trajectory by amongst other things investing in a strong network of economic infrastructure designed to support the country's medium and long term economic and social objectives and improving the quality of education, skills development and innovation

*The New Growth Path* which is based on the following tenets: (a) Identifying areas where employment creation is possible on a large scale as a result of substantial changes in conditions in South Africa and globally (b) developing a policy package to facilitate employment creation and institutional developments required to take advantage of opportunities.

As we table this budget titled "People's Budget" MFMA: Circular: 67, 2) reminds us that the economic outlook is, however constrained by a difficult global environment and domestic restructuring. Due to lower-than projected economic growth and revenue underperformance, government has adjusted the spending plans presented in the 2012 Medium Term Budget Policy Statement.

The above statement confirm one thing that globalization affects all spheres of government including local government. The report titled "OECD Economic Surveys: South Africa 2013. Notes that Per capita incomes are growing, public services are expanding,. Health indicators are improving, crime rates are falling and demographic trends are favourable. The public finances are in better shape than those of many OECD countries, the financial system is healthy and core inflation is stable and within the central bank's target zone. At the same time, an extremely high proportion of the population is out of work, as has been the case for most of the past three decades. Moreover, income inequality remains extremely high, education outcomes are poor on average and hugely uneven, and frustration is growing with public service delivery failures and corruption.

The IDP and budget we are tabling today is a responding to the challenges identified by communities and simultaneously provide solutions. Every effort has been made within the available limited resources to contribute to NDP priorities.

### **Medium Term service delivery objectives**

**This section represents the service delivery highlights for 2012/13**

#### **1. To Improve Municipal Planning and policy development**

- IDP, budget and SDBIP for 2012/13 were compiled and Adopted by Council on time and in accordance with the norms and standards as prescribed by National Treasury
- Financial policies have been reviewed and are due to be adopted by Council on 27 March 2013, these are SCM Policy, Fleet Management and Asset Management
- 6 By-laws has been gazetted

#### **2. To ensure a tool for measuring achievement of pre-determined objectives**

- Mid-year performance assessment report compiled and adopted by Council
- Annual report for 2011/12 tabled to Council and Oversight report expected to be tabled on 27 March 2013

#### **3. To achieve clean audit report by 2014**

- Audit opinion has improved from a disclaimer to Qualified Opinion
- A Comprehensive Action Plan developed and is being implemented
- Audit Committee has been established and is functioning fairly well

#### **4. To ensure good governance and public participation**

- All wards committees have been established and are participating in municipal development programmes

- Mayoral Outreach conducted during the month of February 2013 wherein community input and priorities were solicited
  - Fraud Prevention Policy has been developed
  - Risk Management Framework, Register and policy developed
5. **To improve livelihood in urban and rural areas through infrastructure development and maintenance**
- Streets lights have been maintained in both towns of Libode and Ngqeleni
  - 105 households provided with water through water cart
  - Integrated Waste Management Plan (IMWP) have been developed and adopted by Council
  - Permit application for Landfill site has been approved
  - The following access roads have been maintained: Goli access road, Tyara access road, Dininkosi access road
  - Out 407 household planned for electrification; 197 have been energized/electrified(DME funding)
  - 411 low cost houses have been completed
  - 30 Ngqeleni pilot houses renovated

### **3 BUDGET RELATED RESOLUTIONS**

#### **Budget for 2013/14**

3.1 Council resolves that the multi-year annual budget of capital and operating expenditure for 2013/2014 and the indicated two outer years of 2014/2015 and 2015/2016 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.

<b>1.HALL HIRE CHARGES</b>	<b>2011/2012</b>	<b>2012/2013</b>	<b>2013/2014</b>
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
<b>2. SECURITY FEES</b>			
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
<b>3. WOODSALE</b>			
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
<b>4. POUND FEES</b>			
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
<b>5. REFUSE REMOVAL</b>			
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
<b>6. CEMETERY</b>			
Living in town	R250.00	R264.75	R278.78
Outside town	R350.00	R370.65	R390.29
<b>7. TENDER FEES</b>			
R50 000.00-R200 000.0	R180.00	R190.62	R200.72

R200 000.00-R500 000.00 R500 000.00-R800 000.00 R800 000.00-R1000 000.00 Or More	R240.00 R300.00 R360.00	R254.16 R317.70 R381.24	R267.63 R334.54 R401.45
<b><u>8. BUSINESS LICENCE</u></b>			
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 R360.00	R401.45 R401.45	R432.00
<b><u>9. MARKET SITE</u></b>			
Hawkers (p/m)	R24.00	R25.42	R26.77
Caravan Site(p/m)	R60.00	R63.54	R66.91
<b><u>10. CHAIR HIRE</u></b>			
Around town (chair per day)	R6.00	R6.35	R6.69
Indemnity fee (per chair)	R12.00	R12.71	R13.38
<b>11. TOWN PLANNING TARIFFS</b>	<b>2010/2011</b>	<b>2011/2012</b>	<b>2012/2013</b>
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	
<b>11.4 Application Fees</b>			
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
<b>11.5 Subdivision and Township Application</b>			
Basic Subdivision fee	R600	R625	R661.8
Charges per subdivision	R55	R55	R55
(Remainder considered a subdivision)			
<b>11.6 Application for Removal of Restrictive Conditions</b>			
Application fee	R1500	R1500	R1500
<b>11.7 Relaxation of Building Line</b>	R150	R200	R211.80
<b>11.8 Consolidation</b>	R500	R500	R500
<b>11.9 Building Plan Approval</b>	R30.00/sqm	R35.00/sqm	R37.07/sqm



**RATES TARRIF**

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

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

**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 Polices**

3.7 Council resolves that the following Budget polices be approved

- ❑ Supply Chain Management
- ❑ Fleet Management
- ❑ Fraud Prevention Plan
- ❑ Risk Management Strategy Plan

### **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.”

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 2013/14 MTREF:

- The 2012/13 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2013/14 annual budget;
- 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 and 67 were used to guide the compilation of the 2013/14 MTREF.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2013/14 Medium-term Revenue and Expenditure Framework:

TABLE 1 CONSOLIDATED OVERVIEW OF 2013/14 MTERF

<b>R thousand</b>	<b>Adjustment Budget 2012/13</b>	<b>Budget Year 2013/14</b>	<b>Budget Year +1 2014/15</b>	<b>Budget Year +2 2015/16</b>
Total Operating Revenue	141 161 000	154 289 000	166 226 000	189 751 000
Total Operating Expenditure	141 161 000	200 170 000	221 026 000	257 316 000
Surplus /(deficit) for the year	0	(45 881 000)	(54 800 000)	(67 564 000)
Total Capital Expenditure	53 526 000	81 596 000	90 263 000	135 335 000

Total operating revenue has grown by 9 per cent or R13 128 000 million for the 2013/14 financial year when compared to the 2012/13 Adjustments Budget. For the two outer years, operational revenue will increase by 8 and 14 per cent respectively.

Total operating expenditure for the 2013/14 financial year has been appropriated at R200 170 000 million and translates into a deficit where total expenditure exceeds the total revenue. When compared to the 2012/13 Adjustments Budget, operational expenditure has grown by an amount of R59 090 000 which is 42 per cent, and in 2013/14 by 10%, in 2014/15 by 16 per cent for each of the respective outer years of the MTREF. The municipality has a deficit of R45 881 000 for 2013/14, and R54 800 000 for 2014/15, and R67 564 000 for 2015/16. This is due to the depreciation that has been budgeted for 2013/14 until 2015/16. In the previous year i.e. 2012/13, the depreciation was not budgeted for it is a non-cash item but the municipality still need to show it its budget.

The capital budget of R81 596 000 million for 2013/14 has increased by an amount of R28 070 000 million which is 52% as compared to previous year. The increase is due to the capital grants that have drastically increased. Such grants are MIG and Electrification. For the two outer years, capital expenditure has steadily increased by R8 667 000 million and R44 737 000 million which is 11% and 50%.2.6 billion for 2011/12 is 2.3 per cent less when compared to the 2010/11 Adjustment Budget. 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 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 2013/14 MTREF (classified by main revenue source):

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

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Revenue By Source</b>											
Property rates	2	2 699	3 997	3 834	5 800	5 800	5 800	-	4 660	4 912	5 140
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	22	71	159	70	70	70	-	200	211	222
Service charges - other											
Rental of facilities and equipment		142	113	102	45	45	45		164	173	182
Interest earned - external investments		3 400	2 469	2 552	1 500	1 500	1 500		3 000	3 162	3 333
Interest earned - outstanding debtors											
Dividends received											
Fines		192	331	602	700	700	700		350	369	389
Licences and permits					2 500	2 500	2 500		2 500	2 635	2 777
Agency services											
Transfers recognised - operational		72 525	91 649	161 185	121 134	121 324	121 324		134 230	154 296	177 214
Other revenue	2	758	3 675	2 743	5 227	5 227	5 227	-	9 185	469	494
Gains on disposal of PPE											
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>79 739</b>	<b>102 306</b>	<b>171 175</b>	<b>134 721</b>	<b>141 161</b>	<b>141 161</b>	<b>-</b>	<b>154 289</b>	<b>166 226</b>	<b>189 751</b>

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

Description Thousands	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2013/14	%	Budget Year 2014/15	%	Budget Year 2015/16	%
<b><u>Revenue By Source</u></b>								
Property rates	5 800 000		4 660 000	(20)	4 912 000	5.41	5 140 000	5.4
Property rates - penalties & collection charges								
Service charges - electricity revenue								
Service charges - water revenue								
Service charges - sanitation revenue	70 000		200 000	186	211 000	5.4	222 000	5.4
Service charges - refuse revenue								
Service charges - other	45 000		164 000	200	173 000	5.4	182 000	5.4
Rental of facilities and equipment								
Interest earned - external investments	1 500 00		3 000 000	100	3 162 000	5.4	3 333 000	5.4
Interest earned - outstanding debtors								
Dividends received	700 00		350 000	(50)	369 000	5.4	389 000	5.4
Fines	2 500 000		2 500 000	0	2 635 000	5.4	2 777 000	5.4
Licences and permits								
Agency services								
Transfers recognised - operational	121 134 000		134 230 000	11%	154 295 000	15	177 214 000	28
Other revenue	9 207 000		9 185 000	(0,2)	469 000	(94)	494 000	5.4
Gains on disposal of PPE								
<b><u>Total Revenue Excluding Capital transfers and contributions</u></b>	<b>140 956 000</b>		<b>155 429 000</b>		<b>166 226 000</b>		<b>189 751 000</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 3 percentage of the revenue basket for the NLM. In the 2012/13 financial year, revenue from rates and taxes totalled R5800 000 million or 4 per cent, and the figure was inclusive of the revenue forgone. In 2013/14 it shows an amount of R4,6 million, and two outer years show an amount of R4,9 million and R5,4 million. The revenue generated from rates and taxes has constantly increased by 5.4 per cent for the two outer years. The above for the 2013/14 -2016 MTERF exclude revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality.

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.

EC155 Nyandeni - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>R thousand</b>										
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		-	-	-	119 981	119 981	119 981	133 430	153 452	176 309
Local Government Equitable Share					115 788	115 788	115 788	129 990	150 918	173 692
Finance Management					1 500	1 500	1 500	1 550	1 600	1 650
Municipal Systems Improvement					800	800	800	890	934	967
EPWP Incentive								1 000	-	-
MIG (Operational portion)					1 893	1 893	1 893			
<b>Provincial Government:</b>		-	-	-	543	543	543	-	-	-
Devolution of Property rates					543	543	543			
<b>District Municipality:</b> [insert description]		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	800	800	800	800	843	905
LGSETA					500	500	500	500	527	572
Libraries Subsidy					300	300	300	300	316	333
<b>Total Operating Transfers and Grants</b>	5	-	-	-	121 324	121 324	121 324	134 230	154 296	177 214
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		-	-	-	41 460	41 460	41 460	68 239	71 367	90 740
Municipal Infrastructure Grant (MIG)					37 860	37 860	37 860	48 566	56 367	60 740
Integrated National Electrification Programme					3 600	3 600	3 600	19 673	15 000	30 000
<b>Provincial Government:</b>		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
<b>District Municipality:</b> [insert description]		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>		-	-	-	12 600	13 062	13 062	13 357	18 896	44 595
Equitable share portion					11 600	11 600	11 600	13 357	18 896	44 595
EPWP INSENTIVE					1 000	1 462	1 462			
<b>Total Capital Transfers and Grants</b>	5	-	-	-	54 060	54 522	54 522	81 596	90 263	135 335
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		-	-	-	175 384	175 846	175 846	215 826	244 558	312 549

In 2013/14 financial year, the operational grants show an increase of R31 710 000 which is 23%. For the two outer years, the operational grants have increased by R20 931 000 and R63 618 000 which 13% and 34%.

**Table 5 Comparison of proposed rates to be levied for the 2013/14 financial year**

**RATES TARRIF**

**DETERMINATION OF TARIFF AS PER CATERGORY AS FROM 1 JULY 2013-30 JUNE 2014**

	Current Year 2012/13	Proposed tariffs 2013/14
<b><u>CATERGORY</u></b>		
Residential Property	0.0078	0.0078
Businesses	0.0116	0.0116
Government1	0.0116	0.0116
government2	0.0116	0.0116
Agriculture1	0.0101	0.0101
Agriculture2	0.0101	0.0101
Institutions	0.0116	0.0116
Clinics	0.0116	0.0116
Hospital	0.0116	0.0116
Schools	0.0116	0.0116
Trading Stations	0.0116	0.0116
R 61 Road	0.0019	0.0019
N2 Road	0.0019	0.0019

**Category2**

	2012/13	2013/14
Refuse Removal	127.08	133.82
Bags (1000*R0.90)	(1000*R0,90) 900.00	900.00
Mileage (24km*2days*4weeks in month)	1536.00	1536.00

There is no change on the tariffs for rates and taxes. The municipality is currently compiling the General Valuation roll which will be implemented by the first quarter of the next coming financial year i.e. 2013/14. Upon checking the collection rate within the institution, the tariffs have not been increased.

On refuse removal, there is a small increase of 5.3% on the proposed tariffs. Where the municipality is supplying the customers with the refuse bags, the tariff has not been increased, it is still sitting at R900 rands.



#### 4.3 OPERATING EXPENDITURE FRAMEWORK

The NLM's expenditure framework for the 2013/14 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.

The following table is a high level summary of the 2013/14 budget and MTREF (classified per main type of operating expenditure):

Description R thousands	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Financial Performance</b>										
Employee costs	37 048	50 416	55 187	62 796	62 796	63 343	-	67 820	73 246	79 472
Remuneration of councillors	10 846	11 261	12 333	15 144	15 144	14 598	-	16 356	17 664	19 165
Depreciation & asset impairment	-	-	31 480	-	-	-	-	44 741	53 597	66 260
Finance charges	67	91	-	100	100	100	-	105	111	121
Materials and bulk purchases	3 393	3 096	10 867	8 265	9 710	9 710	-	11 560	13 790	24 735
Transfers and grants	-	-	-	-	-	-	-	-	-	-
Other expenditure	24 120	31 804	44 512	48 416	53 410	53 410	-	59 588	62 618	67 563
<b>Total Expenditure</b>	<b>75 475</b>	<b>97 051</b>	<b>154 379</b>	<b>134 721</b>	<b>141 161</b>	<b>141 161</b>	<b>-</b>	<b>200 170</b>	<b>221 026</b>	<b>257 316</b>

### **Employee Related Costs**

The municipality has taken into consideration the multi year Salary and Wage Collective Agreement for the period 1 July 2012 to 30 June 2015. The agreement provides for a wage increase based on the average CPI for the period 1 February 2012 until 31 January 2013, plus 1.25 per cent for the 2013/14 financial year.

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

The overall amount of the Salaries and Wages is R84 million at 8.5% and, for two outer years, its R90 million and R98 million.

### **Finance Charges:**

Finance charges re budgeted for at an amount of R105 000 for 2013/14. For the two outer years the will increase steadily at a percentage of 5.5 each year. That shows an amount of increase from R105 000 to R111 000 and R121 000. Finance charges are in respect of all photocopying machines that have been leased to us .

### **Depreciation and asset and impairment:**

Depreciation has been provided for at R44,1 million in 2013/14, R53,5 million in 2014/15 and R66,2 million in 2015/16.

### **Other Expenditures:**

The other expenditure include R3500 000 for the audit fees, R3500 000 for provisions, and the general expenditure. In 2013/14 financial year it has increased by R5 million from R54,4 million to R 59,4 million. For the outer years it has increased by 8.5% and 8% for each year.

**Materials and Other Bulk Purchases:**

This includes the repairs and maintenance. The amount has increased from R9.7 million in the previous year to R11.5 million for 2013/14 budget year. For the two outer years it has increased by 8.5% and 8% each year. Note that there is a drastic increase in 2015/2016 which is due to the increase in our operational grant.

**The following table gives a breakdown of the main expenditure categories of the total operating budget for the 2013/14 financial year.**

PERCENTAGE ALLOCATION FOR 2013/2014 FINANCIAL YEAR.

EXPENDITURE ITEM	EXPENDITURE PERCENTAGE %
Personnel expenditure	54 %
General expenditure	39 %
Repairs and Maintenance	7%
<b>TOTAL %</b>	<b>100 %</b>

#### 4.4 CAPITAL EXPENDITURE

Description Thousands	Current Year 2012/13		2013/14 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2013/14	%	Budget Year 2014/15	%	Budget Year 2015/16	%
Municipal Governance &	515 000		2 100 000	307	2 213 000	5.4	2 402 000	8.5
Administration Budget & Treasury	3 260 000		1 950 000	(40)	2 055 000	5.4	2 230 000	8.5
Corporate Services	920 000		450 000	(51)	474 000	5.4	515 000	8.5
Community & Social Services	3 821 000		3 630 000	(5)	3 826 000	5.4	4 151 000	8.5
Planning & Development	1 000 000		500 000	(50)	527 000	5.4	572 000	8.5
Infrastructure	44 010 000		72 966 000	85	81 167 000	11	125 465 000	50
<b>Total Capital Expenditure Vote</b>	<b>53 526 000</b>		<b>81 596 000</b>		<b>90 262 000</b>		<b>135 335 000</b>	

When comparing the previous budget of R53 million, there is an increase of R28 070 000 which is 64%. In a total budget of R81 596 000 for the budget year 2013/14, an amount of R72 966 000 is allocated to the construction of the access roads, and electrification projects. For the two outer years the increase in capital budget is showed at 11% and 50% each year. When comparing each vote from previous year budget, there is a decrease for five votes. This is due to the resources that have been mostly prioritised to fund the capital projects, and by so doing the municipality will be accelerating the service delivery





## 4.5 ANNUAL BUDGET TABLES

### 4.5.1 Table A1 : Budget summary

EC155 Nyandeni - Table A1 Budget Summary

Description	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	2 699	3 997	3 834	5 800	5 800	5 800	-	4 660	4 912	5 140
Service charges	22	71	159	70	70	70	-	200	211	222
Investment revenue	3 400	2 469	2 552	1 500	1 500	1 500	-	3 000	3 162	3 333
Transfers recognised - operational	72 525	91 649	161 185	121 324	121 324	121 324	-	134 230	154 296	177 214
Other own revenue	1 093	4 119	3 447	6 027	12 467	12 467	-	12 199	3 646	3 843
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>79 739</b>	<b>102 306</b>	<b>171 175</b>	<b>134 721</b>	<b>141 161</b>	<b>141 161</b>	<b>-</b>	<b>154 289</b>	<b>166 226</b>	<b>189 751</b>
Employee costs	37 048	50 416	55 187	62 796	62 796	62 796	-	67 820	73 246	79 472
Remuneration of councillors	10 846	11 261	12 333	15 144	15 144	15 144	-	16 356	17 664	19 165
Depreciation & asset impairment	-	-	31 480	-	-	-	-	44 741	53 597	66 260
Finance charges	67	91	-	100	100	100	-	-	-	-
Materials and bulk purchases	3 393	3 096	10 867	8 265	9 710	9 710	-	11 560	13 790	24 735
Transfers and grants	-	-	-	-	-	-	-	5 140	5 418	5 878
Other expenditure	24 120	32 186	44 512	48 416	53 410	53 410	-	54 553	57 312	61 805
<b>Total Expenditure</b>	<b>75 475</b>	<b>97 051</b>	<b>154 379</b>	<b>134 721</b>	<b>141 161</b>	<b>141 161</b>	<b>-</b>	<b>200 170</b>	<b>221 026</b>	<b>257 316</b>
<b>Surplus/(Deficit)</b>	<b>4 264</b>	<b>5 255</b>	<b>16 796</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>(45 881)</b>	<b>(54 800)</b>	<b>(67 564)</b>
Transfers recognised - capital	21 630	26 785	-	53 710	53 526	53 526	-	81 596	90 263	135 335
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>25 894</b>	<b>32 040</b>	<b>16 796</b>	<b>53 710</b>	<b>53 526</b>	<b>53 526</b>	<b>-</b>	<b>35 715</b>	<b>35 463</b>	<b>67 771</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>25 894</b>	<b>32 040</b>	<b>16 796</b>	<b>53 710</b>	<b>53 526</b>	<b>53 526</b>	<b>-</b>	<b>35 715</b>	<b>35 463</b>	<b>67 771</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>22 936</b>	<b>30 734</b>	<b>31 480</b>	<b>53 710</b>	<b>53 526</b>	<b>53 526</b>	<b>-</b>	<b>81 596</b>	<b>90 263</b>	<b>135 335</b>
Transfers recognised - capital	22 936	30 734	31 480	53 710	53 526	53 526	-	81 596	90 263	135 335
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funds</b>	<b>22 936</b>	<b>30 734</b>	<b>31 480</b>	<b>53 710</b>	<b>53 526</b>	<b>53 526</b>	<b>-</b>	<b>81 596</b>	<b>90 263</b>	<b>135 335</b>
<b>Financial position</b>										
Total current assets	74 346	75 714	71 510	57 381	57 381	57 381	-	7 883	8 497	9 108
Total non current assets	285 401	316 080	239 899	257 878	257 878	257 878	-	348 038	388 295	461 176
Total current liabilities	95 513	16 878	17 875	5 761	5 761	5 761	-	-	-	-
Total non current liabilities	270	537	452	340	340	340	-	191	289	84
Community wealth/Equity	328 370	374 379	293 082	309 157	309 157	309 157	-	356 669	397 494	471 281
<b>Cash flows</b>										
Net cash from (used) operating	25 894	33 311	49 316	53 710	53 526	53 526	-	83 067	91 929	137 224
Net cash from (used) investing	(22 936)	(30 734)	(31 480)	(53 710)	(53 526)	(53 526)	-	(81 596)	(90 263)	(135 335)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	<b>2 958</b>	<b>5 535</b>	<b>23 371</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 470</b>	<b>3 137</b>	<b>5 026</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	68 771	66 392	60 482	55 011	55 011	55 011	-	60 335	63 593	67 027
Application of cash and investments	87 860	(918)	4 797	3 391	3 391	3 391	-	(1 289)	(1 506)	(1 800)
<b>Balance - surplus (shortfall)</b>	<b>(19 089)</b>	<b>67 310</b>	<b>55 685</b>	<b>51 619</b>	<b>51 619</b>	<b>51 619</b>	<b>-</b>	<b>61 624</b>	<b>65 099</b>	<b>68 827</b>
<b>Asset management</b>										
Asset register summary (WDV)	60 167	60 192	61 414	232 505	232 321	232 321	366 224	366 224	438 276	529 760
Depreciation & asset impairment	-	-	31 480	-	-	-	44 741	44 741	53 597	66 260
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	9 710	14 310	14 310	11 560	11 560	13 790	24 735
<b>Free services</b>										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	4 582	5 032	5 032	5 140	5 140	5 418	5 878
<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 standard classification)

Standard Classification Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>R thousand</b>	<b>1</b>									
<b>Revenue - Standard</b>										
<i>Governance and administration</i>		79 525	101 904	135 293	140 651	147 091	147 091	164 262	182 609	231 735
Executive and council		-	-	-	-	-	-	-	-	-
Budget and treasury office		79 383	101 904	135 293	140 151	146 591	146 591	163 762	182 082	231 163
Corporate services		142	-	-	500	500	500	500	527	572
<i>Community and public safety</i>		192	331	602	3 650	3 650	3 650	3 290	3 467	3 655
Community and social services		-	-	-	450	450	450	440	463	489
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		192	331	602	3 200	3 200	3 200	2 850	3 004	3 166
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		21 630	26 785	35 121	44 410	44 872	44 872	69 274	71 404	90 779
Planning and development		-	-	-	57	57	57	35	37	39
Road transport		21 630	26 785	35 121	44 353	44 815	44 815	69 239	71 367	90 740
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		22	71	159	70	70	70	200	211	222
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		22	71	159	70	70	70	200	211	222
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	<b>2</b>	<b>101 369</b>	<b>129 091</b>	<b>171 175</b>	<b>188 781</b>	<b>195 683</b>	<b>195 683</b>	<b>237 026</b>	<b>257 691</b>	<b>326 391</b>
<b>Expenditure - Standard</b>										
<i>Governance and administration</i>		75 475	97 051	153 292	82 324	86 074	86 074	94 582	100 733	108 918
Executive and council		10 846	11 261	12 333	39 812	42 562	42 562	48 925	52 326	56 774
Budget and treasury office		27 581	35 374	85 772	22 729	23 729	23 729	27 582	29 137	31 237
Corporate services		37 048	50 416	55 187	19 783	19 783	19 783	18 075	19 270	20 908
<i>Community and public safety</i>		-	-	-	34 322	34 651	34 651	34 881	37 389	40 567
Community and social services		-	-	-	2 700	2 591	2 591	981	1 034	1 122
Sport and recreation		-	-	-	26 662	27 211	27 211	30 068	32 316	35 063
Public safety		-	-	-	4 290	3 829	3 829	1 932	2 037	2 210
Housing		-	-	-	670	1 020	1 020	1 900	2 003	2 173
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	69 535	72 336	72 336	104 202	116 026	173 062
Planning and development		-	-	-	9 728	10 567	10 567	10 740	11 468	12 443
Road transport		-	-	-	59 807	61 769	61 769	93 462	104 558	160 619
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	2 600	2 621	2 621	2 961	3 121	3 386
Electricity		-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	2 600	2 621	2 621	2 961	3 121	3 386
<i>Other</i>	4	-	-	-	-	1	1	400	422	457
<b>Total Expenditure - Standard</b>	<b>3</b>	<b>75 475</b>	<b>97 051</b>	<b>153 292</b>	<b>188 781</b>	<b>195 683</b>	<b>195 683</b>	<b>237 026</b>	<b>257 691</b>	<b>326 391</b>
<b>Surplus/(Deficit) for the year</b>		<b>25 894</b>	<b>32 040</b>	<b>17 883</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>-</b>	<b>(0)</b>	<b>(0)</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	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Revenue by Vote</b>	1									
Vote 1 - MUNICIPAL GOVERNANCE AND ADMINISTRATION		-	-	-	-	-	-	-	-	-
Vote 2 - BUDGET AND TREASURY		79 383	101 904	135 293	140 151	146 591	146 591	162 622	180 880	229 860
Vote 3 - CORPORATE SERVICES		142	-	-	500	500	500	500	527	572
Vote 4 - COMMUNITY AND SOCIAL SERVICES		214	401	761	3 720	3 720	3 720	3 490	3 678	3 876
Vote 5 - PLANNING AND DEVELOPMENT		-	-	-	57	57	57	35	37	39
Vote 6 - INFRASTRUCTURE		21 630	26 785	35 121	44 353	44 815	44 815	69 239	71 367	90 740
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
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]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>101 369</b>	<b>129 091</b>	<b>171 175</b>	<b>188 781</b>	<b>195 683</b>	<b>195 683</b>	<b>235 886</b>	<b>256 489</b>	<b>325 086</b>
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - MUNICIPAL GOVERNANCE AND ADMINISTRATION		10 846	11 261	12 333	39 813	42 562	42 562	48 925	52 326	56 774
Vote 2 - BUDGET AND TREASURY		27 581	35 374	85 772	24 134	25 134	25 134	74 068	84 574	99 492
Vote 3 - CORPORATE SERVICES		37 048	50 416	55 187	18 378	18 378	18 378	16 330	17 431	18 912
Vote 4 - COMMUNITY AND SOCIAL SERVICES		-	-	-	36 252	36 252	36 252	35 942	38 508	41 781
Vote 5 - PLANNING AND DEVELOPMENT		-	-	-	10 398	11 587	11 587	13 040	13 892	15 073
Vote 6 - INFRASTRUCTURE		-	-	-	59 807	61 769	61 769	93 462	104 558	160 619
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
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]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>75 475</b>	<b>97 051</b>	<b>153 292</b>	<b>188 781</b>	<b>195 682</b>	<b>195 682</b>	<b>261 767</b>	<b>311 289</b>	<b>392 651</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>25 894</b>	<b>32 040</b>	<b>17 883</b>	<b>(0)</b>	<b>1</b>	<b>1</b>	<b>(45 881)</b>	<b>(54 799)</b>	<b>(67 565)</b>

### 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	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Revenue By Source</b>											
Property rates	2	2 699	3 997	3 834	5 800	5 800	5 800	-	4 660	4 912	5 140
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	22	71	159	70	70	70	-	200	211	222
Service charges - other											
Rental of facilities and equipment		142	113	102	60	60	60		164	173	182
Interest earned - external investments		3 400	2 469	2 552	1 500	1 500	1 500		3 000	3 162	3 333
Interest earned - outstanding debtors											
Dividends received											
Fines		192	331	602	700	700	700		350	369	389
Licences and permits					2 500	2 500	2 500		2 500	2 635	2 777
Agency services											
Transfers recognised - operational		72 525	91 649	161 185	121 324	121 324	121 324		134 230	154 296	177 214
Other revenue	2	758	3 675	2 743	2 767	9 207	9 207	-	9 185	469	494
Gains on disposal of PPE											
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>79 739</b>	<b>102 306</b>	<b>171 175</b>	<b>134 721</b>	<b>141 161</b>	<b>141 161</b>	<b>-</b>	<b>154 289</b>	<b>166 226</b>	<b>189 751</b>
<b>Expenditure By Type</b>											
Employee related costs	2	37 048	50 416	55 187	62 796	62 796	62 796	-	67 820	73 246	79 472
Remuneration of councillors		10 846	11 261	12 333	15 144	15 144	15 144		16 356	17 664	19 165
Debt impairment	3	-	-	-	-	-	-	-	3 500	3 500	3 500
Depreciation & asset impairment	2	-	-	31 480	-	-	-	-	44 741	53 597	66 260
Finance charges		67	91	-	100	100	100		-	-	-
Bulk purchases	2	-	-	7 158	-	-	-	-	-	-	-
Other materials	8	3 393	3 096	3 708	8 265	9 710	9 710		11 560	13 790	24 735
Contracted services		-	-	-	-	-	-	-	-	-	-
Transfers and grants		-	-	-	-	-	-	-	5 140	5 418	5 878
Other expenditure	4, 5	24 120	31 804	44 512	48 416	53 410	53 410	-	51 053	53 812	58 305
Loss on disposal of PPE			383								
<b>Total Expenditure</b>		<b>75 475</b>	<b>97 051</b>	<b>154 379</b>	<b>134 721</b>	<b>141 161</b>	<b>141 161</b>	<b>-</b>	<b>200 170</b>	<b>221 026</b>	<b>257 316</b>
<b>Surplus/(Deficit)</b>		<b>4 264</b>	<b>5 255</b>	<b>16 796</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>(45 881)</b>	<b>(54 800)</b>	<b>(67 564)</b>
Transfers recognised - capital		21 630	26 785	-	53 710	53 526	53 526		81 596	90 263	135 335
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets											
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>25 894</b>	<b>32 040</b>	<b>16 796</b>	<b>53 710</b>	<b>53 526</b>	<b>53 526</b>	<b>-</b>	<b>35 715</b>	<b>35 463</b>	<b>67 771</b>
Taxation											
<b>Surplus/(Deficit) after taxation</b>		<b>25 894</b>	<b>32 040</b>	<b>16 796</b>	<b>53 710</b>	<b>53 526</b>	<b>53 526</b>	<b>-</b>	<b>35 715</b>	<b>35 463</b>	<b>67 771</b>
Attributable to minorities											
<b>Surplus/(Deficit) attributable to municipality</b>		<b>25 894</b>	<b>32 040</b>	<b>16 796</b>	<b>53 710</b>	<b>53 526</b>	<b>53 526</b>	<b>-</b>	<b>35 715</b>	<b>35 463</b>	<b>67 771</b>
Share of surplus/ (deficit) of associate	7										
<b>Surplus/(Deficit) for the year</b>		<b>25 894</b>	<b>32 040</b>	<b>16 796</b>	<b>53 710</b>	<b>53 526</b>	<b>53 526</b>	<b>-</b>	<b>35 715</b>	<b>35 463</b>	<b>67 771</b>

#### Explanatory Notes:

Total revenue is R155 million in 2013/14 and escalates to R167 million by 2014/15 and R191 million by 2015/16. This represents a year-on-year increase of 8 per cent for the 2014/15 financial year and 5.4 per cent for the 2015/16 financial year.

#### 4.5.5 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	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>R thousand</b>	1										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure, to be appropriated</b>	2										
Vote 1 - MUNICIPAL GOVERNANCE AND ADMINISTRATION		-	-	-	-	-	-	-	-	-	-
Vote 2 - BUDGET AND TREASURY		-	-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - COMMUNITY AND SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 5 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 6 - INFRASTRUCTURE		-	-	-	-	-	-	-	-	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
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]		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - MUNICIPAL GOVERNANCE AND ADMINISTRATION		-	-	-	500	515	515	-	2 100	2 213	2 402
Vote 2 - BUDGET AND TREASURY		1 676	3 199	1 303	3 310	3 260	3 260	-	1 950	2 055	2 230
Vote 3 - CORPORATE SERVICES		97	981	1 306	970	920	920	-	450	474	515
Vote 4 - COMMUNITY AND SOCIAL SERVICES		-	-	529	3 670	3 821	3 821	-	3 630	3 826	4 151
Vote 5 - PLANNING AND DEVELOPMENT		-	-	-	1 000	1 000	1 000	-	500	527	572
Vote 6 - INFRASTRUCTURE		21 163	26 553	28 342	44 260	44 010	44 010	-	72 966	81 167	125 466
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
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]		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		22 936	30 734	31 480	53 710	53 526	53 526	-	81 596	90 263	135 335
<b>Total Capital Expenditure - Vote</b>		22 936	30 734	31 480	53 710	53 526	53 526	-	81 596	90 263	135 335
<b>Capital Expenditure - Standard</b>											
<b>Governance and administration</b>		1 773	4 180	2 609	3 810	3 775	3 775	-	4 050	4 269	4 632
Executive and council		-	-	-	500	515	515	-	2 100	2 213	2 402
Budget and treasury office		1 676	3 199	1 303	860	860	860	-	1 200	1 265	1 372
Corporate services		97	981	1 306	2 450	2 400	2 400	-	750	791	858
<b>Community and public safety</b>		-	-	529	3 670	3 821	3 821	-	3 630	3 826	4 151
Community and social services		-	-	529	1 100	1 251	1 251	-	2 750	2 899	3 145
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	2 570	2 570	2 570	-	880	928	1 006
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		21 163	26 553	28 342	45 230	44 930	44 930	-	73 416	81 641	125 981
Planning and development		-	-	-	970	920	920	-	450	474	515
Road transport		21 163	26 553	28 342	44 260	44 010	44 010	-	72 966	81 167	125 466
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		-	-	-	1 000	1 000	1 000	-	500	527	572
Electricity		-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	1 000	1 000	1 000	-	500	527	572
<b>Other</b>		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Standard</b>	3	22 936	30 734	31 480	53 710	53 526	53 526	-	81 596	90 263	135 335
<b>Funded by:</b>											
National Government		22 936	30 734	31 480	39 753	39 753	39 753	-	48 566	61 184	90 060
Provincial Government		-	-	-	3 600	3 600	3 600	-	19 673	15 000	30 000
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	10 357	10 173	10 173	-	13 357	14 079	15 275
<b>Transfers recognised - capital</b>	4	22 936	30 734	31 480	53 710	53 526	53 526	-	81 596	90 263	135 335
<b>Public contributions &amp; donations</b>	5	-	-	-	-	-	-	-	-	-	-
<b>Borrowing</b>	6	-	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Funding</b>	7	22 936	30 734	31 480	53 710	53 526	53 526	-	81 596	90 263	135 335



## Explanatory Notes

The capital expenditure for 2013/14 is budgeted at R81 596 000, and its has steadily increase by 11%, and 50% for two outer years. That means capital expenditure has increased by R8 667 000 and R45 072 000.

### 4.5.6 Table A6 : Budgeted financial position

EC155 Nyandeni - Table A6 Budgeted Financial Position

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>R thousand</b>											
<b>ASSETS</b>											
<b>Current assets</b>											
Cash		29 142	15 010	9 426	4 403	4 403	4 403		6 523	6 875	7 246
Call investment deposits	1	39 628	51 382	51 056	50 608	50 608	50 608	-	-	-	-
Consumer debtors	1	293	811	9 859	2 370	2 370	2 370	-	1 360	1 622	1 862
Other debtors		5 283	8 511	1 170							
Current portion of long-term receivables											
Inventory	2										
<b>Total current assets</b>		<b>74 346</b>	<b>75 714</b>	<b>71 510</b>	<b>57 381</b>	<b>57 381</b>	<b>57 381</b>	<b>-</b>	<b>7 883</b>	<b>8 497</b>	<b>9 108</b>
<b>Non current assets</b>											
Long-term receivables											
Investments									53 813	56 718	59 781
Investment property		60 167	59 387	60 473					60 473	60 473	60 473
Investment in Associate											
Property, plant and equipment	3	225 234	255 888	178 485	257 568	257 568	257 568	-	231 851	268 517	337 592
Agricultural											
Biological			805	941	310	310	310		1 901	2 586	3 329
Intangible											
Other non-current assets											
<b>Total non current assets</b>		<b>285 401</b>	<b>316 080</b>	<b>239 899</b>	<b>257 878</b>	<b>257 878</b>	<b>257 878</b>	<b>-</b>	<b>348 038</b>	<b>388 295</b>	<b>461 176</b>
<b>TOTAL ASSETS</b>		<b>359 747</b>	<b>391 794</b>	<b>311 409</b>	<b>315 258</b>	<b>315 258</b>	<b>315 258</b>	<b>-</b>	<b>355 921</b>	<b>396 792</b>	<b>470 284</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	1										
Borrowing	4	125	199	-	-	-	-	-	-	-	-
Consumer deposits			5 761								
Trade and other payables	4	93 436	8 620	15 542	5 761	5 761	5 761	-	-	-	-
Provisions		1 953	2 297	2 333							
<b>Total current liabilities</b>		<b>95 513</b>	<b>16 878</b>	<b>17 875</b>	<b>5 761</b>	<b>5 761</b>	<b>5 761</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Non current liabilities</b>											
Borrowing		-	-	452	340	340	340	-	191	289	84
Provisions		270	537	-	-	-	-	-	-	-	-
<b>Total non current liabilities</b>		<b>270</b>	<b>537</b>	<b>452</b>	<b>340</b>	<b>340</b>	<b>340</b>	<b>-</b>	<b>191</b>	<b>289</b>	<b>84</b>
<b>TOTAL LIABILITIES</b>		<b>95 783</b>	<b>17 415</b>	<b>18 327</b>	<b>6 101</b>	<b>6 101</b>	<b>6 101</b>	<b>-</b>	<b>191</b>	<b>289</b>	<b>84</b>
<b>NET ASSETS</b>	5	<b>263 964</b>	<b>374 379</b>	<b>293 082</b>	<b>309 157</b>	<b>309 157</b>	<b>309 157</b>	<b>-</b>	<b>355 729</b>	<b>396 503</b>	<b>470 200</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated Surplus/(Deficit)		324 555	370 203	293 082	309 157	309 157	309 157		356 669	397 494	471 281
Reserves	4	3 814	4 177	-	-	-	-		-	-	-
Minorities' interests											
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>328 370</b>	<b>374 379</b>	<b>293 082</b>	<b>309 157</b>	<b>309 157</b>	<b>309 157</b>	<b>-</b>	<b>356 669</b>	<b>397 494</b>	<b>471 281</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 2013/14 where current assets reflect an amount of R6.5 million. It will increase by 5.4%, and 5.4% for the two outer years. The consumer debtors show an amount of R2,3 million and with a steady



increase of R5.4% each year. The full implementation of the credit control & debt collection policy with its by-laws will be implemented in 2013/14 budget year as one of the strategies to collect and reduce the huge debt that the municipality is owed by its consumers.

Short term call investments reflect an amount of R53 million in 2013/14, and a steady increase in 2014/15 and 2015/16 by 5.4%.

The total assets are budgeted at R348 million for 2013/14 budget year. The municipality has complied with the GRAP 17 where the unbundling of assets has been performed but there were gaps identified. Such gaps are currently addressed as the municipality has embarked on the project of re-compiling the GRAP Asset Register.

#### 4.5.7 Table A7 : Budgeted cash flows

EC155 Nyandeni - Table A7 Budgeted Cash Flows

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>R thousand</b>											
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Ratepayers and other		3 814	8 377	7 248	11 897	18 337	18 337		16 170	8 137	8 898
Government - operating	1	72 525	91 649	122 525	121 324	121 324	121 324		134 230	154 296	177 214
Government - capital	1	21 630	26 785	38 660	54 080	54 522	54 522		81 596	90 263	135 335
Interest		3 400	2 279	2 552	1 500	1 500	1 500		3 000	3 162	3 333
Dividends											
<b>Payments</b>											
Suppliers and employees		(75 475)	(95 780)	(121 668)	(134 971)	(142 057)	(142 057)		(151 824)	(163 818)	(187 435)
Finance charges					(100)	(100)	(100)		(105)	(111)	(121)
Transfers and Grants	1										
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>25 894</b>	<b>33 311</b>	<b>49 316</b>	<b>53 710</b>	<b>53 526</b>	<b>53 526</b>	<b>-</b>	<b>83 067</b>	<b>91 929</b>	<b>137 224</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE											
Decrease (increase) in non-current debtors											
Decrease (increase) other non-current receivables											
Decrease (increase) in non-current investments											
<b>Payments</b>											
Capital assets		(22 936)	(30 734)	(31 480)	(53 710)	(53 526)	(53 526)		(81 596)	(90 263)	(135 335)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(22 936)</b>	<b>(30 734)</b>	<b>(31 480)</b>	<b>(53 710)</b>	<b>(53 526)</b>	<b>(53 526)</b>	<b>-</b>	<b>(81 596)</b>	<b>(90 263)</b>	<b>(135 335)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans											
Borrowing long term/refinancing											
Increase (decrease) in consumer deposits											
<b>Payments</b>											
Repayment of borrowing											
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>2 958</b>	<b>2 577</b>	<b>17 836</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 470</b>	<b>1 666</b>	<b>1 889</b>
Cash/cash equivalents at the year begin:	2		2 958	5 535						1 470	3 137
Cash/cash equivalents at the year end:	2	<b>2 958</b>	<b>5 535</b>	<b>23 371</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 470</b>	<b>3 137</b>	<b>5 026</b>

#### 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 2013/14 MTERF. This is due to the increase in our operation and conditional grants.

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

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

Description	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	2 958	5 535	23 371	-	-	-	-	1 470	3 137	5 026
Other current investments > 90 days		65 813	60 857	37 111	55 011	55 011	55 011	-	5 052	3 738	2 220
Non current assets - Investments	1	-	-	-	-	-	-	-	53 813	56 718	59 781
<b>Cash and investments available:</b>		<b>68 771</b>	<b>66 392</b>	<b>60 482</b>	<b>55 011</b>	<b>55 011</b>	<b>55 011</b>	<b>-</b>	<b>60 335</b>	<b>63 593</b>	<b>67 027</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		21 874	5 889	1 839	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	65 986	(6 807)	2 957	3 391	3 391	3 391	-	(1 289)	(1 506)	(1 800)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>		<b>87 860</b>	<b>(918)</b>	<b>4 797</b>	<b>3 391</b>	<b>3 391</b>	<b>3 391</b>	<b>-</b>	<b>(1 289)</b>	<b>(1 506)</b>	<b>(1 800)</b>
<b>Surplus(shortfall)</b>		<b>(19 089)</b>	<b>67 310</b>	<b>55 685</b>	<b>51 619</b>	<b>51 619</b>	<b>51 619</b>	<b>-</b>	<b>61 624</b>	<b>65 099</b>	<b>68 827</b>

### Explanatory Notes.

The municipality have the reserves that are cash backed for 2013/14 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	2009/10	2010/11	2011/12	Current Year 2012/13			2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
R thousand										
<b>CAPITAL EXPENDITURE</b>										
<b>Total New Assets</b>	1	-	-	-	52 864	52 879	52 879	81 396	85 235	124 077
Infrastructure - Road transport		-	-	-	39 753	39 753	39 753	49 566	57 421	61 884
Infrastructure - Electricity		-	-	-	3 600	3 600	3 600	19 673	15 000	30 000
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	1 800	1 800	1 800	2 000	2 108	2 287
Infrastructure		-	-	-	45 153	45 153	45 153	71 239	74 529	94 171
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	7 711	7 726	7 726	10 157	10 706	29 906
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>Total Renewal of Existing Assets</b>	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		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	4	-	-	-	39 753	39 753	39 753	49 566	57 421	61 884
Infrastructure - Road transport		-	-	-	3 600	3 600	3 600	19 673	15 000	30 000
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	1 800	1 800	1 800	2 000	2 108	2 287
Infrastructure		-	-	-	45 153	45 153	45 153	71 239	74 529	94 171
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	7 711	7 726	7 726	10 157	10 706	29 906
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	2	-	-	-	52 864	52 879	52 879	81 396	85 235	124 077
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>										
Infrastructure - Road transport	5	-	-	-	50 110	49 926	49 926	48 566	56 367	60 740
Infrastructure - Electricity		-	-	-	3 600	3 600	3 600	19 673	15 000	30 000
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	178 485	178 485	178 485	235 611	303 850	375 217
Infrastructure		-	-	-	232 195	232 011	232 011	303 850	375 217	465 957
Community		-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		60 167	59 387	60 473	-	-	-	60 473	60 473	60 473
Other assets		-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	805	941	310	310	310	1 901	2 586	3 329
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	60 167	60 192	61 414	232 505	232 321	232 321	366 224	438 276	529 760
<b>EXPENDITURE OTHER ITEMS</b>										
<b>Depreciation &amp; asset impairment</b>		-	-	31 480	-	-	-	44 741	53 597	66 260
<b>Repairs and Maintenance by Asset Class</b>	3	-	-	-	9 710	14 310	14 310	11 560	13 790	24 735
Infrastructure - Road transport		-	-	-	7 300	11 250	11 250	9 750	11 882	22 663
Infrastructure - Electricity		-	-	-	250	250	250	150	158	172
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	7 550	11 500	11 500	9 900	12 040	22 834
Community		-	-	-	350	1 050	1 050	550	580	629
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6,7	-	-	-	1 810	1 760	1 760	1 110	1 170	1 272
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		-	-	31 480	9 710	14 310	14 310	56 301	67 387	90 995
<i>Renewal of Existing Assets as % of total capex</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>Renewal of Existing Assets as % of deprecn"</i>		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<i>R&amp;M as a % of PPE</i>		0.0%	0.0%	0.0%	3.8%	5.6%	5.6%	5.0%	5.1%	7.3%
<i>Renewal and R&amp;M as a % of PPE</i>		0.0%	0.0%	0.0%	4.0%	6.0%	6.0%	3.0%	3.0%	5.0%

**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 the in the municipal budget 34% is allocated to capital expenditure and 5% is allocated to repairs and maintenance.

## 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.

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 2013-2018 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 2013/2018 IDP and preparation of the Multi-Year Budget for the 2013/14 year is reflected below:

### Schedule of key deadlines

MILESTONE	ACTIVITIES	RESPONSIBILITY	TIMEFRAME
	Table Draft IDP and Budget Process Plan for 2013-14 for adoption by Council including the following documents  <ul style="list-style-type: none"> <li>✓ Public Participation Plan</li> <li>✓ AFS</li> <li>✓ Performance Information report</li> </ul>	Mayor	30 August 2012
	Annual Financial Statements submitted to Auditor General	Chief Financial Officer	August 2012
	Compilation of the Draft Performance Information	Municipal Manager	August 2012
<b>COUNCIL SITTING</b>	Tabling of IDP & Budget Process Plan, AFS & Performance information report to council for adoption	Mayor	30 August 2012
	Economic infrastructure Cluster	MM	11 September 2012
	Governance Cluster	MM	12 September 2012
	Social Cluster	MM	18 September 2012



	State of the Local Address.	Speaker	26 September 2012
	State of the District Address	Council	28 September 12
<b>Situational Analysis</b>	Advertise IDP & Budget schedule	Manager: IDP	September 2012
	Review comprehensive Socio-Economic Analysis	Senior Manager Operations	September - November 2012
	Intergovernmental Relations Forum	Municipal Manager	02 October 2012
	IDP & Budget Steering Committee	Municipal Manager	01 October 2012
	Reviewal of financial policies	Municipal Manager	15-17 October 2012
	Mayoral Imbizo's to give service delivery feedback and solicit development priorities from communities	Office of the Speaker	5-9 November 2012
	Council Lekgotla	Office the Mayor	20-23 November 2012
	Public Participation Workshop	Mayor	29-30 October 2012

	IDP Representative Forum	Mayor	19 Nov 2012
	Management Retreat to finalize Midyear, annual report and adjustment budget with revised action plan	Management Team	09-11 January 2013
	Table Annual, Mid-term Reports and Adjustment Budget for approval to the Special Council Meeting	Speaker	24 January 2013
<b>COUNCIL SITTING</b>	Tabling of Draft IDP and Budget, Tariffs and budget related policies	Council	29 March 2013

<b>MILESTONE</b>	<b>ACTIVITIES</b>	<b>RESPONSIBILITY</b>	<b>TIMEFRAME</b>
<b>PROJECT PHASE</b>	Outline prioritized development projects and setting of targets and indicators	All Departments	February 2013
	Council Lekgotla	Mayor	11-12 March 2013
	Projects phase session to align projects and programmes of local municipalities, sector departments and parastatals	IDP Steering Committee	February-March 2013
<b>INTEGRATION PHASE</b>	Integration of sectors plans	IDP & Budget Steering Committee Meeting	11 March 2013
	IDP Representative Forum	IDP Representative Forum	19 March 2013
	IDP & Budget Public Hearings	Council	22-26 April 2013
	IDP Representative Forum	Mayor	16 May 2013

<b>COUNCIL SITTING</b>	Tabling of final IDP and Budget and related policies to Council	Council	18 June 2013
	Management Retreat to Prepare SDBIP	Municipal Manager	10-11 June 2013
	Submission of SDBIP & Performance Agreements to the Mayor	Municipal Manager	14 June 2013

*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. From 4-8 February 2013 the Mayoral Imbizo's were held to give service delivery feedback and solicit development priorities from communities. On the 15<sup>th</sup> 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 **30<sup>th</sup> August 2012**, 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:

- Supply Chain Management Policy
- Fleet Management Policy
- Fraud prevention plan
- Risk Management strategy and plan

**The following has still to be reviewed before the finalisation of the Annual Budget**

- 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	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	Actual		Estimate	Forecast		
Real GDP Growth	3.4	3.1	2.5	3.0	3.6	3.8
CPI Inflation	3.8	5.6	5.6	5.6	5.4	5.4

8.2 The inflation rate to be used for calculating wage increases

Municipalities must take into account the multi-year salary and wage collective agreement for the period 1 July 2012 to 30 June 2015. The agreement provides for a wage increase based on the average CPI for the period 1 February 2012 until 31 January 2013, plus 1.5% for the 2013/14 financial year.

In this regard municipalities are advised that average CPI for this period is 5.6 per cent. Municipalities are therefore advised to provide for increases related to salaries and wages for 2013/14 budget year of 6.85 per cent (5.6 plus 1.25 percent). The agreement also provides for a 1 percent for the 2014/15 financial year. In this regard the municipalities may provide for a 6.4 percent (5.4 percent plus 1 per cent) increase for 2014/15 budget year.

8.3 For the period 1 July 2012 to 30 June 2013, Eskom will increase the municipal tariff rates for bulk electricity by 8 per cent on 01 July 2013

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 2013/2014 capital budget amounts to R81 596 000, and for the two outer years its R90 262 000, and R135 334 000. It is predominantly funded through the MIG funding and Electrification Grant funding.

### 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 R4,6 million for the current year, and for two outer years is R4,9 million and 5,1 million.

The income received in the form of the Equitable Share Grant is R143, 3 million and for the two outer years is R169, 8 million and R218, 2 million.

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

<b>Grant Name</b>	<b>Financial Year</b>	<b>Amount</b>
FMG	2012/13	R1 550 000
MSIG	2012/13	R 890 000
EPWP	2012/13	R1 000 000



## **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 2013 to 30 June 2014 (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 2013/2014 financial year will be approved by the Executive Mayor in June 2013 following approval of the Budget.

## 11. Contracts having future budgetary implications

In terms of the City'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 SDBIP document is at a draft stage and will be finalised after approval of the 2013/14 MTREF in May 2013 directly aligned and informed by the 2013/14 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	Ref	2009/10	2010/11	2011/12	Current Year 2012/13				2013/14 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2013/14	Budget Year +1 2014/15	Budget Year +2 2015/16
<b>R thousand</b>											
<b>REVENUE ITEMS:</b>											
<b>Property rates</b>	6										
Total Property Rates		2 699	3 997	3 834	5 800	5 800	5 800		5 800	6 113	6 443
<i>less Revenue Foregone</i>									1 140	1 202	1 304
Net Property Rates		2 699	3 997	3 834	5 800	5 800	5 800	-	4 660	4 912	5 140
<b>Service charges - electricity revenue</b>	6										
Total Service charges - electricity revenue											
<i>less Revenue Foregone</i>											
Net Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-
<b>Service charges - water revenue</b>	6										
Total Service charges - water revenue											
<i>less Revenue Foregone</i>											
Net Service charges - water revenue		-	-	-	-	-	-	-	-	-	-
<b>Service charges - sanitation revenue</b>											
Total Service charges - sanitation revenue											
<i>less Revenue Foregone</i>											
Net Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-
<b>Service charges - refuse revenue</b>	6										
Total refuse removal revenue		22	71	159	70	70	70		200	211	222
Total landfill revenue											
<i>less Revenue Foregone</i>											
Net Service charges - refuse revenue		22	71	159	70	70	70	-	200	211	222
<b>Other Revenue by source</b>											
<i>List other revenue by source</i>											
Advertising											
Rental											
Rent: Hall											
Rent: Office											
Site Rental											
Tender Sales											
Commission Charged					190	190	190		150	158	167
Building Plan Approval					70	70	70		120	126	133
Plan Fees							-		5	5	6
Interest					50	50	50		20	21	22

Received Interest from Investments									-	-	-
Other	3		3	2	2	8	8		8	-	-
		758	675	743	457	897	897		890	158	167
<b>Total 'Other' Revenue</b>	<b>1</b>	<b>758</b>	<b>675</b>	<b>743</b>	<b>2</b>	<b>9</b>	<b>9</b>	<b>-</b>	<b>9</b>	<b>469</b>	<b>494</b>
<b>EXPENDITURE ITEMS:</b>											
<b>Employee related costs</b>											
Basic Salaries and Wages	2	37	50	55	47	47	47		51	55	60
		048	416	187	755	755	755		575	701	436
Pension and UIF Contributions					7	7	7		7	8	9
					171	171	171		745	365	075
Medical Aid Contributions					3	3	3		3	3	4
					254	254	254		514	796	118
Overtime					50	50	50		54	58	63
Performance Bonus											
Motor Vehicle Allowance					1	1	1		1	1	1
					052	052	052		136	227	331
Cellphone Allowance											
Housing Allowances					1	1	1		2	2	2
					898	898	898		050	214	403
Other benefits and allowances					1	1	1		1	1	1
					288	288	288		391	502	630
Payments in lieu of leave											
Long service awards											
					328	328	328		354	383	415
Post-retirement benefit obligations	4										
<i>sub-total</i>	<i>5</i>	<i>37</i>	<i>50</i>	<i>55</i>	<i>62</i>	<i>62</i>	<i>62</i>	<i>-</i>	<i>67</i>	<i>73</i>	<i>79</i>
		<i>048</i>	<i>416</i>	<i>187</i>	<i>796</i>	<i>796</i>	<i>796</i>	<i>-</i>	<i>820</i>	<i>246</i>	<i>472</i>
<b>Less: Employees costs capitalised to PPE</b>											
<b>Total Employee related costs</b>	<b>1</b>	<b>37</b>	<b>50</b>	<b>55</b>	<b>62</b>	<b>62</b>	<b>62</b>	<b>-</b>	<b>67</b>	<b>73</b>	<b>79</b>
		<b>048</b>	<b>416</b>	<b>187</b>	<b>796</b>	<b>796</b>	<b>796</b>	<b>-</b>	<b>820</b>	<b>246</b>	<b>472</b>
<b>Contributions recognised - capital</b>											
<i>List contributions by contract</i>											
<b>Total Contributions recognised - capital</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Depreciation &amp; asset impairment</b>											
Depreciation of Property, Plant & Equipment				31					44	53	66
				480					741	597	260
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of PPE	10										
<b>Total Depreciation &amp; asset impairment</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>31</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44</b>	<b>53</b>	<b>66</b>
		<b>-</b>	<b>-</b>	<b>480</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>741</b>	<b>597</b>	<b>260</b>
<b>Bulk purchases</b>											
Electricity Bulk Purchases				7							
				158							
Water Bulk Purchases											
<b>Total bulk purchases</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
		<b>-</b>	<b>-</b>	<b>158</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>





#### 14 Municipal Manager's Quality Certification

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

Signature

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**Mrs N. Nomandela**  
**Municipal Manager**  
**Nyandeni Local Municipality**

Date

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