

NYANDENI LOCAL MUNICIPALITY
FINAL BUDGET DOCUMENT



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Abbreviations and Acronyms

BPC	Budget Planning Committee
CFO	Chief Financial Officer
MM	Municipal Manager
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DBSA	Development Bank of South Africa
DoRA	Division of Revenue Act
DWA	Department of Water Affairs
EE	Employment Equity
EEDSM	Energy Efficiency Demand Side Management
EM	Executive Mayor
FBS	Free basic services
GAMAP	Generally Accepted Municipal Accounting Practice
GDP	Gross domestic product
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
HSRC	Human Science Research Council
IDP	Integrated Development Strategy
IT	Information Technology
kℓ	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator
kWh	kilowatt
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act Programme
MIG	Municipal Infrastructure Grant
MMC	Member of Executive Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National Electricity Regulator South Africa
NKPIs	National Key Performance Indicators
OHS	Occupational Health and Safety
PBO	Public Benefit Organisations
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
RSC	Regional Services Council
SALGA	South African Local Government Association
SAPS	South African Police Service
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprises

Part 1 – Annual Budget

1.1 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 Annual Budget has been informed by MFMA Circular 70, and 72. Division of Revenue Act of 2014

Social Infrastructure Development will be at the centre of the Reviewed Integrated Development Plan and Budget, focusing on the following

- a. Construction of access road
- b. Maintenance and repairs
- c. Electricity
- d. Refuse Removal
- e. Water and sanitation
- f. Human Settlement
- g. Spatial Development Plan
- h. Storm Water Management

ORGANISATIONAL VALUES

In pursuit of Good Governance Ethos, the IDP Review is underpinned by the following values

Council values

The King III report defines good governance as following:

“Good corporate governance is essentially about effective, responsible leadership. Responsible leadership is characterised by the ethical values of responsibility, accountability, fairness and transparency. Section 195 of the Constitution of the RSA,

1996 states that public administration must be governed by the democratic values and principles enshrined in the Constitution, including

- ▶ High standard of professional ethics must be promoted and maintained
- ▶ Efficient, economic and effective use of resources must be promoted
- ▶ Public administration must be development oriented

In line with the Constitution the municipality has adopted and ascribe to the following values

- a) **Diligence** (self-driven public representative and management team, commitment to serving the people, assertive in representing the interests of Nyandeni inhabitants)
- b) **Promptness** (responding to matters of public and citizens interests within reasonable time including acknowledging and keeping people informed of all municipal processes)
- c) **Integrity** (transparency, honesty, good democratic ethics, impartial on matters of public good and interest and building a public service that transcends political and social boundaries)
- d) **Accountability** (responsible, taking ownership, discipline, efficient and implanting a culture of a demand driven development paradigm)
- e) **Participative** (building a reciprocal relationship between management and all internal stakeholders, between council and administration, between labour and organizational leadership, and between the municipality and its citizens and social formations)
- f) **Responsive** (building a customer friendly municipal environment, ensuring a proactive, flexible, creative and quality conscious service delivery environment)
- g) **Considerate** (implanting a culture of compassionate, caring and emotional intelligent municipal environment that prioritizes its inhabitants, employees and councillors)

ALIGNMENT WITH NATIONAL AND PROVINCIAL LEGISLATIONS

NATIONAL DEVELOPMENT PLAN

The IDP Review for 2014/15 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

SPLUMA

The Spatial Planning and Land Use Management Act, 2013 (SPLUMA) was assented to by the President of the Republic of South Africa on 5 August 2013. SPLUMA is a framework act for all spatial planning and land use management legislation in South Africa. It seeks to promote consistency and uniformity in procedures and decision-making in this field. The other objects include addressing historical spatial imbalances and the integration of the principles of sustainable development into land use and planning regulatory tools and legislative instruments

Medium Term service delivery objectives

This section represents the service delivery highlights for 2013/2014

1. To Improve Municipal Planning and policy development

- IDP, budget and SDBIP for 2013/14 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 particularly the Supply Chain Management, Asset Management and Human Resource Management

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 2013/14 tabled to Council and Oversight report adopted by 31 March 2014
- Annual Report for 2012/2013 approved without any reservations

3. To achieve clean audit report by 2014

- Audit opinion has improved from a Qualified Opinion to Unqualified Opinion
- A Comprehensive Action Plan has been developed and implementation is monitored

4. To ensure good governance and public participation

- All wards committees are in place are participating in municipal development programmes
- 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
- Construction and maintenance of access roads

- Refuse removal

CHALLENGES OF THE PREVIOUS YEARS

The following are the challenges encountered in the previous financial years as well as mechanisms to address these.

CHALLENGES	DETAIL	ACTION PLAN
Electrification	Inadequate funding to electrify all villages, as a consequence the municipality experiences sporadic service delivery protests pertaining electrification	The Mayor has during the last quarter of the previous financial year initiated a meeting with the Department of Energy to discuss funding model options. Various options have been agreed and implementation plan developed
Maintenance of Provincial Roads	Many provincial roads have not and are not being maintained as expected as a consequence access to villages is a challenge	Engage the Department of Roads and Transport through IGR Forum
Maintenance of access roads	Inadequate budget to deal with service delivery backlogs	Lobby National and Provincial Treasury for additional funding to deal with backlogs

1.2 Budget related resolutions

Annual Budget for 2014/15

3.1 Council resolves that the annual budget for 2014/2015 and the indicated two outer years of 2015/2016 and 2016/2017 which was tabled for public scrutiny and input be approved as set out by the following amended tables:

- Table A1 : Budget summary
- Table A2 : Budgeted financial performance (revenue and expenditure by standard classification)
- Table A3 : Budgeted financial performance (revenue and expenditure by municipal vote)
- Table A4 : Budget financial performance (revenue and expenditure)
- Table A5 : Budgeted capital expenditure by vote and funding
- Table A6 : Budgeted financial position
- Table A7 : Budgeted cash flows
- Table A8 : Cash backed reserves / accumulate surplus reconciliation
- Table A9 : Asset management
- Table A10 : Service delivery measurement

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 Taxes

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 2014 to 30 June 2015, provided that rebates, as indicated, on application be allowed:

Tariffs and Charges

3.4 Council resolves that the tariffs and charges in “Annexure A” be applied.

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 related polices be approved

- Supply Chain Management
- Fleet Management
- Asset Management
- Credit Control and Debt Collection
- Budget Policy
- Bad debts write off
- Rates policy
- Tariff policy
- Banking and investment policy
- Virement policy

Cashflow

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

1.3 Executive Summary

Overview

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

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

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

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

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

(2) An annual budget –

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

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

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

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

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

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

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

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

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

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

The following budget principles and guidelines directly informed the compilation of the 2014/15 MTREF:

- The 2013/14 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 2014/15 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 Circulars No. 66,67,70 and 72 were used to guide the compilation of the 2014/15 MTREF.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2014/15 Medium-term Revenue and Expenditure Framework:

TABLE 1 CONSOLIDATED OVERVIEW OF 2014/15 MTERF

R thousand	Adjustment Budget 2013/14	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Total Operating Revenue	180 697 000	206 547 000	238 057 000	241 562 000
Total Operating Expenditure	216 030 000	218 866 000	243 080 000	258 973 000
Surplus /(deficit) for the year	(35 333 000)	(12 319 000)	(5 023 000)	(17 411 000)
Total Capital Expenditure	78 225 000	86 102 000	111 061 000	109 969 000

Total operating revenue has grown by 14% or R25.8million for the 2014/15 financial year when compared to the 2013/14 Adjustments Budget. For the two outer years, operational revenue increases by 15% (R31.5million), and 1% (R3.5million) respectively

Total operating expenditure for the 2014/15 financial year has been appropriated at R218.8 million and translates into a budget deficit where total operating expenditure exceeds the total operating revenue, this deficit emanates due to non-cash items that have been budgeted for under expenditure. When compared to the 2013/14 Adjustments Budget, operational expenditure has grown by an amount of R2.8million which is 1.3%, and in 2015/16 by 11% (R24million), in 2016/17 by 6.5% (R15.8million). The municipality has a deficit of R12.3million for 2014/15, R5 million for 2015/16, and R17.4million for 2016/17. This is due to the depreciation and debt write off that has been budgeted for 2014/15 until 2016/17. Depreciation is a non-cash item but the municipality still needs to show it its budget as per National Treasury circular 58.

The capital budget of R86.1 million for 2014/15 has increased by an amount of R7.8million which is 10% as compared to previous year. The increase is due to the injection of R15 million from Reserves which is to cater for Electrification backlogs arising from the Integrated National Electrification Grant that have drastically decreased.

For the two outer years, capital expenditure has steadily increased by R24.9million (29%) in 2015/16 and has decreased by R1 million (1%) in 2016/17. A substantial portion of the capital budget is currently funded from the conditional grants over the MTERF.

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 2014/15 MTREF (classified by main revenue source):
Table 2 Summary of revenue classified by main revenue source

Budgeted Financial Performance (revenue)

Description	Ref	2010/11				2011/12		2012/13		Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17			
R thousand															
Revenue By Source															
Property rates	1	3,358	4,356	4,693	2,619	4,219	4,219	4,219	-	5,005	5,305	5,624			
Property rates - penalties & collection charges	2	-	-	-	-	-	-	-	-	-	-	-			
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-	-			
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-	-			
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-	-			
Service charges - refuse revenue	2	71	159	168	200	200	200	200	-	200	212	225			
Service charges - other															
Rental of facilities and equipment		102	102	137	165	165	165	165		165	175	185			
Interest earned - external investments		2,280	2,552	2,850	3,000	4,000	4,000	4,000		5,000	5,300	5,618			
Interest earned - outstanding debtors															
Dividends received															
Fines		331	602	277	350	350	350	350		50	53	56			
Licences and permits					2,500	4,500	4,500	4,500		6,500	6,890	7,303			
Agency services															
Transfers recognised - operational		91,149	114,364	127,418	146,287	146,287	146,287	146,287		173,502	219,459	221,848			
Other revenue	2	4,784	2,743	7,624	17,975	20,975	20,975	20,975		16,125	663	702			
Gains on disposal of PPE															
Total Revenue (excluding capital transfers and contributions)		102,074	124,878	143,167	173,096	180,697	180,697	180,697	-	206,547	238,057	241,562			

TABLE 3 Percentage growth in revenue by main revenue source
EC155 Nyandeni - Budgeted Financial Performance
(revenue)

Description	Ref	Current Year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework						
		Adjusted Budget	% increase/(decrease)	Budget Year 2014/15	% increase/(decrease)	Budget Year +1 2015/16	% increase/(decrease)	Budget Year +2 2016/17	% increase/(decrease)	
Revenue By Source										
Property rates	2	4 219		5 005	19%	5 305	6%	5 624	6%	6%
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	200		200	0	212	6%	225	6%	6%
Service charges - other										
Rental of facilities and equipment		165		165	0	175	6%	185	6%	6%
Interest earned - external investments		4 000		5 000	25%	5 300	6%	5 618	6%	6%
Interest earned - outstanding debtors										
Dividends received										
Fines		350		50	-86%	53	6%	56	6%	6%
Licences and permits		4 500		6 500	44%	6 890	6%	7 303	6%	6%
Agency services										
Transfers recognised - operational		146 287		173 502	19%	219 459	26%	221 848	1%	1%
Other revenue	2	20 975		16 125	-23%	663	-96%	702	6%	6%
Gains on disposal of PPE										
Total Revenue (excluding capital transfers and contributions)		180 697		206 547		238 057		241 562		

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% of the revenue basket for the NLM. In the 2013/14 financial year, revenue from rates and taxes totalled R4. 2 million or 2 per cent, and the figure excluded Revenue forgone.

In 2014/15 it shows an amount of R5 million, and two outer years show an amount of R5,3 million and R5,6 million. The revenue generated from rates and taxes has increased by 19 per cent in 2014/15, and increased by 6 per cent and 6 per for the two outer years. The above for the MTREF excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. The revenue forgone for each shows an amount of R965 000, R1 022 000 and R1 084 000. Revenue forgone shows a constant percentage of 6% each year

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.

In 2014/15 financial year, the operational grants show an increase of R27.2 million which is 19%. For the two outer years, the operational grants have increased by R45.9 million and R2.3 million which is 26% and 1% respectively.

The following table gives a breakdown of the various capital and operating grants and subsidies allocated to the municipality over the medium term.

EC155 Nyandeni - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
RECEIPTS:										
1, 2										
Operating Transfers and Grants										
National Government:		90,632	114,165	125,279	146,787	146,787	146,787	173,202	219,141	221,511
Local Government Equitable Share		88,682	111,925	121,517	143,347	143,347	143,347	169,496	216,524	218,793
Finance Management		1,200	1,450	1,500	1,550	1,550	1,550	1,600	1,650	1,700
Municipal Systems Improvement		750	790	800	890	890	890	934	967	1,018
EPWP Incentive				1,462	1,000	1,000	1,000	1,172	-	-
Provincial Government:		-	-	300	300	300	300	300	318	337
Sport and Recreation				300	300	300	300	300	318	337
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	199	-	500	500	500	-	-	-
LG SETA					500	500	500	-	-	-
EU Grant			199							
Total Operating Transfers and Grants	5	90,632	114,364	125,579	147,387	147,587	147,587	173,502	219,459	221,848
Capital Transfers and Grants										
National Government:		11,818	45,121	43,353	67,566	67,566	67,566	60,324	79,368	86,990
Municipal Infrastructure Grant (MIG)		11,318	35,121	39,753	48,566	48,566	48,566	56,324	59,368	61,990
Integrated National Electrification Programme		500	10,000	3,600	19,000	19,000	19,000	4,000	20,000	25,000
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	11,818	45,121	43,353	67,566	67,566	67,566	60,324	79,368	86,990
TOTAL RECEIPTS OF TRANSFERS & GRANTS		102,450	159,485	168,932	215,153	215,153	215,153	233,826	298,827	308,838

PROPERTY RATES

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. Section 17(h) of the MPRA stipulates that the first R15 000 of the market value of a property used for residential purposes be excluded from the rate-able value, the municipality has continued to implement this requirement for previous year budgets as well as in the 2014/15 MTREF.

Table 5 Comparison of proposed rates to be levied for the 2014/15 financial year

RATES TARRIF

DETERMINATION OF TARRIFS AS PER CATERGORY AS FROM 1 JULY 2014-30 JUNE 2015

<u>CATEGORY</u>	<u>Current Year 2013/14</u>	<u>Proposed tariffs 2014/15</u>
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

Category 2

	2012/13	2013/14	2014/2015
Refuse Removal	127.08	134.00	R142
Bags (1000*R0,80)	(1000*R0,90)	900.00	(1000*.95) R953
Mileage (24km*2days*4weeks)	1536.00	1536.00	R1 627
	2563.08	2570.00	R2 722

There is no change on the tariffs for rates and taxes. The increase on the property rates budget is mainly due to additional previously not billed. Upon checking the collection rate within the municipality, the tariffs have not been increased. On refuse removal, there is an increase of 5.9% on the proposed tariffs. Where the municipality is supplying the customers with the refuse bags, the tariff has increased to R953 rands.

4.3 OPERATING EXPENDITURE FRAMEWORK

The NLM's expenditure framework for the 2014/15 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 2014/15 budget and MTREF (classified per main type of operating expenditure):

EC155 Nyandeni - Table A4 Budgeted Financial Performance (expenditure)

<u>Expenditure By Type</u>																			
Employee related costs	2	50,338	55,187	61,358	75,821	75,821	75,821	-	80,928	86,107	91,618								
Remuneration of councillors		11,261	12,333	13,719	15,144	15,144	15,144		16,174	17,209	18,310								
Debt impairment	3				3,500	3,500	3,500		3,500	3,707	3,910								
Depreciation & asset impairment	2	30,708	30,912	30,986	44,741	44,741	44,741		34,588	38,244	41,916								
Finance charges		669		285					105	112	118								
Bulk purchases	2	-	7,158	4,771	-	-	-		-	-	-								
Other materials	8	3,093	3,469	6,685	13,660	17,660	17,660		16,846	27,050	28,562								
Contracted services		-	297	369	-	-	-		381	414	439								
Transfers and grants		-	-	-	4,000	4,000	4,000		3,720	3,939	4,156								
Other expenditure	4, 5	35,830	43,704	52,506	51,563	55,163	55,163		62,604	66,288	69,942								
Loss on disposal of PPE		57																	
Total Expenditure		131,956	153,061	170,678	208,430	216,030	216,030	-	218,866	243,080	258,973								

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 2013 until 31 January 2014, plus 1 per cent for the 2014/15 financial year (with effect from 1 July 2014).

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 R97,1 million at 6.9% and, for two outer years, its R103,3million and R109,9 million.

NLM is currently performing a reconciliation of the Salary budget to the Approved organogram, this exercise is to ensure that the Salary budget is credible and is within the norms prescribed by circular 71 for Financial Ratios and Norms, the results of this will be incorporated in the final budget.

Depreciation, asset and debtors impairment:

Depreciation and debtors impairment has been provided for at R34,2 million in 2014/15, R38,2 million in 2015/16 and R41,9 million in 2016/17.

Other Expenditures:

The other expenditure includes R3 million for Audit fees. In 2014/15 financial year it shows an amount of R62.6 million. For the outer years it has increased by 5.9% and 5.4% for each year.

Other Materials and Transfers and grants:

Other materials represents repairs and maintenance amounting to R16.6 million in the 2014/15 years as well as R27 million and R28.5 million respectively for the two outer years. Transfers and grants is for free basic electricity amounting to R3.7 million for 2014/15 year as well as R3.9 million and R4.1 million respectively for the two outer years.

The following table gives a breakdown of the main expenditure categories of the total operating budget for the 2014/15 financial year.

EXPENDITURE ITEM	EXPENDITURE PERCENTAGE %
Personnel expenditure	44 %
General expenditure (incl transfers and grants, finance charges and contracted services)	31 %
Repairs and Maintenance	8%
Depreciation and impairment	17%
TOTAL %	100 %

Standard Chart of Accounts (SCOA)

It is worth noting to mention that on the 22 April 2014 National Treasury has issued regulations on the Standard Chart of Accounts (SCOA) which seeks to ensure transparency and expenditure control in each sphere of government by introducing generally recognised accounting practice, uniform expenditure classifications and uniform treasury norms and standards as outlined in Section 216 of the Constitution of the republic of South Africa.

The date of commencement of these regulations is the 01 July 2017 and in preparation for this date National Treasury has conducted roadshows in which Nyandeni LM has been represented.

As per these roadshows National Treasury will as part of readiness perform an assessment of system vendors to determine suitability and compatibility to SCOA and provide municipality with a list of vendors found to be compatible, from which municipalities will be expected to act upon, at this point in time the list has not been made available as yet.

4.4 CAPITAL EXPENDITURE

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

Vote Description	Ref	Current year 2013/14		2014/15 Medium Term Revenue & Expenditure Framework				Budget Year +2 2016/17	% increase/(decrease)
		Adjusted Budget	% increase/(decrease)	Budget Year 2014/15	% increase/(decrease)	Budget Year +1 2015/16	% increase/(decrease)		
R thousand	1								
Single-year expenditure to be appropriated	2								
Vote 1 - MUNICIPAL GOVERNANCE AND ADMINISTRATION		2 100	-	-	-100%	-	-	-	
Vote 2 - BUDGET AND TREASURY		450	3 600	3 600	700%	3 812	4 022	6%	6%
Vote 3 - CORPORATE SERVICES		1 900	7 895	7 895	316%	8 361	8 821	6%	6%
Vote 4 - COMMUNITY AND SOCIAL SERVICES		3 710	685	685	-82%	725	765	6%	6%
Vote 5 - PLANNING AND DEVELOPMENT		100	-	-		-	-		
Vote 6 - INFRASTRUCTURE		69 965	73 922	73 922	57%	98 163	96 362	33%	2%
Total Capital Expenditure - Vote		78 225	86 102	86 102		111 061	109 969		

When comparing the previous budget of R78,2 million, there is an increase of R7.8 million which is 10%. In a total budget of R86.1 million for the budget year 2014/15, an amount of R54.9 million is allocated to the construction of the access roads. For the two outer years the amounts are R78.1 million and R71.3million respectively for each year.

When comparing each vote from previous year budget, there is an increase at Budget & Treasury and Corporate Services. This is due to the proposed acquisition of the municipal fleet and acquisition of more parkhomes for offices. The decrease at Community & Social services is due to the fact that in the previous year the department acquired the refuse removal trucks, and Infrastructure departments the fluctuations are due to the decrease of the Electrification Programme Grant as per the gazette.

1.4 Annual budget tables

1.4.1 Table A1 : Budget summary

EC155 Nyandeni - Table A1 Budget Summary

Description	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousands										
Financial Performance										
Property rates	3,358	4,356	4,693	2,619	4,219	4,219	-	5,005	5,305	5,624
Service charges	71	159	168	200	200	200	-	200	212	225
Investment revenue	2,280	2,552	2,850	3,000	4,000	4,000	-	5,000	5,300	5,618
Transfers recognised - operational	91,149	114,364	127,418	146,287	146,287	146,287	-	173,502	219,459	221,848
Other own revenue	5,216	3,447	8,038	20,990	25,990	25,990	-	22,840	7,780	8,247
Total Revenue (excluding capital transfers and contributions)	102,074	124,878	143,167	173,096	180,697	180,697	-	206,547	238,057	241,562
Employee costs	50,338	55,187	61,358	75,821	75,821	75,821	-	80,928	86,107	91,618
Remuneration of councillors	11,261	12,333	13,719	15,144	15,144	15,144	-	16,174	17,209	18,310
Depreciation & asset impairment	30,708	30,912	30,986	44,741	44,741	44,741	-	34,598	38,244	41,916
Finance charges	669	-	285	-	-	-	-	105	112	118
Materials and bulk purchases	3,093	10,627	11,457	13,660	17,660	17,660	-	16,846	27,050	28,562
Transfers and grants	-	-	-	4,000	4,000	4,000	-	3,720	3,939	4,156
Other expenditure	35,886	44,001	52,874	55,063	58,663	58,663	-	66,495	70,419	74,292
Total Expenditure	131,956	153,061	170,678	208,430	216,030	216,030	-	218,866	243,080	258,973
Surplus/(Deficit)	(29,882)	(28,183)	(27,511)	(35,333)	(35,333)	(35,333)	-	(12,319)	(5,023)	(17,411)
Transfers recognised - capital	26,786	-	39,753	68,566	68,566	68,566	-	60,324	79,368	86,990
Contributions recognised - capital & contributed a	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(3,096)	(28,183)	12,242	33,233	33,233	33,233	-	48,005	74,345	69,579
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(3,096)	(28,183)	12,242	33,233	33,233	33,233	-	48,005	74,345	69,579
Capital expenditure & funds sources										
Capital expenditure	51,861	50,782	34,339	78,898	78,225	78,225	-	86,102	111,061	109,969
Transfers recognised - capital	51,861	51,782	34,339	78,898	78,225	78,225	-	86,102	111,061	109,969
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-	-
Total sources of capital funds	51,861	51,782	34,339	78,898	78,225	78,225	-	86,102	111,061	109,969
Financial position										
Total current assets	56,691	72,087	86,256	7,883	7,883	7,883	-	79,307	83,239	87,377
Total non current assets	268,201	291,199	294,124	364,174	364,174	364,174	-	316,819	393,259	443,234
Total current liabilities	16,229	17,963	19,475	-	-	-	-	8,000	7,500	6,800
Total non current liabilities	537	610	1,309	191	191	191	-	1,366	1,447	1,527
Community wealth/Equity	308,126	344,845	359,828	371,865	371,865	371,865	-	419,845	481,599	531,885
Cash flows										
Net cash from (used) operating	40,246	55,399	55,906	81,474	81,474	81,474	-	85,450	132,029	132,057
Net cash from (used) investing	(43,328)	(51,542)	(52,331)	(78,898)	(78,225)	(78,225)	-	(86,102)	(111,061)	(109,969)
Net cash from (used) financing	332	85	669	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	5,495	9,436	13,681	16,257	16,930	16,930	13,681	13,029	33,996	56,085
Cash backing/surplus reconciliation										
Cash and investments available	54,353	60,492	82,687	76,471	76,471	76,471	-	72,826	76,375	80,136
Application of cash and investments	6,634	(3,914)	(2,488)	(1,360)	(1,360)	(1,360)	-	1,670	(7,486)	(9,011)
Balance - surplus (shortfall)	47,719	64,406	85,174	77,831	77,831	77,831	-	71,156	83,861	89,147
Asset management										
Asset register summary (WDV)	268,201	291,199	294,124	365,551	365,551	365,551	379,482	379,482	417,325	450,852
Depreciation & asset impairment	30,708	30,912	30,986	44,741	44,741	44,741	34,598	34,598	38,244	41,916
Renewal of Existing Assets	-	-	-	78,898	78,225	78,225	78,225	86,102	90,531	99,411
Repairs and Maintenance	-	-	-	13,660	17,660	17,660	16,846	16,846	27,050	28,562
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	3,720	3,720	3,939	4,156
Revenue cost of free services provided	-	-	-	4,251	4,908	4,908	27,620	27,620	27,896	27,629
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	4	4	4	4
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:

1.4.2 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	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue - Standard										
<i>Governance and administration</i>		101,155	123,918	142,723	169,571	175,171	175,171	183,150	230,398	233,444
Executive and council		-	-	-	-	-	-	-	-	-
Budget and treasury office		101,155	123,918	142,723	169,071	174,671	174,671	182,650	230,398	233,444
Corporate services		-	-	-	500	500	500	500	-	-
<i>Community and public safety</i>		331	602	277	3,290	5,290	5,290	6,990	7,409	7,854
Community and social services		-	-	-	440	440	440	440	466	494
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		331	602	277	2,850	4,850	4,850	6,550	6,943	7,360
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		27,303	38,859	43,353	68,601	68,601	68,601	57,531	59,405	62,029
Planning and development		517	199	-	35	35	35	35	37	39
Road transport		26,785	38,660	43,353	68,566	68,566	68,566	57,496	59,368	61,990
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		571	8,319	168	200	200	200	19,200	20,212	25,225
Electricity		500	8,161	-	-	-	-	19,000	20,000	25,000
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		71	159	168	200	200	200	200	212	225
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	129,360	171,698	186,520	241,662	249,262	249,262	266,871	317,425	328,552
Expenditure - Standard										
<i>Governance and administration</i>		131,956	145,605	170,309	145,133	148,813	148,813	150,240	160,987	171,937
Executive and council		11,261	12,333	13,719	47,725	49,625	49,625	54,434	57,811	61,309
Budget and treasury office		70,357	78,085	95,233	73,789	74,289	74,289	67,175	72,804	78,491
Corporate services		50,338	55,187	61,358	23,619	24,899	24,899	28,632	30,371	32,138
<i>Community and public safety</i>		-	7,158	-	33,268	33,244	33,244	37,854	40,224	42,698
Community and social services		-	7,158	-	29,938	29,845	29,845	34,622	36,801	39,087
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	1,430	1,460	1,460	1,922	2,035	2,147
Housing		-	-	-	1,900	1,939	1,939	1,310	1,387	1,464
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	106,002	109,963	109,963	96,544	130,524	127,824
Planning and development		-	-	-	12,090	12,051	12,051	12,768	13,555	14,367
Road transport		-	-	-	93,912	97,912	97,912	83,776	116,969	113,457
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	2,674	2,657	2,657	20,328	21,407	26,490
Electricity		-	-	-	-	-	-	19,000	20,000	25,000
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	2,674	2,657	2,657	1,328	1,407	1,490
<i>Other</i>	4	-	-	-	250	250	250	-	-	-
Total Expenditure - Standard	3	131,956	152,763	170,309	287,326	294,926	294,926	304,967	353,142	368,950
Surplus/(Deficit) for the year		(2,596)	18,935	16,211	(45,664)	(45,664)	(45,664)	(38,096)	(35,717)	(40,398)

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 compare for the whole of government.

1.4.3 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	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
Revenue by Vote	1									
Vote 1 - MUNICIPAL GOVERNANCE AND ADMINISTRATION		-	-	-	-	-	-	-	-	-
Vote 2 - BUDGET AND TREASURY		101,155	123,918	142,723	169,071	174,671	174,671	182,650	230,398	233,444
Vote 3 - CORPORATE SERVICES		-	-	-	500	500	500	500	-	-
Vote 4 - COMMUNITY AND SOCIAL SERVICES		401	761	445	3,490	5,490	5,490	7,190	7,621	8,079
Vote 5 - PLANNING AND DEVELOPMENT		517	199	-	35	35	35	35	37	39
Vote 6 - INFRASTRUCTURE		27,285	46,821	43,353	68,566	68,566	68,566	76,496	79,368	86,990
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]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	129,360	171,698	186,520	241,662	249,262	249,262	266,871	317,425	328,552
Expenditure by Vote to be appropriated	1									
Vote 1 - MUNICIPAL GOVERNANCE AND ADMINISTRATION		11,261	12,333	13,719	47,725	49,625	49,625	54,434	57,811	61,309
Vote 2 - BUDGET AND TREASURY		70,357	78,085	95,233	73,789	74,289	74,289	67,175	72,804	78,491
Vote 3 - CORPORATE SERVICES		50,338	55,187	61,358	23,619	24,899	24,899	28,632	30,371	32,138
Vote 4 - COMMUNITY AND SOCIAL SERVICES		-	7,158	-	34,042	33,962	33,962	37,873	40,244	42,724
Vote 5 - PLANNING AND DEVELOPMENT		-	-	-	14,240	14,240	14,240	14,078	14,943	15,831
Vote 6 - INFRASTRUCTURE		-	-	-	93,912	97,912	97,912	102,776	136,969	138,457
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]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	131,956	152,763	170,309	287,326	294,926	294,926	304,967	353,142	368,950
Surplus/(Deficit) for the year	2	(2,596)	18,935	16,211	(45,664)	(45,664)	(45,664)	(38,096)	(35,717)	(40,398)

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.

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

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

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
Revenue By Source											
Property rates	2	3,358	4,356	4,693	2,619	4,219	4,219	-	5,005	5,305	5,624
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	71	159	168	200	200	200	-	200	212	225
Service charges - other											
Rental of facilities and equipment		102	102	137	165	165	165		165	175	185
Interest earned - external investments		2,280	2,552	2,850	3,000	4,000	4,000		5,000	5,300	5,618
Interest earned - outstanding debtors											
Dividends received											
Fines		331	602	277	350	350	350		50	53	56
Licences and permits					2,500	4,500	4,500		6,500	6,890	7,303
Agency services											
Transfers recognised - operational		91,149	114,364	127,418	146,287	146,287	146,287		173,502	219,459	221,848
Other revenue	2	4,784	2,743	7,624	17,975	20,975	20,975	-	16,125	663	702
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		102,074	124,878	143,167	173,096	180,697	180,697	-	206,547	238,057	241,562
Expenditure By Type											
Employee related costs	2	50,338	55,187	61,358	75,821	75,821	75,821	-	80,928	86,107	91,618
Remuneration of councillors		11,261	12,333	13,719	15,144	15,144	15,144		16,174	17,209	18,310
Debt impairment	3				3,500	3,500	3,500		3,500	3,707	3,910
Depreciation & asset impairment	2	30,708	30,912	30,986	44,741	44,741	44,741	-	34,598	38,244	41,916
Finance charges		669		285					105	112	118
Bulk purchases	2	-	7,158	4,771	-	-	-	-	-	-	-
Other materials	8	3,093	3,469	6,685	13,660	17,660	17,660		16,846	27,050	28,562
Contracted services		-	297	369	-	-	-	-	391	414	439
Transfers and grants		-	-	-	4,000	4,000	4,000	-	3,720	3,939	4,156
Other expenditure	4, 5	35,830	43,704	52,506	51,563	55,163	55,163	-	62,604	68,298	69,942
Loss on disposal of PPE		57									
Total Expenditure		131,956	153,061	170,678	208,430	216,030	216,030	-	218,866	243,080	258,973
Surplus/(Deficit)		(29,882)	(28,183)	(27,511)	(35,333)	(35,333)	(35,333)	-	(12,319)	(5,023)	(17,411)
Transfers recognised - capital		26,786		39,753	68,566	68,566	68,566		60,324	79,368	86,990
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-	-
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		(3,096)	(28,183)	12,242	33,233	33,233	33,233	-	48,005	74,345	69,579
Taxation											
Surplus/(Deficit) after taxation		(3,096)	(28,183)	12,242	33,233	33,233	33,233	-	48,005	74,345	69,579
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		(3,096)	(28,183)	12,242	33,233	33,233	33,233	-	48,005	74,345	69,579
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		(3,096)	(28,183)	12,242	33,233	33,233	33,233	-	48,005	74,345	69,579

Explanatory Notes:

Total revenue is R206 million in 2014/15 and escalates to R238 million by 2015/16 and R241 million by 2016/17.

1.4.5 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	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	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]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - MUNICIPAL GOVERNANCE AND ADMINISTRATION		-	-	-	2,100	2,100	2,100	-	-	-	-
Vote 2 - BUDGET AND TREASURY		2,273	1,225	1,989	450	450	450	-	3,600	3,812	4,022
Vote 3 - CORPORATE SERVICES		102	814	259	1,900	1,900	1,900	-	7,895	8,361	8,821
Vote 4 - COMMUNITY AND SOCIAL SERVICES		-	-	-	3,710	3,710	3,710	-	685	725	765
Vote 5 - PLANNING AND DEVELOPMENT		-	-	-	100	100	100	-	-	-	-
Vote 6 - INFRASTRUCTURE		49,486	48,743	32,091	70,638	69,965	69,965	-	73,922	98,163	96,362
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]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		51,861	50,782	34,339	78,898	78,225	78,225	-	86,102	111,061	109,969
Total Capital Expenditure - Vote		51,861	50,782	34,339	78,898	78,225	78,225	-	86,102	111,061	109,969
Capital Expenditure - Standard											
Governance and administration		2,375	2,039	2,248	4,450	4,450	4,450	-	11,495	12,173	12,843
Executive and council		-	-	-	2,100	2,100	2,100	-	-	-	-
Budget and treasury office		2,273	1,225	1,989	1,200	1,200	1,200	-	3,600	3,812	4,022
Corporate services		102	814	259	1,150	1,150	1,150	-	7,895	8,361	8,821
Community and public safety		-	-	-	1,810	2,110	2,110	-	460	487	514
Community and social services		-	-	-	1,350	1,650	1,650	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	460	460	460	-	460	487	514
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		49,486	48,743	32,091	70,738	70,065	70,065	-	54,922	78,163	71,362
Planning and development		-	-	-	100	100	100	-	-	-	-
Road transport		49,486	48,743	32,091	70,638	69,965	69,965	-	54,922	78,163	71,362
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	-	-	1,900	1,600	1,600	-	19,225	20,238	25,251
Electricity		-	-	-	-	-	-	-	19,000	20,000	25,000
Water		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	1,900	1,600	1,600	-	225	238	251
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	51,861	50,782	34,339	78,898	78,225	78,225	-	86,102	111,061	109,969
Funded by:											
National Government		51,861	51,782	34,339	48,566	48,566	48,566	-	56,324	59,368	61,990
Provincial Government		-	-	-	19,000	19,000	19,000	-	4,000	20,000	25,000
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	11,332	10,659	10,659	-	25,778	31,693	22,979
Transfers recognised - capital	4	51,861	51,782	34,339	78,898	78,225	78,225	-	86,102	111,061	109,969
Public contributions & donations	5										
Borrowing	6										
Internally generated funds											
Total Capital Funding	7	51,861	51,782	34,339	78,898	78,225	78,225	-	86,102	111,061	109,969

Explanatory Notes

The capital expenditure for 2013/15 is budgeted at R86.1 million, and it has increased by 29% in 2015/16 and decreased by 0.9% in 2016/17. There has been a

R15 million once off injection in the capital budget for 2014/15, this amount will be taken from reserves and will cover the Electrification backlogs.

1.4.6 Table A6 : Budgeted financial position

EC155 Nyandeni - Table A6 Budgeted Financial Position

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
ASSETS											
Current assets											
Cash		2,971	9,437	13,681	6,523	6,523	6,523		13,681	13,681	13,681
Call investment deposits	1	51,382	51,056	69,005	-	-	-	-	59,145	62,694	66,455
Consumer debtors	1	254	1,795	1,621	1,360	1,360	1,360	-	6,481	6,863	7,241
Other debtors		2,085	9,800	1,828							
Current portion of long-term receivables											
Inventory	2			120							
Total current assets		56,691	72,087	86,256	7,883	7,883	7,883	-	79,307	83,239	87,377
Non current assets											
Long-term receivables											
Investments					69,948	69,948	69,948				
Investment property		59,387	60,473	60,473	60,473	60,473	60,473		60,473	60,473	60,473
Investment in Associate											
Property, plant and equipment	3	208,009	230,349	233,241	231,851	231,851	231,851	-	255,536	332,785	382,760
Agricultural											
Biological											
Intangible		805	376	409	1,901	1,901	1,901		809	-	-
Other non-current assets											
Total non current assets		268,201	291,199	294,124	364,174	364,174	364,174	-	316,819	393,259	443,234
TOTAL ASSETS		324,892	363,285	380,379	372,056	372,056	372,056	-	396,126	476,497	530,611
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	199	297	369	-	-	-	-	-	-	-
Consumer deposits		5,112	2,523	15,633							
Trade and other payables	4	8,620	12,809	3,107	-	-	-	-	8,000	7,500	6,800
Provisions		2,297	2,333	366							
Total current liabilities		16,229	17,963	19,475	-	-	-	-	8,000	7,500	6,800
Non current liabilities											
Borrowing		537	477	1,075	191	191	191	-	1,142	1,209	1,276
Provisions		-	133	233	-	-	-	-	225	238	251
Total non current liabilities		537	610	1,309	191	191	191	-	1,366	1,447	1,527
TOTAL LIABILITIES		16,766	18,574	20,784	191	191	191	-	9,366	8,947	8,327
NET ASSETS	5	308,126	344,712	359,595	371,865	371,865	371,865	-	386,760	467,550	522,284
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		308,126	344,845	359,828	371,865	371,865	371,865		404,845	481,599	531,885
Reserves	4	-	-	-	-	-	-	-	15,000	-	-
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	308,126	344,845	359,828	371,865	371,865	371,865	-	419,845	481,599	531,885

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 2014/15 where current assets reflect an amount of R79 million.

Short term call investments reflect an amount of R59 million in 2014/15 after taking into account the R15million transfer to boost capital expenditure. The total assets balance is budgeted at R396 million for 2014/15 budget year.

1.4.7 Table A7 : Budgeted cash flows

EC155 Nyandeni - Table A7 Budgeted Cash Flows

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Ratepayers and other		7,341	11,484	20,925	23,809	30,409	30,409		27,393	29,036	30,779
Government - operating	1	83,706	122,525	127,418	146,287	146,287	146,287		173,502	219,459	221,848
Government - capital	1	27,285	38,660	43,353	68,566	68,566	68,566		60,324	79,368	86,990
Interest		2,279	2,551	2,490	3,000	4,000	4,000		5,000	5,295	5,586
Dividends											
Payments											
Suppliers and employees		(80,367)	(119,597)	(137,865)	(160,083)	(167,683)	(167,683)		(180,664)	(201,018)	(213,028)
Finance charges			(224)	(414)	(105)	(105)	(105)		(105)	(112)	(118)
Transfers and Grants	1										
NET CASH FROM/(USED) OPERATING ACTIVITIES		40,246	55,399	55,906	81,474	81,474	81,474	-	85,450	132,029	132,057
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		(11,950)	-	(42)							
Decrease (increase) in non-current debtors			-								
Decrease (increase) other non-current receivables			-								
Decrease (increase) in non-current investments			327	(17,950)					-	-	-
Payments											
Capital assets		(31,379)	(51,869)	(34,339)	(78,898)	(78,225)	(78,225)		(86,102)	(111,061)	(109,969)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(43,328)	(51,542)	(52,331)	(78,898)	(78,225)	(78,225)	-	(86,102)	(111,061)	(109,969)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term/refinancing											
Increase (decrease) in consumer deposits											
Payments											
Repayment of borrowing		332	85	669							
NET CASH FROM/(USED) FINANCING ACTIVITIES		332	85	669	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		(2,751)	3,942	4,245	2,576	3,249	3,249	-	(652)	20,968	22,088
Cash/cash equivalents at the year begin:	2	8,246	5,495	9,436	13,681	13,681	13,681	13,681	13,681	13,029	33,996
Cash/cash equivalents at the year end:	2	5,495	9,436	13,681	16,257	16,930	16,930	13,681	13,029	33,996	56,085

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 2014/15 MTERF. This is due to the increase in our operation and conditional grants and the budgeted cash and cash equivalent at the end of the 2014/15 financial year is forecasted at R13 million.

1.4.8 Table A8 : Cash backed reserves / accumulated surplus reconciliation

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

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	5,495	9,436	13,681	16,257	16,930	16,930	13,681	13,029	33,996	56,085
Other current investments > 90 days		48,858	51,056	69,006	(9,735)	(10,408)	(10,408)	(13,681)	59,798	42,379	24,052
Non current assets - Investments	1	-	-	-	69,948	69,948	69,948	-	-	-	-
Cash and investments available:		54,353	60,492	82,687	76,471	76,471	76,471	-	72,826	76,375	80,136
Application of cash and investments											
Unspent conditional transfers		5,889	1,839	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	745	(5,753)	(2,488)	(1,360)	(1,360)	(1,360)	-	1,670	(7,486)	(9,011)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		6,634	(3,914)	(2,488)	(1,360)	(1,360)	(1,360)	-	1,670	(7,486)	(9,011)
Surplus(shortfall)		47,719	64,406	85,174	77,831	77,831	77,831	-	71,156	83,861	89,147

Explanatory Notes.

The municipality has cash backed reserves for 2014/15 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.

1.4.9 Table A9 : Asset management

EC155 Nyandeni - Table A9 Asset Management

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	-	50,782	34,339	78,898	78,225	78,225	86,102	111,061	109,969
Infrastructure - Road transport		-	48,206	32,050	49,566	49,566	49,566	54,422	77,633	70,803
Infrastructure - Electricity		-	-	-	19,673	19,000	19,000	19,000	20,000	25,000
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	1,900	1,600	1,600	225	238	251
Infrastructure		-	48,206	32,050	71,139	70,166	70,166	73,647	97,871	96,054
Community		-	-	-	-	300	300	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	2,441	2,068	7,759	7,759	7,759	11,955	12,660	13,357
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	135	221	-	-	-	500	530	559
Total Renewal of Existing Assets	2	-	-	-	78,898	78,225	78,225	86,102	90,531	99,411
Infrastructure - Road transport		-	-	-	49,566	49,566	49,566	54,422	57,633	60,803
Infrastructure - Electricity		-	-	-	19,673	19,000	19,000	19,000	20,000	25,000
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	1,900	1,600	1,600	225	238	251
Infrastructure		-	-	-	71,139	70,166	70,166	73,647	77,871	86,054
Community		-	-	-	-	300	300	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	7,759	7,759	7,759	11,955	12,660	13,357
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	500	-	-
Total Capital Expenditure	4	-	48,206	32,050	99,132	99,132	99,132	108,845	135,266	131,606
Infrastructure - Road transport		-	48,206	32,050	49,566	49,566	49,566	54,422	77,633	70,803
Infrastructure - Electricity		-	-	-	19,673	19,000	19,000	19,000	20,000	25,000
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	3,800	3,200	3,200	449	475	502
Infrastructure		-	48,206	32,050	142,278	140,332	140,332	147,294	175,742	182,108
Community		-	-	-	-	600	600	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	2,441	2,068	15,518	15,518	15,518	23,910	25,321	26,713
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	135	221	-	-	-	1,000	530	559
TOTAL CAPITAL EXPENDITURE - Asset class	2	-	50,782	34,339	157,796	156,450	156,450	172,204	201,592	209,380
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5	154,898	188,305	193,009	48,566	48,566	48,566	247,532	282,136	307,653
Infrastructure - Electricity		-	-	-	19,000	19,000	19,000	19,000	20,000	25,000
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	3,800	3,200	3,200	449	475	502
Infrastructure		187,887	211,991	216,067	303,177	303,177	303,177	266,532	302,136	332,653
Community		7,147	4,052	3,988	-	600	600	4,092	4,334	4,572
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		59,387	60,473	60,473	60,473	60,473	60,473	60,473	60,473	60,473
Other assets		12,975	14,307	13,306	-	-	-	47,575	50,382	53,153
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		805	376	409	1,901	1,901	1,901	809	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	268,201	291,199	294,124	365,551	365,551	365,551	379,482	417,325	450,852
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment	3	30,708	30,912	30,986	44,741	44,741	44,741	34,598	38,244	41,916
Repairs and Maintenance by Asset Class		-	-	-	13,660	17,660	17,660	16,846	27,050	28,562
Infrastructure - Road transport		-	-	-	11,750	15,200	15,200	14,374	24,432	25,801
Infrastructure - Electricity		-	-	-	250	650	650	500	530	559
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	12,000	15,850	15,850	14,874	24,962	26,359
Community		-	-	-	550	550	550	162	172	181
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6, 7	-	-	-	1,110	1,260	1,260	1,810	1,917	2,022
TOTAL EXPENDITURE OTHER ITEMS		30,708	30,912	30,986	58,401	62,401	62,401	51,444	63,294	70,479
<i>Renewal of Existing Assets as % of total capex</i>		0.0%	0.0%	0.0%	50.0%	50.0%	50.0%	50.0%	44.9%	47.5%
<i>Renewal of Existing Assets as % of deprecn*</i>		0.0%	0.0%	0.0%	176.3%	174.8%	174.8%	248.9%	236.7%	237.2%
<i>R&M as a % of PPE</i>		0.0%	0.0%	0.0%	5.9%	7.6%	7.6%	6.6%	8.1%	7.5%
<i>Renewal and R&M as a % of PPE</i>		0.0%	0.0%	0.0%	25.0%	26.0%	26.0%	27.0%	28.0%	28.0%

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 27% of the total expenditure budget is allocated to capital expenditure and 7% of the operating expenditure is allocated to repairs and maintenance.

Part 2 – Supporting Documentation

2.1 Annual Budget Process Overview

2.1.1 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
- 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.

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 SDBIP.

The deadlines in the process plan for the Development of the 2014/2019IDP and preparation of the Multi-Year Budget for the 2014/15 year is reflected below:

Schedule of key deadlines

MILESTONE	ACTIVITIES	RESPONSIBILITY	TIMEFRAME
	Table Draft IDP, PMS and Annual Budget Process Plan for 2014-15 for adoption by Council including the following documents <ul style="list-style-type: none"> ✓ Public Participation Plan ✓ AFS ✓ Performance Information report (MSA-S46) 	Mayor	28 August 2013
	Annual Financial Statements submitted to Auditor General	Chief Financial Officer	30 August 2013
	Compilation of the Draft Performance Information	Municipal Manager	August 2013
COUNCIL SITTING	Tabling of IDP & Budget Process Plan, AFS & Performance information report to council for adoption	Mayor	28 August 2013
	Economic infrastructure Cluster	MM	10 September 2013
	Governance Cluster		12 September 2013

	Public Participation Workshop	SM: Operations	September 2013
	Open Council Meeting.	Speaker	September 2013
Situational Analysis	Advertise IDP & Budget schedule	Manager: IDP	24 September 2013
	Review comprehensive Socio-Economic Analysis	Senior Manager Operations	September - November 2013
	Intergovernmental Relations Forum	Municipal Manager	September 2012
	IDP & Budget Steering Committee	Municipal Manager	October 2013
	Management Retreat	Management retreat to review PMS and Organizational Structure	14-15 October 2013
	Outreach Programme	Mayor	November 2013
	Council Lekgotla	November	November 2013

	Mayoral Imbizo's to give service delivery feedback and solicit development priorities from communities	Office of the Speaker	04-08 November 2013
	IDP Representative Forum	Mayor	20 Nov 2013
	Management Retreat to finalize Midyear, annual report and adjustment budget with revised action plan	Management Team	13 - 15 January 2013
	Exco Workshop on Midyear reports	Municipal Manager	16-17 January 2014
	Mid-year Report, revised SDBIP and Adjustment Budget for approval to the Special Council Meeting	Speaker	24 January 2014
	Outline prioritized development projects and setting of targets and indicators	All Departments	February 2014
	Management retreat -		4-6 March 2014
COUNCIL SITTING	Tabling of Draft IDP and Budget, Tariffs and budget related policies	Council	27 March 2014

MILESTONE	ACTIVITIES	RESPONSIBILITY	TIMEFRAME
	Council Strategic Planning Workshop	Mayor	10-12 March 2014

	Projects phase session to align projects and programmes of local municipalities, sector departments and parastatals	IDP Steering Committee	February-March 2013
INTEGRATION PHASE	Integration of sectors plans	IDP & Budget Steering Committee Meeting	17 March 2014
	IDP Representative Forum	IDP Representative Forum	26 March 2014
	IDP & Budget Public Hearings	Council	April 2014
	IGR Forum to solicit final plans from government departments	Mayor	14 May 2014
COUNCIL SITTING	Tabling of final IDP and Budget and related policies to Council	Council	30 May 2014
	Management Retreat to Prepare SDBIP	Municipal Manager	9-10 June 2014
	Workshop on SDBIP & Performance Agreements for the Mayor and Executive Committee	Municipal Manager	June 2014

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

2.2 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 by 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.

2.3 Measurable performance objectives and indicators

The municipality has the following measurable performance indicators as outline in the IDP.

EC155 Nyandeni - Supporting Table SA7 Measurable performance objectives

Description	Unit of measurement	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Vote 1 - Municipal Governance and										
Function 1 - Mayor and Council										
Sub-function 1 - (name)										
<i>To ensure effective public participation in our</i>	Council resolution and									
<i>To provide effective municipal planning</i>	Approved IDP & Budget									
<i>To ensure meaningful participation by all</i>	Attendance registers									
<i>Strengthen Relations with Traditional</i>	Approved Policy on									
<i>To improve management and administration of</i>	Signed litigation register									
<i>To fast-track services delivery through</i>	Number of Gazetted By-									
<i>To provide accurate, timely and reliable</i>	Adopted Communication									
<i>To monitor internal controls and provide advice</i>	Reports of the Internal									
<i>To identify, access and mitigate municipal risk</i>	Adopted Risk									
<i>To ensure efficient and effective council</i>	Signed Council									
<i>To improve municipal oversight and</i>	Annual oversight report									
<i>To provide a tool for measuring achievement of</i>	Signed reports adopted									
Sub-function 2 - (name)										
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
Vote 2 - Budget and Treasury - (Financial										
Function 1 - Budget and Treasury										
Sub-function 1 - (name)										
<i>To ensure effective debtors management</i>	Updated debtors									
<i>To increase revenue by 20%</i>	Effective and efficient									
<i>To ensure effective Budget management</i>	No over and under									
<i>To ensure proper management of municipal</i>	Development of Fixed									
<i>To ensure proper SCM procedures</i>	Approved SCM policy									
<i>To ensure proper supply chain management</i>	Approved Internal									
<i>To ensure compliance with relevant legislation</i>	Submission of reports									
Function 2 - (name)										
Sub-function 1 - (name)										
Vote 3 - Corporate Services (Institutional										
Function 1 - Human Resources and										
Sub-function 1 - (name)										
<i>To ensure effective compliance and sound</i>	Policies adopted by									
<i>To ensure alignment of the Organogram with</i>	Adoption by Council									
<i>To provide a tool for evaluating individual</i>	Signed Performance									
<i>To ensure that all employees have the required</i>	Number of people									
<i>To provide opportunities to new entrants to the</i>	Number of Intems									
<i>To provide Skills to the unemployed</i>	Number of unemployed									
<i>Ensure proper administration of benefits</i>	Attendance registers									
<i>To provide and retain competent personnel</i>	Adoption by Council									
<i>To ensure compliance with Labour related</i>	% of women employed									
<i>To ensure compliance with the Wellness Global</i>	Integrated health &									
<i>To ensure that municipal information is</i>	System producing quality									
<i>To ensure municipal buildings are kept in a</i>	maintenance plan									
<i>To ensure implementation of Batho Pele</i>	number of complaints									
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>										
Vote 4 - Infrastructure - (Infrastructure and										

2.4 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
- Cash Management & Investment Policy
- Property Rates Policy
- Tariff Policy
- Bad debts & Write Off Policy
- Credit Control and Debt Collection Policy
- Asset management Policy
- Budget Policy
- Bad Debt Write off policy
- Virement policy
- Fleet Maintenance policy

2.5 Budget assumptions overview

2.5.1 National Treasury provided guidance in MFMA Circular No. 72 issued in terms of Municipal Finance Management Act No. 56 of 2003 regarding inflation:-

Fiscal Year	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
	Actual		Estimate	Forecast		
Real GDP Growth		2.5	1.8	2.7	3.2	3.5
CPI Inflation		5.6	5.7	6.2	5.9	5.5

2.5.2 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 2013 until 31 January 2014, plus 1 per cent for 2014/15 financial year (with effect of 1 July 2014).

The average CPI for the period February 2013 to 31 January 2014 is 5.79 per cent which compares well to the estimate of 5.9 per cent for 2013 as provided for in the 2013 Medium Term Budget Policy Statement. Municipalities are therefore advised to provide for increases related to salaries and wages as follows:

2014/15 Financial Year – 6.79 per cent (5.79 per cent plus 1 per cent)

2015/16 Financial Year – 6.40 per cent (5.40 per cent plus 1 per cent)

2016/17 Financial Year – 6.40 per cent (5.40 per cent plus 1 per cent)

It is recommended that the projected inflation forecast plus one per cent be applied to the 2015/16 and 2016/2017 financial years in the absence of a collective Salary and Wage agreement.

2.5.3 Municipalities are advised to structure their 2014/15 electricity tariffs based on the approved **7.39 per cent** NERSA guideline tariff increase and provide for an **8.06 per cent** increase in the cost of bulk purchases for the tabled 2014/15 budgets and MTREF. In this regard municipalities are once again urged to examine the cost structure of their electricity undertakings and apply to NERSA for electricity tariff increases that are cost reflective and ensure continued financial sustainability.

2.5.3 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.

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

2.6.1 Funding of the capital budget

The 2014/15 capital budget amounts to R86.1 million, and for the two outer years its R111 million, and R109 million. It is predominantly funded through the MIG funding and Electrification Grant funding. In the 2014/15 financial year there is an amount of R25.7 million needed to balance the capital budget, this amount will be financed by R15 million from reserves as well as R10.7 million from Equitable share.

2.6.2 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.

The Municipal Property Rates Act will be implemented on July 1 2014. 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 million for the current year, and for two outer years is R5,3 million and R5.6 million.

Operational Grants and subsidies are as follows:

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		90,632	114,165	125,279	146,787	146,787	146,787	173,202	219,141	221,511
Local Government Equitable Share		88,682	111,925	121,517	143,347	143,347	143,347	169,496	216,524	218,793
Finance Management		1,200	1,450	1,500	1,550	1,550	1,550	1,600	1,650	1,700
Municipal Systems Improvement		750	790	800	890	890	890	934	967	1,018
EPWP Incentive				1,462	1,000	1,000	1,000	1,172	-	-
Provincial Government:		-	-	300	300	300	300	300	318	337
Sport and Recreation				300	300	300	300	300	318	337
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	199	-	500	500	500	-	-	-
LG SETA					500	500	500	-	-	-
EU Grant			199							
Total Operating Transfers and Grants	5	90,632	114,364	125,579	147,587	147,587	147,587	173,502	219,459	221,848

2.7 Expenditure on allocations and grant programmes

According to the DoRa 2014 NLM will receive the following operational transfers in the 2014/15 financial year as detailed on table SA18:

Grant Name	Purpose	Amount
Equitable share	Municipal operations	R169 496 000
Finance Management Grant	To promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act (MFMA)	R1 600 000
Municipal Systems Improvement Grant	To assist municipalities to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act (MSA) and related legislation	R 934 000
Expanded Public Works Programme	To incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the EPWP Guidelines: <ul style="list-style-type: none"> o road maintenance and the maintenance of buildings o low traffic volume roads and rural roads o basic services infrastructure, including water and sewer reticulation, sanitation, pipelines (excluding bulk infrastructure) o other economic and social infrastructure o tourism and cultural industries o waste management o parks and beautification o sustainable land-based livelihoods o social services programmes o health service programmes o community safety programmes 	R1 172 000
Municipal Infrastructure Grant	To provide specific capital finance for eradicating basic municipal infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities	R56 324 000
Intergrated National Electrification Grant	To implement the Integrated National Electrification Programme (INEP) by providing capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings, and the installation of bulk infrastructure	R4 000 000
LGSETA	Skills development	R500 000
Libraries subsidy	Promotion of access to libraries	R300 000

In Table SA19 expenditure on transfers and grants has further been detailed as follows.

EC155 Nyandeni - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
EXPENDITURE:										
Operating expenditure of Transfers and Grants										
National Government:		90,632	114,165	125,279	146,787	146,787	146,787	173,202	219,141	221,511
Local Government Equitable Share		88,682	111,925	121,517	143,347	143,347	143,347	169,496	216,524	218,793
Finance Management		1,200	1,450	1,500	1,550	1,550	1,550	1,600	1,650	1,700
Municipal Systems Improvement		750	790	800	890	890	890	934	967	1,018
EPWP Incentive				1,462	1,000	1,000	1,000	1,172	-	-
Provincial Government:										
Sport and Recreation		-	-	300	300	300	300	300	318	337
0										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	500	500	500	-	-	-
LG SETA					500	500	500	-	-	-
Total operating expenditure of Transfers and Grants		90,632	114,165	125,579	147,587	147,587	147,587	173,502	219,459	221,848
Capital expenditure of Transfers and Grants										
National Government:		27,285	49,171	43,353	48,566	48,566	48,566	60,324	79,368	86,990
Municipal Infrastructure Grant (MIG)		26,785	41,010	39,753	48,566	48,566	48,566	56,324	59,368	61,990
		500	8,161	3,600				4,000	20,000	25,000
Provincial Government:										
Other capital transfers/grants [insert description]		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
0										
Total capital expenditure of Transfers and Grants		27,285	49,171	43,353	48,566	48,566	48,566	60,324	79,368	86,990
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		117,917	163,336	168,932	196,153	196,153	196,153	233,826	298,827	308,838

2.8 Allocations and grants made by the municipality

In the 2014/15 MTREF no allocations and grants are anticipated to be made by NLM. However the Municipality has budgeted for Indigent subsidies, these have been categorized as transfers and subsidies as detailed in table below.

EC155 Nyandeni - Supporting Table SA21 Transfers and grants made by the municipality

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Cash Transfers to other municipalities											
<i>Insert description</i>	1										
Total Cash Transfers To Municipalities:		-	-	-	-	-	-	-	-	-	-
Cash Transfers to Entities/Other External Mechanisms											
<i>Insert description</i>	2										
Total Cash Transfers To Entities/Ems*		-	-	-	-	-	-	-	-	-	-
Cash Transfers to other Organs of State											
<i>Insert description</i>	3										
Total Cash Transfers To Other Organs Of State:		-	-	-	-	-	-	-	-	-	-
Cash Transfers to Organisations											
<i>Insert description</i>	4										
Total Cash Transfers To Organisations		-	-	-	-	-	-	-	-	-	-
Cash Transfers to Groups of Individuals											
<i>Insert description</i>	5										
Total Cash Transfers To Groups Of Individuals:		-	-	-	-	-	-	-	-	-	-
TOTAL CASH TRANSFERS AND GRANTS	6	-	-	-	-	-	-	-	-	-	-
Non-Cash Transfers to other municipalities											
<i>Insert description</i>	1										
Total Non-Cash Transfers To Municipalities:		-	-	-	-	-	-	-	-	-	-
Non-Cash Transfers to Entities/Other External Mechanisms											
<i>Free Basic Electricity/other energy</i>	2				4,000	4,000	4,000		3,720	3,939	4,156
Total Non-Cash Transfers To Entities/Ems*		-	-	-	4,000	4,000	4,000	-	3,720	3,939	4,156
Non-Cash Transfers to other Organs of State											
<i>Insert description</i>	3										
Total Non-Cash Transfers To Other Organs Of State:		-	-	-	-	-	-	-	-	-	-
Non-Cash Grants to Organisations											
<i>Insert description</i>	4										
Total Non-Cash Grants To Organisations		-	-	-	-	-	-	-	-	-	-
Groups of Individuals											
<i>Insert description</i>	5										
Total Non-Cash Grants To Groups Of Individuals:		-	-	-	-	-	-	-	-	-	-
TOTAL NON-CASH TRANSFERS AND GRANTS		-	-	-	4,000	4,000	4,000	-	3,720	3,939	4,156
TOTAL TRANSFERS AND GRANTS	6	-	-	-	4,000	4,000	4,000	-	3,720	3,939	4,156

2.9 Councilor allowances and employee benefits

In the 2014/15 MTREF the following are the budgeted figures for councilor allowances and employee benefits the outer years have been incremented by 6.4 percent in line with Municipal Budget circular 72 issued by National Treasury.

EC155 Nyandeni - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration		2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
R thousand	Ref	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		11,261	12,333	13,719	15,766	15,766	15,766	16,838	17,916	19,062
Pension and UIF Contributions					162	162	162	173	184	196
Medical Aid Contributions										
Motor Vehicle Allowance										
Cellphone Allowance										
Housing Allowances										
Other benefits and allowances					428	428	428	457	486	517
Sub Total - Councillors		11,261	12,333	13,719	16,356	16,356	16,356	17,468	18,586	19,775
% increase	4		9.5%	11.2%	19.2%	-	-	6.8%	6.4%	6.4%
Senior Managers of the Municipality										
Basic Salaries and Wages		4,948	3,490	3,764	14,191	14,191	14,191	15,156	16,126	17,159
Pension and UIF Contributions		327	345	276	36	36	36	38	41	43
Medical Aid Contributions		395	351	296						
Overtime										
Performance Bonus					1,419	1,419	1,419	1,515	1,612	1,716
Motor Vehicle Allowance		1,582	1,110	1,316						
Cellphone Allowance	3	242	176	166						
Housing Allowances	3									
Other benefits and allowances	3				373	373	373	399	424	451
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Municipality		7,495	5,472	5,818	16,019	16,019	16,019	17,109	18,203	19,368
% increase	4		(27.0%)	6.3%	175.3%	-	-	6.8%	6.4%	6.4%
Other Municipal Staff										
Basic Salaries and Wages		15,037	19,329	20,583	33,978	33,978	33,978	36,239	38,559	41,027
Pension and UIF Contributions		8,148	8,818	10,864	6,893	6,893	6,893	7,362	7,833	8,334
Medical Aid Contributions					5,376	5,376	5,376	5,742	6,109	6,500
Overtime		2,086	2,843	3,810	50	50	50	53	57	60
Performance Bonus					4,057	4,057	4,057	4,333	4,610	4,905
Motor Vehicle Allowance	3	1,793	2,543	3,141	2,140	2,140	2,140	2,286	2,432	2,588
Cellphone Allowance	3									
Housing Allowances	3	1,685	1,684	1,897	2,254	2,254	2,254	2,407	2,561	2,725
Other benefits and allowances	3	2,833	2,163	1,525	3,514	3,514	3,514	3,753	3,993	4,249
Payments in lieu of leave										
Long service awards					328	328	328	350	373	397
Post-retirement benefit obligations	6									
Sub Total - Other Municipal Staff		31,582	37,380	41,821	58,590	58,590	58,590	62,526	66,527	70,785
% increase	4		18.4%	11.9%	40.1%	-	-	6.7%	6.4%	6.4%
Total Parent Municipality		50,338	55,186	61,357	90,965	90,965	90,965	97,102	103,316	109,929
			9.6%	11.2%	48.3%	-	-	6.7%	6.4%	6.4%
Board Members of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Board Fees										
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Board Members of Entities		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-
Senior Managers of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Senior Managers of Entities		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-
Other Staff of Entities										
Basic Salaries and Wages										
Pension and UIF Contributions										
Medical Aid Contributions										
Overtime										
Performance Bonus										
Motor Vehicle Allowance	3									
Cellphone Allowance	3									
Housing Allowances	3									
Other benefits and allowances	3									
Payments in lieu of leave										
Long service awards										
Post-retirement benefit obligations	6									
Sub Total - Other Staff of Entities		-	-	-	-	-	-	-	-	-
% increase	4		-	-	-	-	-	-	-	-
Total Municipal Entities		-	-	-	-	-	-	-	-	-
TOTAL SALARY, ALLOWANCES & BENEFITS		50,338	55,186	61,357	90,965	90,965	90,965	97,102	103,316	109,929
% increase	4		9.6%	11.2%	48.3%	-	-	6.7%	6.4%	6.4%
TOTAL MANAGERS AND STAFF	5,7	39,077	42,853	47,639	74,610	74,610	74,610	79,634	84,731	90,153

2.10 Monthly targets of revenue, expenditure and cash flows.

The Municipality's targets for revenue, expenditure and cash flows are detailed as follows.

EC155 Nyandeni - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand																
Revenue By Source																
Property rates		417	417	417	417	417	417	417	417	417	417	417	417	5,005	5,305	5,624
Property rates - penalties & collection charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - other		17	17	17	17	17	17	17	17	17	17	17	17	200	212	225
Rental of facilities and equipment		14	14	14	14	14	14	14	14	14	14	14	14	165	175	185
Interest earned - external investments		418	418	418	418	418	418	418	418	418	418	418	404	5,000	5,300	5,618
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines		4	4	4	4	4	4	4	4	4	4	4	4	50	53	56
Licences and permits		542	542	542	542	542	542	542	542	542	542	542	542	6,500	6,890	7,303
Agency services		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		56,889	2,534	300	-	56,889	-	-	-	56,890	-	-	(0)	173,502	219,459	221,848
Other revenue		94	15,094	94	94	94	94	94	94	94	94	94	94	16,125	663	702
Gains on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		58,394	19,039	1,805	1,505	58,394	1,505	1,505	1,505	58,395	1,505	1,505	1,491	206,547	238,057	241,562
Expenditure By Type																
Employee related costs		6,748	6,748	6,748	6,748	6,748	6,748	6,748	6,748	6,748	6,748	6,748	6,699	80,928	86,107	91,618
Remuneration of councillors		1,348	1,348	1,348	1,348	1,348	1,348	1,348	1,348	1,348	1,348	1,348	1,348	16,174	17,209	18,310
Debt impairment		-	-	-	-	-	1,750	-	-	-	-	-	1,750	3,500	3,707	3,910
Depreciation & asset impairment		-	-	-	-	-	17,299	-	-	-	-	-	17,299	34,598	38,244	41,916
Finance charges		9	9	9	9	9	9	9	9	9	9	9	9	105	112	118
Bulk purchases		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials		1,164	1,164	1,164	1,164	1,164	1,164	1,164	1,164	1,164	1,164	1,164	4,039	16,846	27,050	28,562
Contracted services		33	33	33	33	33	33	33	33	33	33	33	28	391	414	439
Transfers and grants		310	310	310	310	310	310	310	310	310	310	310	310	3,720	3,939	4,156
Other expenditure		5,880	5,880	5,880	5,880	5,880	5,880	5,880	5,880	5,880	5,880	5,880	(2,071)	62,604	66,298	69,942
Loss on disposal of PPE		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		15,492	15,492	15,492	15,492	15,492	34,541	15,492	15,492	15,492	15,492	15,492	29,410	218,866	243,080	258,973
Surplus/(Deficit)																
Transfers recognised - capital		42,903	3,548	(13,687)	(13,987)	42,902	(33,036)	(13,987)	(13,987)	42,903	(13,987)	(13,987)	(27,919)	(12,319)	(5,023)	(17,411)
Contributions recognised - capital		18,775	-	-	-	18,775	-	-	-	18,775	-	-	4,000	60,324	79,368	86,990
Contributed assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		61,677	3,548	(13,687)	(13,987)	61,677	(33,036)	(13,987)	(13,987)	61,678	(13,987)	(13,987)	(23,919)	48,005	74,345	69,579
Taxation		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of surplus/ (deficit) of associate		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit)	1	61,677	3,548	(13,687)	(13,987)	61,677	(33,036)	(13,987)	(13,987)	61,678	(13,987)	(13,987)	(23,919)	48,005	74,345	69,579

The difference between SA25 above and this table SA30 is that S25 depicts the municipality's budget forecasted monthly whilst SA30 depicts cash flows based on 95% collection rate.

EC155 Nyandeni - Supporting Table SA30 Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand													1		
Cash Receipts By Source															
Property rates	396	396	396	396	396	396	396	396	396	396	396	396	4,755	5,040	5,343
Property rates - penalties & collection charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	16	16	16	16	16	16	16	16	16	16	16	16	190	201	213
Service charges - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment	14	14	14	14	14	14	14	14	14	14	14	14	157	166	166
Interest earned - external investments	417	417	417	417	417	417	417	417	417	417	417	417	5,000	5,300	5,618
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	4	4	4	4	4	4	4	4	4	4	4	4	48	50	53
Licences and permits	515	515	515	515	515	515	515	515	515	515	515	515	6,175	6,546	6,938
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer receipts - operational	56,889	2,534	300	-	56,889	-	-	-	56,889	-	-	-	173,502	219,459	221,848
Other revenue	1,339	1,339	1,339	1,339	1,339	1,339	1,339	1,339	1,339	1,339	1,339	1,339	16,069	17,033	18,055
Cash Receipts by Source	59,589	5,234	3,000	2,700	59,589	2,700	2,700	2,700	59,589	2,700	2,700	2,691	205,895	253,795	258,235
Other Cash Flows by Source															
Transfer receipts - capital	-	20,775	-	-	19,775	-	-	-	19,775	-	-	(0)	60,324	79,368	86,960
Contributions recognised - capital & Contributed assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	59,589	26,009	3,000	2,700	79,364	2,700	2,700	2,700	79,364	2,700	2,700	2,691	266,219	333,163	345,225
Cash Payments by Type															
Employee related costs	6,744	6,744	6,744	6,744	6,744	6,744	6,744	6,744	6,744	6,744	6,744	6,744	80,928	86,107	91,618
Remuneration of councillors	1,348	1,348	1,348	1,348	1,348	1,348	1,348	1,348	1,348	1,348	1,348	1,348	16,174	17,209	18,310
Finance charges	9	9	9	9	9	9	9	9	9	9	9	9	105	112	118
Bulk purchases - Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bulk purchases - Water & Sewer	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other materials	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404	1,404	16,846	27,050	28,562
Contracted services	33	33	33	33	33	33	33	33	33	33	33	33	391	414	439
Transfers and grants - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and grants - other	310	310	310	310	310	310	310	310	310	310	310	310	3,720	3,939	4,156
Other expenditure	5,217	5,217	5,217	5,217	5,217	5,217	5,217	5,217	5,217	5,217	5,217	5,217	62,604	66,298	69,942
Cash Payments by Type	15,064	15,064	15,064	15,064	15,064	15,064	15,064	15,064	15,064	15,064	15,064	15,064	180,769	201,130	213,146
Other Cash Flows/Payments by Type															
Capital assets	5,925	5,925	5,925	5,925	5,925	5,925	5,925	5,925	5,925	5,925	5,925	5,925	71,102	111,061	109,969
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Payments by Type	20,989	20,989	20,989	20,989	20,989	20,989	20,989	20,989	20,989	20,989	20,989	20,989	251,871	312,191	323,115
NET INCREASE/(DECREASE) IN CASH HELD	38,600	5,020	(17,989)	(18,289)	58,375	(18,289)	(18,289)	(18,289)	58,375	(18,289)	(18,289)	(18,289)	14,348	20,973	22,109
Cash/cash equivalents at the month/year begin:	13,681	52,281	57,301	39,312	21,023	79,398	61,109	42,820	24,531	82,905	64,616	46,327	13,681	28,029	49,002
Cash/cash equivalents at the month/year end:	52,281	57,301	39,312	21,023	79,398	61,109	42,820	24,531	82,905	64,616	46,327	28,029	28,029	49,002	71,111

2.11 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 2014 to 30 June 2015 (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 2014/2015 financial year will be approved by the Honourable Mayor in June 2014 following approval of the Budget.

The table below presents the monthly projections of revenue and expenditure per department of which the SDBIP will be based on.

EC155 Nyandeni - Supporting Table SA26 Budgeted monthly revenue and expenditure (municipal vote)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
Revenue by Vote																
Vote 1 - MUNICIPAL GOVERNANCE AND ADMINISTRATION																
Vote 2 - BUDGET AND TREASURY		54,097	3,092	2,158	2,158	54,097	2,158	2,158	2,158	54,097	2,158	2,158	2,158	182,650	230,398	233,444
Vote 3 - CORPORATE SERVICES		167				167				167				(0)	500	-
Vote 4 - COMMUNITY AND SOCIAL SERVICES		599	599	599	599	599	599	599	599	599	599	599	599	7,190	7,621	8,079
Vote 5 - PLANNING AND DEVELOPMENT		3	3	3	3	3	3	3	3	3	3	3	3	35	37	39
Vote 6 - INFRASTRUCTURE		21,727	1,258	1,258	1,258	21,727	1,258	1,258	1,258	21,727	1,258	1,258	1,252	76,496	79,368	86,590
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]																
Total Revenue by Vote		76,592	4,952	4,018	4,018	76,592	4,018	4,018	4,018	76,592	4,018	4,018	4,012	266,871	317,425	328,552
Expenditure by Vote to be appropriated																
Vote 1 - MUNICIPAL GOVERNANCE AND ADMINISTRATION		4,536	4,536	4,536	4,536	4,536	4,536	4,536	4,536	4,536	4,536	4,536	4,540	54,434	57,811	61,309
Vote 2 - BUDGET AND TREASURY		5,598	5,598	5,598	5,598	5,598	5,598	5,598	5,598	5,598	5,598	5,598	5,598	67,175	72,804	78,491
Vote 3 - CORPORATE SERVICES		2,386	2,386	2,386	2,386	2,386	2,386	2,386	2,386	2,386	2,386	2,386	2,386	28,632	30,371	32,138
Vote 4 - COMMUNITY AND SOCIAL SERVICES		3,156	3,156	3,156	3,156	3,156	3,156	3,156	3,156	3,156	3,156	3,156	3,156	37,873	40,244	42,724
Vote 5 - PLANNING AND DEVELOPMENT		1,173	1,173	1,173	1,173	1,173	1,173	1,173	1,173	1,173	1,173	1,173	1,173	14,078	14,943	15,831
Vote 6 - INFRASTRUCTURE		8,565	8,565	8,565	8,565	8,565	8,565	8,565	8,565	8,565	8,565	8,565	8,565	102,776	136,969	138,457
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]																
Total Expenditure by Vote		25,414	25,414	25,414	25,414	25,414	25,414	25,414	25,414	25,414	25,414	25,414	25,418	304,967	353,142	368,950
Surplus/(Deficit) before assoc.		51,179	(20,461)	(21,395)	(21,395)	51,179	(21,395)	(21,395)	(21,395)	51,179	(21,395)	(21,395)	(21,405)	(38,096)	(35,717)	(40,398)
Taxation																
Attributable to minorities																
Share of surplus/ (deficit) of associate																
Surplus/(Deficit)	1	51,179	(20,461)	(21,395)	(21,395)	51,179	(21,395)	(21,395)	(21,395)	51,179	(21,395)	(21,395)	(21,405)	(38,096)	(35,717)	(40,398)

2.12 Annual budgets and service delivery agreements

– Municipal entities and other external mechanisms

Currently NLM does not have a municipal entity and does not foresee to have one in the 2014/15 MTREF, therefore this section is not applicable.

2.13 Contracts having future budgetary implications

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

2.14 Capital expenditure

NLM's capital expenditure in the 2014/15 MTREF is as follows.

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

Vote Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure, to be appropriated	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]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure, to be appropriated	2										
Vote 1 - MUNICIPAL GOVERNANCE AND ADMINISTRATION		-	-	-	2,100	2,100	2,100	-	-	-	-
Vote 2 - BUDGET AND TREASURY		3,147	1,250	1,500	450	450	450	-	3,600	3,812	4,022
Vote 3 - CORPORATE SERVICES		1,033	1,359	748	1,900	1,900	1,900	-	7,895	8,361	8,821
Vote 4 - COMMUNITY AND SOCIAL SERVICES		-	529	-	3,710	3,710	3,710	-	685	725	785
Vote 5 - PLANNING AND DEVELOPMENT		-	-	-	100	100	100	-	-	-	-
Vote 6 - INFRASTRUCTURE		26,553	28,342	32,091	70,638	69,965	69,965	-	54,922	78,163	71,362
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]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		30,734	31,480	34,339	78,898	78,225	78,225	-	67,102	91,061	84,969
Total Capital Expenditure - Vote		30,734	31,480	34,339	78,898	78,225	78,225	-	67,102	91,061	84,969
Capital Expenditure - Standard											
Governance and administration		4,180	2,609	2,248	4,450	4,450	4,450	-	11,495	12,173	12,843
Executive and council		-	-	-	2,100	2,100	2,100	-	-	-	-
Budget and treasury office		3,199	1,303	1,500	1,200	1,200	1,200	-	3,600	3,812	4,022
Corporate services		981	1,306	748	1,150	1,150	1,150	-	7,895	8,361	8,821
Community and public safety		-	529	-	1,810	2,110	2,110	-	460	487	514
Community and social services		-	529	-	1,350	1,650	1,650	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	460	460	460	-	460	487	514
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		26,553	28,342	32,091	70,738	70,065	70,065	-	54,922	78,163	71,362
Planning and development		-	-	-	100	100	100	-	-	-	-
Road transport		26,553	28,342	32,091	70,638	69,965	69,965	-	54,922	78,163	71,362
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	-	-	1,900	1,600	1,600	-	225	238	251
Electricity		-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	1,900	1,600	1,600	-	225	238	251
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	30,734	31,480	34,339	78,898	78,225	78,225	-	67,102	91,061	84,969
Funded by:											
National Government		30,734	31,480	39,753	48,566	48,566	48,566	-	56,324	59,368	61,990
Provincial Government		-	-	-	19,000	19,000	19,000	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	11,332	10,659	10,659	-	10,778	31,693	22,979
Transfers recognised - capital	4	30,734	31,480	39,753	78,898	78,225	78,225	-	67,102	91,061	84,969
Public contributions & donations	5										
Borrowing	6										
Internally generated funds											
Total Capital Funding	7	30,734	31,480	39,753	78,898	78,225	78,225	-	67,102	91,061	84,969

EC155 Nyandeni - Supporting Table SA28 Budgeted monthly capital expenditure (municipal vote)

Description	Ref	Budget Year 2014/15												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17	
Multi-year expenditure to be appropriated	1																
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]																	
Capital multi-year expenditure sub-total	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated																	
Vote 1 - MUNICIPAL GOVERNANCE AND ADMINISTRATION																	
Vote 2 - BUDGET AND TREASURY			1,200			1,200			1,200								
Vote 3 - CORPORATE SERVICES			790	790	790	790		790	790	790	790	790	790	790	790	7,895	8,361
Vote 4 - COMMUNITY AND SOCIAL SERVICES			114		114			114				114			114	685	725
Vote 5 - PLANNING AND DEVELOPMENT																	
Vote 6 - INFRASTRUCTURE		6,160	6,160	6,160	6,160	6,160	6,160	6,160	6,160	6,160	6,160	6,160	6,160	6,160	73,922	98,163	96,362
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]																	
Capital single-year expenditure sub-total	2	6,160	8,264	6,950	7,064	8,150	6,274	6,950	8,264	6,950	7,064	6,950	7,064	7,064	86,102	111,061	109,969
Total Capital Expenditure	2	6,160	8,264	6,950	7,064	8,150	6,274	6,950	8,264	6,950	7,064	6,950	7,064	7,064	86,102	111,061	109,969

2.15 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 2014/15 MTREF in May 2014 directly aligned and informed by the 2014/15 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

2.16 Other Supporting Documents Supporting table SA1

EC155 Nyandeni - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'																
Description	Ref	2010/11			2011/12			2012/13			Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17					
REVENUE ITEMS:																
Property rates																
Total Property Rates	4	3,358	4,351	4,693	2,871	5,128	5,128		5,978	6,328	6,702					
Less Revenue Forgone				251	968	968		865	1,032	1,064						
Net Property Rates		3,358	4,351	4,442	2,819	4,219	4,219		5,069	5,369	5,624					
Service charges - electricity revenue																
Total Service charges - electricity revenue	6															
Less Revenue Forgone																
Net Service charges - electricity revenue																
Service charges - water revenue																
Total Service charges - water revenue	6															
Less Revenue Forgone																
Net Service charges - water revenue																
Service charges - sanitation revenue																
Total Service charges - sanitation revenue																
Less Revenue Forgone																
Net Service charges - sanitation revenue																
Service charges - refuse revenue																
Total refuse revenue	6	71	158	168	200	200	200		200	212	225					
Total landfill revenue																
Less Revenue Forgone																
Net Service charges - refuse revenue		71	158	168	200	200	200		200	212	225					
Other Revenue by source																
Advertising Rental																
Rent: Hall																
Rent: Office																
Licence								500	265	281						
Tender Sales					200	200	200	200	212	225						
Commission Charged					150	150	150	300	212	225						
Building Plan Approval					5	5	5	5	5	6						
Plan Fees					30	30	30	30	21	22						
Interest Received																
Transfer from Reserves								15,000								
Other	3	4,784	2,743	7,624	17,630	26,630	26,630		150	160						
Total 'Other' Revenue	1	4,784	2,743	7,624	17,630	26,630	26,630		16,125	663	702					
EXPENDITURE ITEMS:																
Employee related costs																
Basic Salaries and Wages	2	50,338	55,187	38,528	49,381	49,381	49,381	52,090	56,062	59,650						
Pension and LIF Contributions				11,140	6,509	6,509	6,509	7,400	7,953	8,337						
Medical Aid Contributions					5,378	5,378	5,378	5,742	6,109	6,500						
Overtime				3,810	50	50	50	53	57	60						
Performance Bonus					5,476	5,476	5,476	5,988	6,293	6,621						
Motor Vehicle Allowance				4,458	2,140	2,140	2,140	2,286	2,432	2,588						
Cellphone Allowance																
Housing Allowance				1,827	2,254	2,254	2,254	2,407	2,561	2,725						
Other benefits and allowances				1,525	3,888	3,888	3,888	4,152	4,418	4,700						
Payments in lieu of leave																
Long service awards					328	328	328	350	373	397						
Provident fund benefit obligations	4															
Less: Employee costs capitalised to PPE	5	50,338	55,187	61,358	75,821	75,821	75,821		86,928	86,187	91,618					
Total Employee related costs	1	50,338	55,187	61,358	75,821	75,821	75,821		86,928	86,187	91,618					
Contributions recognised - capital																
Less contributions by contract																
Total Contributions recognised - capital																
Depreciation & asset impairment																
Depreciation of Property, Plant & Equipment		30,789	30,912	30,986	44,741	44,741	44,741		34,598	38,244	41,916					
Lease amortisation																
Capital asset impairment																
Depreciation resulting from revaluation of PPE	10	30,789	30,912	30,986	44,741	44,741	44,741		34,598	38,244	41,916					
Total Depreciation & asset impairment	1	30,789	30,912	30,986	44,741	44,741	44,741		34,598	38,244	41,916					
Bulk purchases																
Electricity Bulk Purchases			7,158	4,771												
Water Bulk Purchases																
Total bulk purchases	1		7,158	4,771												
Transfers and grants																
Cash transfers and grants																
Non-cash transfers and grants	1				4,000	4,000	4,000		3,720	3,939	4,156					
Total transfers and grants					4,000	4,000	4,000		3,720	3,939	4,156					
Contracted services																
Netica			297	369					391	494	439					
Other contracted services			297	369					391	494	439					
Other Expenditure by type																
Collection costs																
Contributions to 'other' providers					300	300	300		100	100	112					
Audit fees					3,000	3,000	3,000		3,000	3,117	3,352					
General expenses	3	35,577	43,262	51,027	47,598	51,198	51,198		50,504	63,015	66,479					
Less: Other Expenditure by type																
Loss on investments																
Finance Charges		253	100		105	105	105									
Amortisation			188	188												
Bad Debt				1,161												
Fair value loss on short term investment			124	130												
Total 'Other' Expenditure	1	35,830	43,794	52,596	51,943	55,193	55,193		62,604	66,268	69,942					
Repairs and Maintenance																
Employee related costs																
Other materials					11,860	17,660	17,660		16,846	27,050	28,562					
Contracted Services																
Other Expenditure																
Total Repairs and Maintenance Expenditure	6				11,860	17,660	17,660		16,846	27,050	28,562					

Supporting table SA2

EC155 Nyandeni - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 1 - MUNICIPAL GOVERNAN CE AND	Vote 2 - BUDGET AND TREASURY	Vote 3 - CORPORATE SERVICES	Vote 4 - COMMUNITY AND SOCIAL SERVICES	Vote 5 - PLANNING AND DEVELOPME NT	Vote 6 - INFRASTRU CTURE	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]	Total
R thousand	1																
Revenue By Source																	
Property rates			5,005														5,005
Property rates - penalties & collection charges																	-
Service charges - electricity revenue																	-
Service charges - water revenue																	-
Service charges - sanitation revenue						200											200
Service charges - refuse revenue																	-
Service charges - other																	-
Rental of facilities and equipment			165														165
Interest earned - external investments			5,000														5,000
Interest earned - outstanding debtors																	-
Dividends received																	-
Fees						50											50
Licences and permits						6,500											6,500
Agency services																	-
Other revenue			450														450
Transfers recognised - operational			173,502	500	140	35	15,000										173,562
Gains on disposal of PPE																	-
Total Revenue (excluding capital transfers and cont			184,122	500	6,890	35	15,000										206,547
Expenditure By Type																	
Employee related costs		17,035	11,854	10,007	27,277	6,893	7,863										80,928
Remuneration of councillors		16,174															16,174
Debt impairment			3,500														3,500
Depreciation & asset impairment			34,598														34,598
Finance charges			105														105
Bulk purchases						3,720											3,720
Other materials			100	1,310	262		15,174										16,846
Contracted services																	-
Transfers and grants																	-
Other expenditure		21,225	13,419	9,420	5,929	7,185	5,818										62,995
Loss on disposal of PPE																	-
Total Expenditure		94,434	63,576	20,737	37,188	14,078	28,854										218,866
Surplus/(Deficit)		(94,434)	120,546	(20,237)	(30,298)	(14,043)	(13,854)										(12,319)
Transfers recognised - capital							60,324										60,324
Contributions recognised - capital																	-
Contributed assets																	-
Surplus/(Deficit) after capital transfers & contributions		(94,434)	120,546	(20,237)	(30,298)	(14,043)	46,470										48,005

Supporting table SA3

EC155 Nyandeni - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2010/11	2011/12	2012/13	Current Year 2013/14				2014/15 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand											
ASSETS											
Call investment deposits											
Call deposits < 90 days											
Other current investments > 90 days		51,382	51,056	69,005					59,145	62,694	66,455
Total Call investment deposits	2	51,382	51,056	69,005	-	-	-	-	59,145	62,694	66,455
Consumer debtors											
Consumer debtors		254	1,795	1,621	4,860	4,860	4,860		9,981	10,570	11,151
Less: Provision for debt impairment					(3,500)	(3,500)	(3,500)		(3,500)	(3,707)	(3,910)
Total Consumer debtors	2	254	1,795	1,621	1,360	1,360	1,360	-	6,481	6,863	7,241
Debt impairment provision											
Balance at the beginning of the year					4,075	4,075	4,075		7,806	6,645	5,416
Contributions to the provision					3,500	3,500	3,500				
Bad debts written off					(3,500)	(3,500)	(3,500)		(1,161)	(1,229)	(1,297)
Balance at end of year		-	-	-	4,075	4,075	4,075	-	6,645	5,416	4,119
Property, plant and equipment (PPE)											
PPE at cost/valuation (excl. finance leases)		208,194	308,292	233,241	276,592	276,592	276,592		290,134	371,029	424,677
Leases recognised as PPE											
Less: Accumulated depreciation		185	77,943		44,741	44,741	44,741		34,588	38,244	41,916
Total Property, plant and equipment (PPE)	2	208,009	230,349	233,241	231,851	231,851	231,851	-	255,536	332,785	382,760
LIABILITIES											
Current liabilities - Borrowing											
Short term loans (other than bank overdraft)											
Current portion of long-term liabilities		199	297	369							
Total Current liabilities - Borrowing		199	297	369	-	-	-	-	-	-	-
Trade and other payables											
Trade and other creditors		2,731	10,970	3,107					8,000	7,500	6,800
Unspent conditional transfers		5,889	1,839								
VAT											
Total Trade and other payables	2	8,620	12,809	3,107	-	-	-	-	8,000	7,500	6,800
Non current liabilities - Borrowing											
Borrowing											
Finance leases (including PPP asset element)		537	477	1,075	191	191	191		1,142	1,209	1,276
Total Non current liabilities - Borrowing		537	477	1,075	191	191	191	-	1,142	1,209	1,276
Provisions - non-current											
Retirement benefits											
List other major provision items											
Refuse landfill site rehabilitation			133	233					225	238	251
Other											
Total Provisions - non-current		-	133	233	-	-	-	-	225	238	251
CHANGES IN NET ASSETS											
Accumulated Surplus/(Deficit)											
Accumulated Surplus/(Deficit) - opening balance					338,632	338,632	338,632		359,828	387,404	414,516
GRAP adjustments											
Restated balance		-	-	-	338,632	338,632	338,632		359,828	387,404	414,516
Surplus/(Deficit)		(3,096)	(28,183)	12,242	33,233	33,233	33,233		48,005	74,345	69,579
Appropriations to Reserves											
Transfers from Reserves											
Depreciation offsets											
Other adjustments											
Accumulated Surplus/(Deficit)	1	(3,096)	(28,183)	12,242	371,865	371,865	371,865	-	407,833	461,749	484,095
Reserves											
Housing Development Fund											
Capital replacement											
Self-insurance											
Other reserves									15,000		
Revaluation											
Total Reserves	2	-	-	-	-	-	-	-	15,000	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2	(3,096)	(28,183)	12,242	371,865	371,865	371,865	-	422,833	461,749	484,095
Total capital expenditure includes expenditure on nationally significant priorities:											
Provision of basic services											
Capital expenditure					78,898	78,225	78,225		86,102	111,061	109,969

Supporting table SA4

EC155 Nyandeni - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand												
1. Financial viability	To have a financial sound, self sustainable transparent and accountable municipality.			101,155	123,918	139,121	140,651	147,091	14,091	182,650	230,398	233,444
2. Infrastructure and service delivery	To ensure universal access to basic household, community and social services			27,687	47,581	47,399	48,073	48,538	48,538	83,686	86,989	95,069
3. Good governance	To strengthen municipal governance and administrative capacity.									500	-	-
4. Local Economic Development	A thriving economy capable of meeting the economic development challenges of unemployment, poverty, skills shortage and slow economic growth on a sustainable basis.			517	199		57	57	57	35	37	39
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	129,360	171,698	186,520	188,781	195,686	62,686	266,871	317,425	328,552

Supporting table SA5

EC155 Nyandeni - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
R thousand												
1. Financial viability	To have a financial sound, self sustainable transparent and accountable municipality.			70,357	85,243	95,233	38,232	39,332	39,332	67,175	72,804	78,491
2. Infrastructure and service delivery	To ensure universal access to basic household, community and social services			-	-	-	48,809	51,210	51,210	140,649	177,212	181,181
3. Good governance	To strengthen municipal governance and administrative capacity.			61,599	67,520	75,076	39,312	42,047	42,047	83,065	88,182	93,446
4. Local Economic Development	A thriving economy capable of meeting the economic development challenges of			-	-	-	8,728	9,567	9,567	14,078	14,943	15,831
Allocations to other priorities												
Total Expenditure				131,956	152,763	170,309	135,061	142,156	142,156	304,967	353,141	368,949

Supporting table SA6

EC155 Nyandeni - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	Goal	Goal Code	Ref	2010/11	2011/12	2012/13	Current Year 2013/14			2014/15 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2014/15	Budget Year +1 2015/16	Budget Year +2 2016/17
1. Financial viability	To have a financial sound, self sustainable transparent and accountable municipality.	A			1,752	1,878	4,280	4,180	4,180	3,600	3,812	4,022
				606								
2. Infrastructure and service delivery	To ensure universal access to basic household, community and social services	B		29,020	28,415	28,415	47,930	47,831	47,831	74,607	98,888	97,126
3. Good governance	To strengthen municipal governance and administrative capacity.	C		1,082	880		500	515	515	7,895	8,361	8,821
4. Local Economic Development	A thriving economy capable of meeting the economic development challenges of	D		-	-		1,000	1,000	1,000	-		-
		E										
		F										
		G										
		H										
		I										
		J										
		K										
		L										
		M										
		N										
		O										
		P										
Allocations to other priorities			3									
Total Capital Expenditure			1	30,708	31,047	30,293	53,710	53,526	53,526	86,102	111,061	109,969

2.17 Annual budgets of Municipal entities attached to the Municipality's Annual budget

Currently NLM does not have a municipal entity and does not foresee to have one in the 2014/15 MTREF, therefore this section is not applicable.

2.18 Municipal Manager's Quality Certification

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

Signature

A handwritten signature in black ink, appearing to read 'N. Nomandela', is written over a horizontal line. The signature is enclosed in a hand-drawn circle.

Mrs N. Nomandela
Municipal Manager
Nyandeni Local Municipality

Date

29 MAY 2014

**Annexures:
Annexure A - Tariffs**

<u>1.HALL HIRE CHARGES</u>	<u>2012/2013</u>	<u>2013/2014</u>	<u>2014/2015 at 5.9 CPIX</u>
Meeting, workshop, conference	R152.50	R160.00	R169
Memorial & Religious services	R254.16	R268.00	R284
Concerts, Contests & shows	R508.32	R535.00	R567
Wedding, Parties	R635.40	R669.00	R708
Gospel concerts, shows (day/night), traditional shows, exhibition, launch, farewell, graduation, celebration, day of prayer	R381.24	R402.00	R426
<u>2. SECURITY FEES</u>			
Memorial, religious services	R254.16	R268.00	R284
Concerts, contests & shows (day/night)	R762.48	R802.00	R849
Parties, discos	R1270.80	R1338.00	R1 417
Weddings	R889.56	R936.00	R991
Gospel concerts, shows (day/night)	R254.16	R268.00	R284
<u>3. WOODSALE</u>			
Head load	R12.71	R13.00	R14
Bakkie	R190.62	R200.00	R212
Truck	R381.24	R402.00	R426
Lantjies	R6.35	R7.00	R7
Lantjies	R11.44	R12.00	R13
Poles	R4.45	R5.00	R5
Tree	R19.06	R20.00	R21
<u>4. POUND FEES</u>			
Entrance fee	R63.54	R66.00	R70
Driving fee	R50.83	R54.00	R57
Day charges	R25.42	R26.00	R28
Outgoing fees	R63.54	R66.00	R70
Cattle, horse	R50.83	R54.00	R57
Sheep & Goat	R25.42	R27.00	R29
<u>5. REFUSE REMOVAL</u>			
Households	R22.87	R24.00	R25
Businesses: General	R127.08	R134.00	R142
: Big Retailers	R279.58	R353.00	R374
Government: Category 1	R127.08	R134.00	R142
:Category2	R2563.00	R2570.00	R2 722
Churches	R22.87	R24.00	R25
<u>6. CEMETERY</u>			
Living in town	R264.75	R278.00	R294
Outside town	R370.65	R390.00	R413
<u>7. TENDER FEES</u>			
R50 000.00-R200 000.0	R190.62	R200.00	R212
R200 000.00-R500 000.00	R254.16	R268.00	R284
R500 000.00-R800 000.00	R317.70	R335.00	R355
R800 000.00-R1000 000.00 Or More	R381.24	R402.00	R426
<u>8. BUSINESS LICENCE</u>			
Supermarket & General Dealer	R468.35	R600.00	R635
Hawker	R33.45	R100.00	R106
Caravan (Restaurant& Telephone) p/y	R66.91	R100.00	R106
Salon (p/y)	R66.91	R100.00	R106
Funeral Parlor (p/y)	R535.26	R600.00	R635
Hardware (p/y)	R468.35	R550.00	R582

Accommodation establishment	R401.45	R432.00	R457
9. MARKET SITE			
Hawkers (p/m)	R25.42	R27.00	R29
Caravan Site(p/m)	R63.54	R66.00	R70
10. CHAIR HIRE			
Around town (chair per day)	R6.35	R7.00	R7
Indemnity fee (per chair)	R12.71	R13.00	R14
11. TOWN PLANNING TARIFFS	2012/2013	2013/2014	2014/2015
11.1 Zoning Certificates	R30.00	R32.00	R34
11.2 Town Planning scheme document	R300.00	R300.00	R318
11.3 Application for special consent			
Application fees	R450.00	R476.00	R504
application form			
Rezoning Application			
Advertising	Price as quoted by Daily Dispatch		
11.4 Application Fees			
Erven from 500sqm-1000sqm	R725/site	R768.00/site	R813
Erven from 1000sqm-1500sqm	R825/site	R874.00/site	R926
Erven from 1500sqm- 2000sqm	R925/site	R980.00/site	R1 038
Erven from 2000sqm and>	R1025/site	R1085.00/site	R1 149
11.5 Subdivision and Township Application			
Basic Subdivision fee	R625	R662.00	R701
Charges per subdivision	R55	R55.00	R58
(Remainder considered a subdivision)			
11.6 Application for Removal of Restrictive Conditions			
Application fee	R1500	R1500	R1 589
11.7 Relaxation of Building Line	R200	R212.00	R225
11.8 Consolidation	R500	R500	R530
11.9 Building Plan Approval	R35.00/sqm	R37.00/sqm	R39

RATES TARIFFS

DETERMINATION OF TARIFF AS PER CATEGORY AS FROM 1 JULY 2014-30 JUNE 2015

<u>CATEGORY</u>	<u>TARIFF</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

	2012/13	2013/14	204/2015
Refuse Removal	127.08	134.00	R142
Bags (1000*R0,80)	(1000*R0,90) 900.00	900.00	(1000*.95) R953
Mileage (24km*2days*4weeks in month)	1536.00	1536.00	R1 627
	2563.08	2570.00	R2 722

NOTES

- Property rates –no change in tariffs
- Other tariffs – 5.9% 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- 5.9% 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.

NYANDENI LOCAL MUNICIPALITY
COUNCIL RESOLUTION EXTRACT



SPECIAL COUNCIL RESOLUTIONS

(29 May 2014)

No	Resolution No	Date	Item	Brief Background	Resolution
1	2076	29-05-2014	IDP, PMS and Budget and Related Policies for 2014/15	<p>Legal framework.</p> <p>1. LEGAL FRAME WORK</p> <p>With reference to Municipal Finance Management Act no 53 of 2003, the following sections guide us:</p> <p>Section 21</p> <p>(1) The mayor of the municipality must</p> <p>(a) Co-ordinate the processes for the preparing of the annual budget and for reviewing the municipality's integrated development plan and budget related policies to ensure that the tabled budget and any revision of the integrated development plan and budget related policies are mutually consistent and credible</p> <p>(b) At least 10 months before the start of the budget year, table in the municipal council time schedule outlining key deadlines for-</p> <p>(i) The preparation, tabling and approval of the annual budget</p> <p>(ii) The annual review of</p> <p style="padding-left: 40px;">(aa) integrated development plan terms of section 34 of the Municipal Systems Act</p> <p style="padding-left: 40px;">(bb) the budget-related</p> <p>(iii) The tabling and adoption of any amendments to the integrated development plan and the budget related policies</p> <p>(iv) Any consultative process forming part of the process referred to in subparagraphs (i), (ii) and (iii)</p>	<p>Council Resolves to</p> <ul style="list-style-type: none"> • Approve the IDP review for the 2014/15 MTREF • Approve annual budget for 2014/15 <p>MTREF and the indicated two outer years of 2015/16 and 2016/17 as set out in tables A1 to A10 of the budget schedule.</p>

			<p>Section 18 An annual budget may be funded from</p> <ul style="list-style-type: none"> (a) Realistically anticipated revenues to be collected (b) Cash backed accumulated funds from previous years surpluses not committed for other purposes; and (c) Borrowed funds, but only for capital budget <p>Section 16(2); In order for the municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a Council meeting at least 90 days before the start of the budget year</p> <p>Section 24(1); The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget</p> <p>2. BACKGROUND , FACTS AND PROPOSAL The municipality has adopted its process plan on the 31st of August 2013 detailing all the processes of the IDP review and budget preparation for 2014/2015 budget year.</p> <p>The final budget is thus prepared to meet the strategic objectives of the Municipality.</p> <p>Below is the summarized budget detailing the revenue and expenditures for MTERF period and its two outer years:</p>	<ul style="list-style-type: none"> • Approved the reviewed budget related policies
--	--	--	--	---

3.1 TOTAL BUDGETED REVENUE

FINANCIAL YEAR	TOTAL BUDGETED REVENUE
2014/2015	R 266 871 000
2015/2016	R 317 424 886
2016/2017	R 328 551 839

3.1.1 The table below depicts the Revenue as follows:

REVENUE & EXPENDITURE MTERF 2014/15				
DEPARTMENT	Adjusted Budget 2013/2014	2014/15	2015/16	2016/17
Executive & Council	R nil	R nil	R nil	R nil
Budget & Treasury	R 174 671 000	R 182 650 175	R 230 398 385	R 233 443 829
Corporate Services	R 500 000	R 500 000	R nil	R nil
Planning	R 35 000	R 35 000	R 37 100	R 39 326
Community Services	R 5 490 000	R 7 190 000	R 7 621 400	R 8 078 684
Infrastructure Services	R 68 566 000	R 76 496 000	R 79 368 000	R 86 990 000
GRAND TOTAL	R249 262 000	R266 871 175	R317 424 885	R328 551 839

Our own revenue, excludes the revenue foregone on the Property rates services at an amount of R964 611 for 2014/2015, R1 022 000 for 2015/2016, and R1 084 000 for 2016/2017. Revenue foregone is the portion of amount that is exempted in the value of the property as the Municipal Property Rates Act and Municipal Property Rates Policy.

Available sources of Revenue for 2014/2015 Budget are as follows:

REVENUE	2014/15
Operational Grants	R 173 502 000
Capital Grant	R 60 324 000
Own Revenue	R 18 045 000
Transfer from Reserves	R 15 000 000
Grand total	R 266 871 000

The transfer from reserves will fund the Electrification Programme in 2014/15

The Grants detailed below are as follows:

Name of the Grant	Adjustments budget 2013/14	2014/15	2015/16	2016/17
MIG	R 48 566 000	R56 324 000	R59 368 000	R61 990 000
ELECTRIFICATION	R 19 000 000	R4 000 000	R20 000 000	R25 000 000
EPWP	R 1 000 000	R1 172 000	nil	nil
FMG	R 1 550 000	R1 600 000	R1 650 000	R1 700 000
MSIG	R 890 000	R934 000	R967 000	R1 018 000
TOTAL	R 71 679 000	R64 030 000	R81 985 000	R89 708 000

The Equitable share is detailed as follows:


Municipality	2013/2014	2014/2015	2015/2016	2016/2017
Nyandeni LM	R143 347 000	R169 496 000	R216 524 000	R218 793 000

3.2 TOTAL BUDGETED EXPENDITURE

The draft budget makes provision for all the functions and responsibilities of the municipality as follows:

REVENUE & EXPENDITURE MTERF 2014/2015-2017			
Description	Adjustments budget 2013/14	2014/15	2015/16
Salaries & Wages	R 90 964 994	R97 102 104	R103 316 638
Depreciation and impairment	R 44 741 000	R34 598 000	R 38 244 000
Finance charges	R nil	R 105 000	R 112 000
Repairs & Maintenance	R17 660 000	R 16 846 000	R 27 050 030
Transfer and grants (indigent subsidies)	R 4 000 000	R 3 720 000	R 3 939 000
Other expenditure	R58 663 000	R66 495 000	R70 419 000
Capital Expenditure	R78 225 000	R86 101 800	R111 060 806
GRAND TOTAL	R294 253 900	R304 967 704	R354 140 474
			R 109 928 903
			R 41 916 000
			R 118 000
			R28 562 386
			R 4 156 000
			R74 292 000
			R109 969 151
			R368 942 440

The Draft IDP and Budget we are tabling is responding to the challenges identified by the communities and simultaneously provide solutions. Very effort has been made within the availability limited resources to contribute to NDP priorities.



Nomalungelo Nomandela
Municipal Manager


30 May 2014

PROCUREMENT PLAN

NYANDENI LOCAL MUNICIPALITY




SCHEDULE OF PROCUREMENT PLAN IN RESPECT OF ADVERTISED COMPETITIVE BIDS
(GOODS, INFRASTRUCTURE PROJECTS OR SERVICES IN EXCESS OF R200 000 INCLUDING ALL APPLICABLE TAXES) FOR THE
2014/2015 FINANCIAL YEAR

Name of Municipality or Municipal Entity	NYANDENI LOCAL MUNICIPALITY
Name of Accounting Officer / Delegated Official	BONGANI BENXA
Signature of Accounting Officer / Delegated Official	
Telephone Number and e-mail address	


Description of goods / services / Infrastructure project	Estimated value (including all applicable taxes)	Envisaged date of advertisement in the website, newspapers or other media	Envisaged closing date of bid	Envisaged date of award	Responsible office	SCM Comment
Supplementary Valuation Roll	250,000.00	Jan-15	Jan-15	Feb-15	CFO	Tender
Review of Financial Policies	150,000.00	Jan-15	Jan-15	Feb-15	CFO	RFQ
Update of Grap Asset Register	1,000,000.00	Dec-14	Jan-15	Jan-15	CFO	Tender
Insurance of Municipal Assets	1,000,000.00	Not Applicable	Not Applicable	Not Applicable	CFO	Tender
Procurement of Municipal Vehicles	3,500,000.00	Jul-14	Jul-14	Aug-14	CFO	Tender
Development of AFS	1,400,000.00	Jan-15	Jan-15	Feb-15	CFO	Tender

SCHEDULE OF PROCUREMENT PLAN IN RESPECT OF ADVERTISED COMPETITIVE BIDS
(GOODS, INFRASTRUCTURE PROJECTS OR SERVICES IN EXCESS OF R200 000 INCLUDING ALL APPLICABLE TAXES) FOR THE
2014/2015 FINANCIAL YEAR

Name of Municipality or Municipal Entity	NYANDENI LOCAL MUNICIPALITY
Name of Accounting Officer / Delegated Official	MANDLENKOSI ZIDE
Signature of Accounting Officer / Delegated Official	
Telephone Number and e-mail address	


Description of goods / services / Infrastructure project	Estimated value (including all applicable taxes)	Envisaged date of advertisement in the website, newspapers or other media	Envisaged closing date of bid	Envisaged date of award	Responsible office	SCM Comment
WASTE MANAGEMENT (CONSTRUCTION OF LANDFILL SITE)	224,500.00	18-Aug-14	01-Oct-14	04-Nov-14	Environmental Officer	Tender
WASTE MANAGEMENT (OPERATIONAL COSTS)	408,040.00	01-Jul-14	01-Sep-14	26-Nov-14	Environmental Officer	Tender
EARLY CHILD-HOOD DEVELOPMENT CENTRERS	1,485,000.00	07-Oct-14	15-Oct-14	27-Oct-14	Community Services Officer	Tender
INDIGENT SUBSIDIES (FBS ALTERNATIVE ENERGY)	3,720,000.00	20-Oct-14	28-Oct-14	12-Nov-14	Community Services Officer	Tender
POUND SERVICES	262,112.00	14-Jul-14	22-Jul-14	20-Aug-14	Community Services Officer	Tender
REFUSE BAGS AND BINS	201,000.00	08-Sep-14	15-Sep-14	29-Sep-14	Community Services Officer	Tender
AMMENITIES AND COMMUNITY FACILITIES	214,000.00	15-Jan-15	22-Jan-15	27-Feb-15	Community Services Officer	Tender
UNIFORMS TRAFFIC SECTION	500,000.00	01-Jul-14	08-Jul-14	23-Sep-14	Superintendent Traffic Control	Tender
SCHOOL / COMMUNITY LIBRARY SUPPORT	300,000.00	01-Sep-14	09-Sep-14	30-Sep-14	Librarian	RFQ
SUPPORT TO SUPPORT GROUPS (HIV/AIDS)	250,000.00	31-Oct-14	14-Nov-14	21-Nov-14	HIV / AIDS Officer	RFQ
DLTC & eNaTIS (STATIONERY)	350,000.00	01-Jul-14	08-Jul-14	04-Aug-14	Superintendent Examiner	RFQ
DLTC (eNaTIS TERMINAL)	360,000.00	18-Aug-14	25-Aug-14	08-Sep-14	Superintendent Examiner	RFQ

SCHEDULE OF PROCUREMENT PLAN IN RESPECT OF ADVERTISED COMPETITIVE BIDS
(GOODS, INFRASTRUCTURE PROJECTS OR SERVICES IN EXCESS OF R200 000 INCLUDING ALL APPLICABLE TAXES) FOR THE
2014/2015 FINANCIAL YEAR

Name of Municipality or Municipal Entity	NYANDENI LOCAL MUNICIPALITY
Name of Accounting Officer / Delegated Official	SILULAMI POSWA
Signature of Accounting Officer / Delegated Official	
Telephone Number and e-mail address	

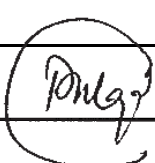
Description of goods / services / Infrastructure project	Estimated value (including all applicable taxes)	Envisaged date of advertisement in the website, newspapers or other media	Envisaged closing date of bid	Envisaged date of award	Responsible office	SCM Comment
4 X trainings for First Quarter	500,000.00	Aug-14	Sep-14	Oct-14	HR Manager	
3 X trainings for Second Quarter	500,000.00	Oct-14	Nov-14	Dec-14	HR Manager	
4 X trainings for Third Quarter	500,000.00	Jan-15	Feb-15	Mar-15	HR Manager	
4 X trainings for Fourth Quarter	500,000.00	Aug-15	Sep-14	Oct-14	HR Manager	
Employee Satisfaction Survey	100,000.00	Oct-14	Nov-14	Dec-14	HR Manager	
OHS - Equipment	100,000.00	Sep-14	Oct-14	Nov-14	HR Manager	
Furniture	300,000.00	Sep-14	Oct-14	Nov-14	Admin Officer	
	200,000.00	Feb-15	Mar-15	Apr-15	Admin Officer	
Paving	100,000.00	Jul-14	Aug-14	Sep-14	Admin Officer	
	100,000.00	Oct-14	Nov-14	Dec-14	Admin Officer	
Renovation of Ngqeleni	500,000.00	Aug-14	Sep-14	Oct-14	Admin Officer	
Ngqeleni Guard Room	900,000.00	Aug-14	Sep-14	Oct-14	Admin Officer	
Renovation of Traffic Building	200,000.00	Jul-14	Aug-14	Sep-14	Admin Officer	
Cleaning Material	150,000.00	Jul-14	Aug-14	Sep-14	Admin Officer	
Libode Canteen	800,000.00	Aug-14	Sep-14	Oct-14	Admin Officer	
Containers	1,500,000.00	Aug-14	Sep-14	Oct-14	Admin Officer	
	100,000.00	Oct-14	Nov-14	Dec-14	Admin Officer	
	150,000.00	Jan-15	Feb-15	Mar-15	Admin Officer	
	100,000.00	Apr-15	May-15	May-15	Admin Officer	
Stationery	150,000.00	Jul-14	Aug-14	Sep-14	Admin Officer	
	150,000.00	Oct-14	Nov-14	Dec-14	Admin Officer	
	150,000.00	Jan-15	Feb-15	Mar-15	Admin Officer	
	150,000.00	Apr-15	May-15	May-15	Admin Officer	
Revolving Door	95,000.00	Jul-14	Aug-14	Sep-14	Admin Officer	
Septic Tanks	1,000,000.00	Jul-14	Aug-14	Sep-14	Admin Officer	
Computer Software	400,000.00	Jul-14	Aug-14	Sep-14	ICT Technician	
Servers	1,000,000.00	Jul-14	Aug-14	Sep-14	ICT Technician	
Computers/Laptops	300,000.00	Aug-14	Sep-14	Oct-14	ICT Technician	
Website Design	200,000.00	Aug-14	Sep-14	Oct-14	ICT Technician	
APN Solution	200,000.00	Aug-14	Sep-14	Oct-14	ICT Technician	

SCHEDULE OF PROCUREMENT PLAN IN RESPECT OF ADVERTISED COMPETITIVE BIDS
(GOODS, INFRASTRUCTURE PROJECTS OR SERVICES IN EXCESS OF R200 000 INCLUDING ALL APPLICABLE TAXES)
FOR THE 2014/2015 FINANCIAL YEAR

Name of Municipality or Municipal Entity	NYANDENI LOCAL MUNICIPALITY
Name of Accounting Officer / Delegated Official	NOMALUNGELO NOMANDELA
Signature of Accounting Officer / Delegated	
Telephone Number and e-mail address	


Description of goods / services / Infrastructure project	Estimated value (including all applicable taxes)	Envisaged date of advertisement in the website, newspapers or other media	Envisaged closing date of bid	Envisaged date of award	Responsible office	SCM Comment
Conference fees and accommodation (strategic planning session)	800,000.00	Nov-14	Nov-13	Nov-13	IDP Office	Tender
Conference fees and accommodation (Workshop on Communication Policy and strategy, Public Participation Policy and delegation register)	800,000.00	Dec-14	Jan-14	Jan-14	IDP Office, legal, communications	Tender
Management oversight	775,000.00	Quarterly	Quarterly	Quarterly	Senior manager operations	Tender
Executive support	3,050,000.00	Quarterly	Quarterly	Quarterly	Senior manager operations	Tender
SALGA capacity programme	2,000,000.00	Quarterly	Quarterly	Quarterly	Senior manager operations	Tender
Mayoral sect oral fund	R 600,000	Quarterly	Quarterly	Quarterly	Senior manager operations	Tender
Mayor's poverty alleviation fund	R 300,000	Quarterly	Quarterly	Quarterly	Senior manager operations	Tender
Project launches	R 150,000	Jan-15	Feb-15	Feb-15	Senior manager operations	RFQ
Project launches	R 150,000	May-15	Jun-15	Jun-15	Senior manager operations	RFQ
Media liaison programme	R 250,000	Quarterly	Quarterly	Quarterly	Communications	Tender
Municipal performance management system	R 100,000	Jan-15	Feb-15	Feb-15	IDP Office	RFQ
Municipal performance management system	R 100,000	Apr-15	May-15	May-15	IDP Office	RFQ
Outreach/ Imbizo's	R 350,000	Oct-14	Nov-14	Nov-14	IDP Office, Public Participation	Tender
Mayors' Cup (prizes)	R 200,000	Oct-14	Nov-14	Nov. 2014	Council support	RFQ
SPU Children	R 350,000	Nov-14	Dec-14	Dec-14	SPU	RFQ
SPU (Women's Month)	R 100,000	Jul-14	Jul-14	Aug-14	SPU	RFQ
Women's caucus	R 150,000	Mar-13	Mar-13	Mar-13	SPU	RFQ
SPU Physically challenge	R 150,000	Oct-14	Nov-14	Nov-14	SPU	RFQ
SPU (16 Days of Activism)	R 50,000	Nov-13	Nov-13	Nov-13	SPU	RFQ
SPU – Youth (Ms Nyandeni)	R 200,000	Jul-14	Jul-14	Aug-14	SPU	RFQ
SPU – Youth (June 16)	R 200,000	May-15	May-15	Jun-15	SPU	RFQ
Ward Admin. Training	R 200,000	Oct-14	Nov-14	Nov-14	Senior manager operations	RFQ

**SCHEDULE OF PROCUREMENT PLAN IN RESPECT OF ADVERTISED COMPETITIVE BIDS
(GOODS, INFRASTRUCTURE PROJECTS OR SERVICES IN EXCESS OF R200 000 INCLUDING ALL APPLICABLE TAXES) FOR
THE 2014/2015 FINANCIAL YEAR**

Name of Municipality or Municipal Entity	NYANDENI LOCAL MUNICIPALITY
Name of Accounting Officer / Delegated Official	NAZO CEKWANA
Signature of Accounting Officer / Delegated Official	
Telephone Number and e-mail address	

Description of goods / services / Infrastructure project	Estimated value (including all applicable taxes)	Envisaged date of advertisement in the website, newspapers or other media	Envisaged closing date of bid	Envisaged date of award	Responsible office	SCM Comment
Fencing services for a Dairy Farm	200,000.00	Jan-14	Feb-14	Feb-14	Planning and Development	Tender
Capacity building and skills development	300,000.00	No need advert	No need for advert	No need for advert	Planning and Development	Tender
Ploughing of 500 hactors	500,000.00	Aug-14	Sep-14	Sep-14	Planning and Development	Tender
Small scale Farming	240,000.00	Aug-14	Sep-14	Sep-14	Planning and Development	Tender
Live stock Improvement	270,000.00	Oct-14	Nov-14	Dec-14	Planning and Development	Tender
Recruitment of Life Guards	500,000.00	Oct-14	Nov-14	Nov-14	Planning and Development	Tender
Participating to the Tourism Indaba and National career Expo	200,000.00	Ne need for advert	No need for advert	No need for advert	Planning and Development	Tender
Mthatha Mouth - Mdumbi LSDF	400,000.00	Jul-14	Aug-14	Aug-14	Planning and Development	Tender
Development of Canzibe LSDF	400,000.00	Jul-14	Aug-14	Aug-14	Planning and Development	Tender
Data collectors	558,000.00	Jul-14	No need for Advert		Planning and Development	Tender
Data capterers	15,000,000.00	Jul-14	No need for Advert		Planning and Development	Tender
Housing Consumer Education	200,000.00	July , October, January, April	No need for Advert		Planning and Development	Tender

**SCHEDULE OF PROCUREMENT PLAN IN RESPECT OF ADVERTISED COMPETITIVE BIDS
(GOODS, INFRASTRUCTURE PROJECTS OR SERVICES IN EXCESS OF R200 000 INCLUDING ALL APPLICABLE TAXES)
FOR THE 2014/2015 FINANCIAL YEAR**

Name of Municipality or Municipal Entity	NYANDENI LOCAL MUNICIPALITY
Name of Accounting Officer / Delegated Official	MR QIQA MADIKIDA
Signature of Accounting Officer / Delegated Official	
Telephone Number and e-mail address	

Description of goods / services / Infrastructure project	Estimated value (including all applicable taxes)	Envisaged date of advertisement in the website, newspapers or other media	Envisaged closing date of bid	Envisaged date of award	Responsible office	SCM Comment
Roller	1,500,000.00	Jul-14	Aug-14	Oct-14	Supply chain / Maintenance Unit	Tender
Tipper Trucks X2	2,000,000.00	Jul-14	Aug-14	Oct-14		Tender
Advertise projects	8,000,000.00	Sep-14	Oct-14	Jan-14		Tender
Makhotyana to Makaziwe; Mdina Access road; Misty Mount Access Road; Thakatha to Magozeni Access road; Bucula Access Road; Thekwini Access Road; Matshaya Access Road.						Tender
Street Surfacing (Ngqeleni and Libode)	2,000,000.00	Aug-14	Oct-14	Nov-14		Tender
High mast Street lights x6 for Thabo Mbeki T/ship and Ngqeleni (Consultants and Contractors)	700,000.00	September 14 for Consultants	Oct-14	December 14 for Consultants and May for Contractors	Supply chain / Electrical Unit	Tender
	3,500,000.00			November 13 for Contractors		Tender
Electricity Master Plan	150,000.00	Jul-14	Oct-14	14-Dec		Tender
Pavement management System	R 500,000.00	Jul-14	Aug-14	14-Sep	Supply chain / PMU	Tender
Autocad	R 100,000.00	Jul-14	Aug-14	14-Sep		RFQ
Civil Designer	R 250,000.00	Jul-14	Aug-14	14-Sep		Tender
Plotter	R 300,000.00	Jul-14	Aug-14	14-Sep		Tender
MS Projects	R 100,000.00	Jul-14	Aug-14	14-Sep		RFQ
Street surfacing/storm water projects, , Maqanyeni to Mgungundlovu, Ntshela access road, Mhlanganisweni to Ngavungavu, Sezela to Njezweni access road, Jojozi to Ncithwa access road, Gxulu access road, Bukhwezeni access road, Mzonyane access road, Thembeni access road, Libode Landfill Site, Church of God to Belmont, Polini Access Road	R 40,000,000.00	October 14 for Consultants, January 15 for Construction	November 14 for Consultants and February 15 for Construction	January 15 for Consultants and April 15 for Construction		

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NYANDENI LOCAL MUNICIPALITY



NYANDENI LOCAL MUNICIPALITY
FLEET MANAGEMENT POLICY



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CHAPTER ONE

FLEET MANAGEMENT

1. INTRODUCTION

This policy statement is meant to be a guide as to the responsibility of the end user. This policy will define the guidelines on fleet management and will provide the end user with information and advice that will enable efficient and effective management of their transport.

A copy of this policy is to be kept and maintained in the office of each Head Of Department. This policy is also to be accessible to all vehicle, plant and equipment users and others responsible for its use, including administrative staff handling fleet matters.

1.1 Mission Statement

To provide a rationalized Fleet achieving economics of scale and reduced repairs and maintenance charges for Nyandeni Local Municipality

1.2 Core Function: Fleet Management

To ensure the provision of cost effective fleet administration to Council departments in support of service delivery.

1.3 Roles and Responsibilities have been identified as follows:

1.3.1 The Fleet Management Officer

1. To ensure compliance of vehicles in terms of the RTA & RTQS (Road Traffic Act 1996, Road Transport Quality System);
2. Ensure that there is adequate insurance cover for the transport fleet in accordance with policy;
3. The implementation of a Fleet Management System;
4. To ensure that end users are satisfied with the level of service provided;
5. The management of any Maintenance Contracts, including the authorization of all claims from any supplier/contractor for repair costs that are outside of the conditions of any contract and which are the cost responsibility of the council; all such transactions are done after approval of The CFO.

6. Ensuring that the fleet is maintained in a sound operating condition at all times;
7. Prepare tenders and receive quotations from dealers, and pass these, with recommendations, to the Bid Specification Committee;
8. To validate work requirements and costs, before authority is given, for work to be carried out on servicing, repairs and modification to Councils fleet;
9. Provide budget estimates for vehicle replacements and fuel and maintenance costs;
10. For strategic planning by the continuous evaluation of the council's fleet in order to formulate plans to improve the efficiency, effectiveness and economy of fleet assets available to the council in the short, medium and long term;
11. To ensure compliance with any Service Level Agreements (SLA's) with any user department;
12. Training staff in the administration of the fleet management policy and information system, and their various areas of responsibility;
13. Identifying operational cost variances;
14. To inform HOD's of any action necessary to reduce fleet operating costs;
15. Advise HOD's when vehicles, plant or equipment is due for appraisal for possible replacement;
16. To receive approved capital expenditure information and initiate action to replace retiring vehicles, plant and equipment;
17. Responsible for arranging the washing, cleaning, maintenance and safe keeping of any council vehicle whilst it is not in use;
18. To ensure that all HOD's and vehicles custodians/ users/ drivers are aware of their responsibilities;
19. To ensure that a manual is issued to each employee to whom a vehicle, any plant or equipment is to be allocated or who is provided with the temporary use thereof. An acknowledgement of receipt is to be held in the personnel files;
20. For the planning and co-ordination of the responsibilities contained in this policy;

21. For the management and control of any pool vehicles, plant; equipment including hired vehicles;
22. For maintaining a comprehensive database containing details of vehicle licensing, COR/F, Drivers licences, PDP's, accidents, age of vehicles, plant and equipment etc;
23. Providing of information relating to the rental of fleet assets in respect of the extent and the cost involved, as required;
24. The administration of accident/incident reports in close liaison with The CFO, driver concerned and the drivers manager;
25. Providing regular reports on accidents/ incidents and identifying drivers to whom counseling, training or other action may be appropriate;
26. Maintaining individual vehicle records for:
 1. Service, repair, fuel and other costs;
 2. Odometer readings for fringe benefit taxation;
 3. Vehicle utilization;
 4. Tyre usage and replacement
 5. Exception reports on such matters as:
 - (a) excess maintenance costs;
 - (b) excess fuel costs;
 - (c) advisory reports on vehicle servicing, registration renewal, fringe benefit taxation projection reports.
 - (d) budgeting needs.
27. Responsible for the general supervision over the use of transport services and for directing the attention of The CFO and/or fleet monitoring committee to any unsatisfactory circumstances that come to notice;
28. To ensure that all council's vehicles are maintained in accordance with the manufacturers maintenance schedule and that other repairs identified are attended to without delay, thus underlining the proper preservation of the council's assets;
29. Responsible for administering the re-registration/ licensing of council vehicles as per the Procedure For Licensing of Vehicles annexed to this policy;
30. To manage the maintenance of the fleet information system, which system will be required to:

- (i) Record repair history detail and costs for each vehicle to assist in validating work requests and to identify excess variances against established standards;
 - (ii) Record the detail of fuel usage for each vehicle and identify excess variance against established standards and recommend appropriate remedial action;
 - (iii) Record monthly odometer readings for each vehicle and identify vehicles that are due or overdue for service, registration and replacement;
 - (iv) Record the detail of days that a vehicle is not available for usage;
 - (v) Produce budgets for capital expenditure and operating costs;
 - (vi) Provide reports to managers on variances with advice to what is expected to address the issue;
 - (vii) Get targets for the disposal of retiring vehicles and identify those units that, through lack of care or preparation, have fallen short of the retained value expectation;
 - (viii) Record details of accidents/ incidents so as to provide ready identification, with other excess costs, those drivers that through counseling, may contribute to a reduction in the running costs of the fleet;
31. Responsible to ensure that all appropriate vehicle licenses are renewed as required by the Road traffic Act;
32. To determine whether a post - accident/incident repair inspection should be carried out before the vehicle is accepted back into the fleet;
33. To aggressively pursue claims against the manufacturer for re-imburement of costs caused through the failure of a component apparently defective at manufacture, and against repairs for faulty workmanship;
34. For the management and control of any fleet assets that are not permanently allocated to a department which are to be consolidated into a centralized fleet pool, factors to be taken into account including geographical factors, potential shared use of assets and existing utilization statistics;
35. To allocate a pool vehicle to a staff member on the authority of a HOD;
36. To keep the following pool vehicle usage records:
- 1. To require the driver of a pool vehicle to record the condition of the vehicle as it leaves the pool location;
 - 2. To record the precise time, date and the odometer reading at the time the vehicle is issued;
 - 3. To record the precise time, date, odometer reading and condition of the vehicle at the time the vehicle is returned to the pool location;

4. To record any further relevant information as he deems to be necessary;
37. To hold separate oil company pins or tags for pool vehicles, making these available to council drivers as required and keeping any records relating hereto as may be required by him/her;
38. To approve use of rental vehicles when pool vehicles are otherwise not available;
39. To ensure that the fleet is properly registered and insured at all times;
40. To produce, for the use of Fleet Monitoring Committee, separate reports as required, to include the following:
 1. Monthly Business Unit Report providing full detail of the cost of running the council's fleet;
 2. Department by department Exception Report indicating any action to be taken on variances identified;
 3. Vehicles overdue for service or re-registration renewal;
 4. Replacement Report;
41. To advise the relevant department relating to a replacement vehicle in circumstances in which a vehicle is off the road for longer than anticipated owing to additional repair or maintenance work to be undertaken on the vehicle allocated to it;
42. To issue to each user department sufficient handbooks for drivers, such Log books to detail the responsibilities of the driver are in so far as the vehicle allocated;
43. To provide a pool vehicle facility for the user department where casual users can have access to vehicles should they require one;
44. To manage and operate the pool vehicle facility;
45. To inspect all vehicles, plant and equipment at any time;

1.3.2.. The Vehicle Custodian/User/Driver

NOTE: The Vehicle Custodian/User/ Driver is the person to whom a Council Vehicle has been allocated for permanent or temporary use or the manager upon whom responsibility rests for the control over the safekeeping of Council vehicle/s when such vehicle is not in use.

1. Responsible for the care, security and preservation of the Council vehicle/s, whilst such vehicle is assigned /allocated to him;
2. Accountable for the determination of their needs (size and composition) of the fleet in respect of the desirability, affordability, operation and utilization thereof to provide the level of service delivery as required by the municipality;
3. To ensure that the vehicle allocated/assigned to him or to be used by him is fully roadworthy and functional;
4. Not permitted to utilize council vehicle to travel to his place of residence without authority of his Departmental Head;
5. Responsible for ensuring that he is in possession of all necessary authorization documentation prior to his use of any vehicle allocated to him;
6. Responsible for reporting any damage caused to any vehicle allocated/assigned to him for whatsoever cause and for correctly reporting any accident he or the vehicle is involved in, to the appropriate HOD and relevant Authority (SAPS);
7. Are collectively responsible for the proper use, care and condition of council vehicles which extends to the maintenance and roadworthiness of each vehicle;
8. Shall ensure that the fleet assets in their possession or under their control are utilized to its full potential and for the purpose for which they were acquired;
9. Shall ensure that fleet assets are operated in terms of any formal policy regulating the conduct of drivers and operatives;
10. Are required to comply with all laws of the road and parking restrictions;
11. Are responsible for any traffic or parking infringements;
12. Is responsible for compliance with section **2.7 of this policy in its entirety and Annexure K (Vehicle accidents/incidents and reporting)**;

13. Is responsible for compliance with section **2.8 of this policy unless where otherwise stated (Care and Security of Vehicles)**;
14. Is responsible for compliance with section **2.9 of this policy in its entirety. (License to drive Council Vehicles)**;
15. Is responsible for compliance with section **2.10 of this policy unless where otherwise stated. (Obtaining Service and Repairs to Council vehicles)**;
16. Is to ensure that the vehicle that they are driving is, at all times, properly registered (licensed) as the driving of an unlicensed vehicle is an infringement of the law for which the driver will be held responsible. See also section 7.2.1 of this policy;
17. Is to be aware of and comply with section 9 of this policy unless where otherwise stated. (Service and Maintenance). See section 9.2.2 and Annexure E for a checklist of essential items;
18. Are to ensure that they are in possession of the appropriate fuel pin/tag for the refueling of vehicles if they are to travel distances which are further than the tank range of the vehicle to be used by him/her;
19. Is responsible for checking that tyres are inflated to the specified tyre pressure;

1.3.3 Head of Department

1. Shall be responsible for the misuse and/or abuse of fleet assets in their possession or under their control;
2. Shall obtain authority for the expenditure of council funds to service and repair fleet assets under their control;
3. Are required, prior to committing funds, to validate said fund against records of past repairs, the distance the vehicle has traveled, technical knowledge of the vehicle, manufacturers and repairs warranties, replacement policy and any information provided by the driver;
4. Are to verify the cost of all work before the repair authority is issued;

5. Shall produce for the use of Fleet Monitoring Committee, separate reports as required, to include the following:
 1. Monthly Business Unit Report providing full detail of the cost of running the departments fleet;
 2. Section/Departmental Exception Report indicating the action to be taken on variances identified;
 3. Vehicles overdue for service or re-registration renewal;
 4. Replacement Report;
 5. Is to advise the Fleet Management Officer to renew vehicle licenses and does not mitigate the responsibility of each custodian to ensure that an unlicensed vehicle is not driven;
 6. To ensure compliance with the provisions of section 8.3(Accident/ Incident Repairs) of this policy in so far as these apply to HOD's;
 7. Will authorize the Fleet Management Officer to allocate a pool vehicle to a staff member as and when required;
 8. Will advise The Fleet Management Committee on a quarterly basis of all traffic violations issued in respect of each allocated vehicle;
 9. Will ensure that vehicles under their control are available for servicing when the service becomes due;
 10. Must provide the Fleet Management Officer with a schedule showing the various drivers in their department and the license type/code which they are eligible to drive, including any Professional Driving Permits, and details of the vehicle allocated to each driver, and of any changes thereto;
 11. Will be responsible for any disciplinary matters that are attributed to any driver under their control;
 12. Shall be responsible for the renewing of any Professional Driving Permits in respect of drivers under their control;

13. Will ensure that all drivers under their control are fully trained and licensed to operate/drive a council asset allocated to them;
14. Will ensure that accidents are reported to the appropriate authorities within 48 hours and that any investigations required are carried out expeditiously;
15. Will be responsible for the allocation/utilization of vehicles within their department and the administration processes regarding internal charge outs for their department;
16. To investigate any unexplained breakdowns as envisaged in section 9.6 in conjunction with the Fleet Management Committee.

1.3.4 Municipal Manager

The Municipal Manager is fully accountable for all the vehicles under the council, be it hired, owned or under the council for various reasons.

The Municipal Manager is the vehicle licensing proxy for the Nyandeni Local Municipality and will be responsible for the appointment of vehicle licensing representatives

1.3.5 Fleet Monitoring Committee

NOTE: A Monitoring Committee will be convened by The Chief Financial Officer (CFO) as required. The composition of the committee will be all Section 56 managers (second line function managers, the Fleet Management Officer, Internal Auditor and the Manager: Legal Services. The committee will be chaired by The CFO that will also provide the committee support.

User departments shall be responsible for the misuse and/or abuse of fleet assets in their possession or under their control.

Primary functions of Fleet Monitoring Committee

The Fleet Monitoring Committee will meet monthly and its main functions will be inter alia the following:-

1. Serve as a basis to establish sound interaction between fleet users (User Departments) and Fleet Manager to promote a

- mutual understanding of fleet management, issues to the advantage of all stakeholders concerned;
2. Strive to establish a standardized information management system on fleet utilization and availability;
 3. Continuously strive to standardize types of vehicles, equipment and machinery for similar functions across the various departments;
 4. Lay down corporate policies to promote efficient utilization of vehicle, equipment & machinery in Nyandeni Local Municipality;
 5. Continuously seek means to obtain the necessary funds to acquire vehicles
 6. Monitoring of compliance of this policy by anyone involved with the use of driving, operation of, maintenance or safekeeping of any fleet vehicle, equipment or machinery;
 7. Investigation of any incidents of breeches of this policy by anyone involved with the use, driving, operation of, maintenance or safekeeping of any fleet vehicle, equipment or machinery and recommendation relating to disciplinary action to the appropriate HOD, in conjunction with the M.M or HOD;
 8. To ensure that vehicles are replaced in general accord with the replacement schedule contained in section 2.13.1 of this policy;
 9. To perform the functions of the Accident Review Committee as envisaged in section 8.4 and 8.5 of this policy;
 10. To investigate any unexplained breakdowns as envisaged in section 9.6 in conjunction with the relevant HOD;

CHAPTER TWO

FLEET MANAGEMENT

2. INSTRUCTIONS TO VEHICLE CUSTODIANS/USERS/DRIVERS

2.1 The Council Fleet

2.1.1 Council vehicles are provided to certain employees in order that they may better perform their duties, generally referred to as tool of trade vehicles.

2.1.2 The availability of fleet assets owned or under lease shall be optimized on a regular basis. Fleet Management endeavors to maintain the fleet in an effective, efficient and economic manner over its economic useful life and, if circumstances warrant it, arrange for the renting of a substitute to maximize the availability to the user department.

2.2 Responsibility for Control of vehicle usage

2.2.1 Managers and vehicle custodians have a collective responsibility for the proper use, care and condition of Council Vehicles. This responsibility extends to the maintenance and roadworthiness of each vehicle.

2.2.2 Utilization by User Departments

1. Fleet user shall ensure that fleet assets in their possession or under their control are utilized to its potential and for the purpose for which they had been obtained,
2. Fleet assets shall further be operated in terms of a formal policy which regulates the conduct of drivers and operators;

2.2.3 Trip Authorities

1. No official shall be authorized to drive a municipal vehicle without a valid trip authority having been issued by the transport officer, or, in the absence, any other official expressly authorized by the municipal manager to issue and authorize the trip authority

2. The transport officer shall issue every trip authority in

duplicate

3. The original authorized trip authority shall be kept on file by the transport officer, and the copy of the trip authority shall at all times be kept in the vehicle concerned and for the full duration of the authorized trip in question.

2.2.4 Logbooks

1. Each car must have a logbook maintained.
2. The driver of the vehicle shall be responsible at the completion of each trip for entering the required data in the logbook, including all mileage relating to the trip in question, full details of the reasons for the trip, details in regard to fuel and oil issues, and details of any problems experienced with the vehicle or any defects detected during the trip.
3. The driver of the vehicle shall immediately upon returning the vehicle advise the transport officer of such problems and/or defects.

2.3 Use of and Garaging of Council Vehicles at Private Addresses

2.3.1 Council vehicles must normally be garaged at their depot.

2.3.2 An employee, who has been allocated a Council vehicle for his/her use may apply for permission to garage the vehicle at his/her private address, provided he/she can accommodate it within the cartilage of the property and only under the following conditions:

1. When he/she is on 24 hour call; or
2. When he/she is required to work weekends, outside normal working hours; or
3. When the distance from his/her home to the work site is less than the distance from the office to the work site;

2.3.3. In cases when standby duties necessitate an employee being allocated a vehicle overnight in order to perform this function, any waiving of the garaging requirements must be authorized by the relevant Head of department.

- 2.3.4 In all cases, application in writing should be made by the relevant Supervisor/Manager to the HOD concerned for authority to garage the vehicle at the employee's home, and approval should be obtained from the Municipal Manager.

Any queries to the required procedures should be referred to the Fleet Management Officer.

- 2.3.5 The time spent in traveling to and from work and home in Council vehicles on normal working days, does NOT form part of the working day and would generally not qualify for overtime payment outside normal working hours.

2.4 **Conveyance of Private Persons/ Goods in Council Vehicles**

- 2.4.1 No person other than Municipal employees in the course of the business of the Council may normally be conveyed in Council Vehicles. If in doubt as to whether the purpose of the trip will be regarded as official business, clarification is to be sought beforehand.

- 2.4.2 If the trip cannot be so regarded, the HOD may, in his/her discretion, approve the trip, provided the necessary indemnity and Waiver forms protecting the Council from any claim for injury or damage which may be suffered by private passengers, have been completed.

- 2.4.3 Private goods with the exclusion of personal effects may not be transported in Council/hired vehicles, even where the vehicle does not deviate from its intended route. Private property carried in a Council/hired vehicle should be restricted to the personal effects which may be needed by the occupants during the course of the day on which the trip is made, e.g. Raincoats and reasonable refreshments for the day.

- 2.4.4 In the event of it being established that Council vehicles have been used for reasons other than the aforementioned, the cost of lost time and transport will become surchargeable and will result in disciplinary action.

2.5 **Conveyance of Employees in Open vehicles**

- 2.5.1 The relevant regulation regarding the carrying of passengers in goods vehicles, now applies to all persons being carried in goods vehicles, whether in the course of their employment or not, except persons being carried for the purpose of refuse removal.

- 2.5.2 The definition of a goods vehicle is a motor vehicle designed or adapted for the conveyance of moveable property on a public road, and includes a mechanical horse.
- 2.5.3 The portion of the vehicle in which such a person is carried must be enclosed with suitable material to height of at least 350 mm above the surface upon which person is seated (if such person is seated) and at least 1250 mm above the surface of which such person is standing (if person is standing).
- 2.5.4 Furthermore, no person shall drive a goods vehicle while passengers are being conveyed in the goods compartment thereof at a speed exceeding 80 km/h (subject to prevailing speed limits).
- 2.5.5 It is the responsibility of the driver of the vehicle to ensure that his/her passengers are confined to the safety of the vehicles and, when the height of the enclosed area is limited to 350 mm (seated passengers), he/she must instruct them to remain seated while the vehicle is in motion.

2.6 Compliance With Road Traffic Act and Other related Laws

- 2.6.1 Drivers/Users of all Council Vehicles are required to comply with all laws of the roads and parking restrictions.
- 2.6.2 Under no circumstances will the Council be responsible for traffic or parking infringements.
- 2.6.3 Where infringement notices are received, the Council will require the offending driver to immediately pay the full amount to the relevant issuing authority.
- 2.6.4 When required, the Council will make available to the authorities the detail of the staff member last known to be in possession of the Council vehicle at the time of the offence occurring.

2.7 Vehicle Accidents/Incidents and Reporting

- 2.7.1 An accident to a Council vehicle and/damage to some other property caused by the Council vehicle, no matter how slight shall be reported through existing structures.
- 2.7.2 All Council drivers are required to comply with the laws relating to reporting accidents/incidents to the South African Police Services (SAPS).

- 2.7.3 Under no circumstances is responsibility for the accident/incident to be admitted.
- 2.7.4 Drivers are to report the accident/incident to the Fleet Management officer and their HOD by the fastest means and as early as possible after the accident/incident.
- 2.7.5 Where drivers receive notice that the SAPS is to proceed against them as the consequences of the accident/incident, the details are to be provided to the Fleet Management Officer and their HOD.
- 2.7.6 Every accident/incident report requires the driver concerned to complete an accident/incident report form. The Fleet Management on receiving this report may determine to review the accident/incident with the driver involved and the driver's manager. The findings of this review are to be passed to the relevant HOD.
- 2.7.7 The Councils stance with regard to accidents/incidents is as follows:
- a. when the vehicle is being used on Council business, the Council pays;
 - b. where the use of intoxicating liquor or narcotic drugs is proven by South African Police Services (SAPS), the driver pays;
 - c. Where a person other than a Council staff member drives the vehicle, the vehicle custodian is responsible.

2.8 **Care and Security of Vehicles**

- 2.8.1 The Fleet Management Officer's responsibility is to ensure that all Council vehicles are maintained in accordance with manufacturers maintenance schedules and that other repairs identified are attended to without delay. Underlying this requirement is the proper preservation of the Council's assets.
- 2.8.2 Custodians are responsible for the cleanliness and washing of vehicles.
- 2.8.3 Where vehicles are fitted with fire extinguishers, drivers are to familiarize themselves with the proper use thereof.
- 2.8.4 It is the responsibility of each vehicle custodian to ensure that vehicles are properly secured at all times. Where alarms are fitted or steering/gear locking bars provided, they are to be put to proper use when the vehicle is left unattended.

2.8.5 As part of the requirement to preserve the Council asset it is expected that all vehicles will be stored in under-cover garages/ carports overnight, where such structures are provided.

2.9 **License to Drive Vehicles**

2.9.1 License to drive any vehicle is controlled by legislation in each South African Province and only drivers in possession of a full valid License issued by one of the Authorities is permitted to drive a Council motor vehicle.

2.9.2

(1) All employees who are called upon or required by virtue of their designation (job) to drive a Municipal vehicle must have the appropriate valid driver's license.

(2) It is the official's responsibility to ensure that his/her license is renewed and submit a copy of the updated license to the Human Resources Department and Fleet Management officer.

2.9.3 Professional Drivers Permit Requirements (PrDP) - refer to Annexure K on Page **

2.10 **Service and Repairs to Council Vehicles/Plant**

2.10.1 It is the fundamental responsibility of each vehicle custodian to ensure the allocated vehicle/plant is maintained in an operationally safe and efficient condition at all time.

To meet this responsibility, custodians are to ensure that their allocated vehicle is maintained in accordance with the maintenance schedules laid down by the vehicle manufacturer.

2.10.2 Authority for the expenditure of Council funds to service and repair the Council fleet is vested with the appropriate Head of Department.

2.10.3 HOD's are required, before funds are committed, to validate such funds against record of past repairs, the distance the vehicle has traveled, technical knowledge of the vehicle, manufacturers and repairers warranty, replacement policy and the information provided by the driver.

2.10.4 HOD's are to verify the cost of all work before the repair authority is issued.

2.10.5 Where the work requirement as identified by the driver is other than routine servicing, then the driver should first discuss the matter with the Fleet Management Officer before the

vehicle/plant is taken for repairs.

- 2.10.6 A schematic of the routine for authorizing and recording repair detail and costs is given at Annexure B.

2.11 **Re-Registration responsibilities**

- 2.11.1 The Fleet Management Officer is responsible for administering the re-registration of Council vehicles.

- 2.11.2 Each Council driver is to ensure that the vehicle they are driving is at all times properly registered. Driving an unlicensed vehicle will constitute an infringement of the Road Traffic Regulations, for which the driver will be held responsible.

2.12 **Fuel Purchase and Administration**

- 2.12.1 To provide efficient and economic administration of the fuel usage, The Fleet Management Officer will arrange for each vehicle custodian to be issued with an oil company fuel pin/tag.

- 2.12.2 When making each fuel purchase, the vehicle custodians are to ensure that the attendant records the vehicle odometer reading on the relevant document.

- 2.12.3 The Fleet Management Officer will receive from the oil company details of fuel purchases on an electronic format and process to the individual vehicle fuel record and cluster/unit.

- 2.12.4 A fuel consumption calculation will be made each month and matched to the existing standards as per manufacturer. Where an excess is apparent, the manager concerned will be informed with advice from The Fleet Management Officer as to what is likely to correct the problem.

2.13 **Vehicle Replacement**

2.13.1 Vehicles are replaced in terms of Council's replacement schedule and generally not before the expiration of the periods as indicated in hours/kilometers/years as set out hereunder in the replacement schedule.

TYPE	KILOMETERES	REPLACEMENT CYCLE
Cars, LDV_s , Vans	200 000 kms	5 years
Motorcycles	75 000 kms	2 years
Trucks and compactors	Dependent on usage and condition	10 years
Trailers	Dependent on usage and condition	110 years
Other Specialised vehicles	Dependent on usage and condition	To be determined

2.13.2 Before retiring vehicles are presented for appraisal, it is the responsibility of each custodian to thoroughly clean the vehicle and to ensure that all tools/spare tyres, etc. are placed in the vehicle concerned.

CHAPTER THREE

FLEET MANAGEMENT

- 3. VEHICLE SELECTION, ALLOCATION AND ACQUISITION**
- 3.1 Vehicle Selection Policy**
- 3.1.1 The policy is to keep the number and type of vehicles in the fleet to a minimum and, with good management practices, ensure that all units are utilized to the maximum extent.
- 3.1.2 Vehicles are purchased in accordance with 2.13 above and on reaching any these parameters, the general condition of the vehicle is to be considered and, if the Council will not be disadvantaged, the term may be extended by the Chief Financial Officer.
- 3.2 Standardization of Fleet Asset/Optimal Fleet size**
- 3.2.1 There are no standard vehicles in the Council's fleet.
- 3.2.2 The fleet must be standardized as far as practical and possible within the constraints of the financial regulations. Mechanisms to reach this objective include limitations on the classes and the purchase of makes.
- 3.3 Vehicle Acquisition Approvals**
- 3.3.1 Vehicles may only be purchased in accordance with a pre-determined entitlement for a defined position as determined by the User department.
- 3.3.2 **Acquisition of Fleet Asset**
Fleet assets of an appropriate quality must be acquired (purchased, leased or hired) on a corporate basis by HOD_s at the best possible price following a proper needs assessment and taking into account all expected costs over the economic useful lives of assets.
- 3.4 Purchase and Disposal**
- 3.4.1 Generally vehicles are purchased as a replacement of a retiring vehicle. However vehicles will be purchased and auctioned separately where circumstances as judged by Fleet Monitoring Committee will be advantageous to the Council.

- 3.4.2 Before delivery is accepted, the detail of the order placed with the dealer is to be checked in every aspect against the vehicle being delivered. During this check care is to be taken to identify any deficiency in the high standard of vehicle preparation expected by the Council

CHAPTER FOUR FLEET MANAGEMENT

4. OPTIONAL EQUIPMENT, ACCESSORIES AND COLOUR OF VEHICLES

4.1 General Policy

- 4.1.1 The organization will usually purchase vehicles with standard equipment and accessories. Exceptions to this rule may be approved by the HOD where the case stated by the Head indicates that the work role will be improved or some other benefit will flow to the Council from the non-standard component.

4.2 Transmission

- 4.2.1 All Council vehicles are to be purchased with manual transmission unless otherwise requested by the User department.

4.3 Air Conditioning

- 4.3.1 Usually air conditioning is that specified by the manufacturer. If a non-factory air conditioning is to be supplied, it must be according to SABS standards

4.4 **Mobile Telephones**

- 4.4.1 Mobile telephones may not be fitted to Council vehicles except with the approval of the Municipal Manager.
- 4.4.2 The details of the car phone fitted to SABS standards are to be provided to the Fleet Manager and will become the responsibility of the user.

4.5 **Vehicle Colour**

- 4.5.1 Unless specifically excluded, all commercial vehicles are to be painted in the corporate colour and design that has been approved by the Council.
- 4.5.2 Colour selection for cars is at the discretion of the HOD except that black is specifically excluded and extra costs for special paint or two tone colouring is to be avoided.

CHAPTER FIVE

FLEET MANAGEMENT

5. USE OF PRIVATE VEHICLES

5.1 General Policy

- 5.1.1 As a Policy, the use of private vehicles on Council business is not permitted unless approved by the Municipal Manager
- 5.1.2 The Council will not be liable as a consequence of the employee using their private vehicle on Council business.
- 5.1.3 To avoid any difficulties in this area, it will be necessary that the employee provides evidence that the private vehicle is covered by full comprehensive insurance.
- 5.1.4 The advice of the General Insurance Fund is to be sought if there is some concern about the adequacy of insurance held by individuals in the use of their own vehicle on Council business.

CHAPTER SIX FLEET MANAGEMENT

6. ADMINISTRATION

6.1 General Policy

- 6.1.1 Efficient and economic administrative routines are to be established that adequately meet the management requirements for the fleet. Fundamental to this objective is to ensure that only one complete set of fleet information records are maintained and these will be under the administrative control of the Fleet Management Officer's Head of Department.

6.2 Fleet Information System

6.2.1 Fleet Management Information

In order for departments utilizing fleet assets to collect, collate and analyze essential fleet management information, the Council shall provide affordable resources (personnel and equipment) to enable them to achieve this objective. The respective departments shall budget for their respective needs to provide the above resources.

6.2.2 Computer Assisted Management Information System

The above shall be pursued in a uniform, effective, efficient and economic manner by making use of a computer assisted management information systems (incorporating an electronic fuel dispensing and control system).

- 6.2.3 The Fleet Management Officer will manage the maintenance of the fleet information system. The system will be required to:

- a) record repair history detail for each vehicle to assist in validating work requests and to identify excess variances against established standards;
- b) record the detail of fuel usage for each vehicle and identify excess variance against established standards;
- c) record monthly odometer readings for each vehicle and identify vehicles that are overdue for service, registration and replacement;
- d) record the detail of days that a vehicle is not available for usage;
- e) produce budgets for capital expenditure and operating costs;
- f) provide reports to managers on variances with advice as to what is expected to address the issue, where ever possible;
- g) set targets for the disposal of retiring vehicles and identify those units

that, through lack of care or preparation, have fallen short of the retained value expectation.

6.3 **Reports**

6.3.1 The Fleet Management Officer and HOD's will produce separate reports for the use of Fleet Management Committee, which reports are to include the following:-

- a) Monthly Business Unit Report providing full detail of the cost of running the Sections fleet
- b) Section Exception Report indicating the action to be taken on variances identified
- c) Vehicles overdue for service or re-registration renewal
- d) Replacement Report

CHAPTER SEVEN

FLEET MANAGEMENT

7. REGISTRATION

7.1 Renewal

- 7.1.1 The Fleet Management Officer is responsible to ensure that all appropriate vehicle licences are renewed as required by the Road Traffic Act.

CHAPTER EIGHT

FLEET MANAGEMENT

8. INSURANCE, ACCIDENT/LOSS REPORTING, DAMAGE AND REPAIR

8.1 Responsibility of insuring fleet vehicles:

8.1.1 While the determination of adequate insurance cover and administration of accidents/incidents is the responsibility of the Fleet Management Officer, details of accidents/incidents is to be contained within the fleet management information system so as to provide ready identification, with other excess costs, those drivers that through counseling, may contribute to a reduction in the running of the fleet.

8.1.2 The Fleet Management Officer is to review the accident/incident claim form information with the assessor for the General Insurance Fund and the information concerning the incident is to be reported to The CFO.

8.3 Accident/Incident Repairs:

8.3.1 In the cases where the vehicles remains drivable after an accident/incident, the responsible The Fleet Management Officer is to arrange for repair costs to be obtained and passed to the relevant official in Budget and Treasury.

8.3.2 In cases where the vehicle is not drivable then The Fleet Management Officer will arrange for the vehicle to be towed to the nearest Depot.

8.3.3 The Fleet Management Officer is to inform the CFO via his/her HOD to request a repair order when the repairs can proceed, the detail of which is to be recorded in the vehicle history record.

8.3.4 The Fleet Management Officer is to determine whether a post accident/incident repair inspection should be carried out before the vehicle is accepted back into the fleet.

8.4 Accident Reviews

Accident reviews will be undertaken by the Fleet Monitoring Committee, which is to include a Union representative if requested by any employee being reviewed

8.5 Reports to the Municipal Manager: Municipal Fleet

- 8.5.1 The Fleet Monitoring Committee Chairperson is to submit a report to The Municipal Manager; the report will contain details of the findings of each review. The report is to include history, detail of any earlier incidents involving the person under review, and what steps are to be taken or are recommended as a result of the review.

CHAPTER NINE FLEET MANAGEMENT

9. SERVICE AND MAINTAINANCE

9.1 General Policy

9.1.1 The custodians of Council vehicles are primarily responsible to ensure the vehicle allocated to them is, for the safety of drivers and passengers, in a roadworthy condition at all times and is kept clean throughout, so as to reflect the good image of the council.

9.1.2 HOD's, vehicle custodians and The Fleet Management Officer are each to monitor fleet vehicles to ensure that this policy objective is achieved.

9.2 Preventative Maintenance & Service Schedule

9.2.1 Preventative maintenance starts with the vehicle custodian. Vehicles are not likely to give problems if vehicle custodians carry out some regular checks and report, strange noises, or running problems to their immediate supervisor.

9.2.2 For vehicle custodians, the following is a list of checks that should be carried out at least each day, reporting any apparent problems to their immediate supervisor:

a. Check Proper Operation of:

- 1) headlights, high/low beam
- 2) parking, stop, reversing lights
- 3) traffic indicators

b. Check Levels of:

- 1) brake/clutch fluid
- 2) automatic transmission fluid (with engine running)
- 3) power steering fluid (with engine running)
- 4) engine coolant (do not remove pressure cap if vehicle engine is hot)
- 5) windscreen washer

c. Inspect hoses for leaks, Check:

- 1) tyre pressures
- 2) spare tyre, tools/jack
- 3) windscreen for cracks/chips
- 4) windscreen wiper operation

d. Generally Scrutinize Vehicle for Damage

9.3 Authorizing Service and Repairs

9.3.1 Fundamental to the good care and preservation of the Council asset is the regular service of each vehicle in accordance with the recommended schedule provided by the vehicle manufacturer.

9.3.2 Supplementary to this is the attention to apparent mechanical problems as they come to notice.

9.3.3 The costs of servicing and repairs can only be properly assessed if consideration is first given to:

- a) the warranty conditions provided by the manufacturer
- b) the service repair history for the vehicle
- c) the faulty workmanship liability of the repairer
- d) the distance the vehicle has traveled
- e) the age of the vehicle
- f) the Council replacement policy

9.3.4 Under normal circumstances the responsibility for issuing authority to perform service, repairs, replacement or modify vehicles is vested in the department.

9.3.5 If a vehicle has been cared for as described in this policy, then events outside normal working hours should not occur. In circumstances that do occur outside normal working hours, the custodian is to contact their supervisor for assistance.

9.4 Individual Vehicle History Records

9.4.1 The Fleet Management Officer will maintain all repair cost detail, fuel usage, utilization electronic generated Fleet Management Information within individual vehicle records. These records are required to produce essential fleet management information reports.

9.5 Warranty Claims

9.5.1 The Fleet Management Officer is to aggressively pursue claims against the manufacturer for reimbursement of costs caused through

the failure of a component apparently defective at manufacture and against repairers for faulty workmanship.

9.6 Breakdowns

9.6.1 An unexpected breakdown is usually as the consequence of the failure of either the custodian not fully carrying out fortnightly checks or the workmanship failing to carry out a service to the high standard demanded by Council. Instances of this nature are to be thoroughly investigated by the relevant HOD and appropriate action taken.

9.6.2 In the event of a breakdown, the custodian is to make immediate contact with their manager or, when outside business hours contact the after- hours telephone centre. As it is most unlikely that major repair work can be carried out until normal working hours, the vehicle must be secured.

9.7 Vehicle Body Repairs

9.7.1 All repairs are to follow the normal Nyandeni Local Municipality Supply Chain Management Policy and in the event of an accident be attended to only once authority has been obtained from the Chief Financial Officer, or his representative.

CHAPTER TEN

FLEET MANAGEMENT

10. VEHICLE POOL

10.1 General Policy

10.1.1 A number of spare vehicles, referred to as the Pool Fleet, are to be at certain base stations for the use of staff members attending to Council business away from their usual place of activity.

10.1.2 Centralized Fleet Pool

Fleet assets that are not permanently allocated to a department shall be consolidated into a centralized fleet pool which will be managed and controlled by the Fleet Management Officer.

Factors taken into account include geographical factors, potential shared use of assets and existing utilization statistics.

10.2 Use of Pool Vehicles

10.2.1 The use of the Pool Fleet is to be strictly controlled and, under no circumstances are the vehicles to be assigned to individuals other than for the purpose intended.

10.2.2 Fleet Management Officer will allocate a Pool vehicle to a staff member on the authority of a Head of Department

10. Pool Vehicle Usage Records

10.3.1 The Fleet Management Officer will require the driver of the Pool vehicle to record the vehicle condition as it leaves and returns to the Pool location.

10.3.2 The Fleet Management Officer will record the precise time, date and the odometer reading at the time the vehicle is issued.

10.3.3 The Fleet Management Officer will record the precise time, date and odometer reading at the time

CHAPTER ELEVEN

FLEET MANAGEMENT

11. FUEL SUPPLIES

11.1 Use of Council Bulk Fuel Filling Points

11.1.1 Refueling at the Councils bulk fuel filling points is under the strict control of Fleet Management section, all acquisitions will be done under Nyandeni Local Municipality SCM Regulations.

11.1.2 The Fleet Management section will require a record to be kept of the number of litres issued to an individual vehicle, the date of issue and the odometer reading at the time.

11.1.3 A reconciliation of purchases and fuel issues is to be completed at least monthly and submitted to The Expenditure section for the issue of payment to a relevant service provider.

11.2 Issue of Petrol cards

11.2.1 Custodians of allocated vehicles will each be provided with a petrol card which is to be used for fueling Council vehicle only.

11.2.2 Under **no circumstances** the petrol card will be used for private or personal use.

11.2.3 All petrol cards must be treated as cash and needs to be kept safe at all times and supposed to be locked of a drop safe when not in use.

11.2.3 At every refueling it will be necessary for the vehicle custodian to provide to the fuel station attendant the odometer reading.

11.3 Fuel Usage Reports

11.3.1 The Fleet Management Officer will prepare a report that compares individual fuel consumption against established standards.

11.3.2 The Fleet Management Officer will provide advice to custodians and HOD's on action to be taken when excess consumption is noted.

CHAPTER TWELVE

FLEET MANAGEMENT

12. TAXIS AND RENTAL VEHICLES

12.1 General Policy

12.1.1 As a principle, the use of taxis and rental vehicles is to be avoided.

12.2 Authorization and Monitoring

12.2.1 The HOD of the staff member using a taxi is to endorse the voucher required for payment or reimbursement.

12.2.2 The Fleet Management Officer is required to approve use of rental vehicles/plant only when Pool vehicles/plant is otherwise not available.

CHAPTER THIRTEEN

FLEET MANAGEMENT

13.1 PENAL

Anyone involved in the use, driving, operation of, maintenance or safekeeping of, or as a passenger in, a fleet vehicle, fleet equipment or machinery, who is found to be in breach of any provision of this policy, may be charged with misconduct in accordance with the council's disciplinary procedures and relevant labour legislation, and/or sanctioned appropriately in accordance therewith.

13.2 GENERAL

Matters not covered or provided in this policy shall be determined at the discretion of the Head of Department or in terms of other approved council policies.

CHAPTER FOURTEEN

FLEET MANAGEMENT

14. AMENDMENTS

From time to time amendments may be made in respect of this policy in which case it will be the responsibility of the HOD's to ensure that the relevant amendments are cascaded to all their staff.

RATES POLICY

NYANDENI LOCAL MUNICIPALITY



NYANDENI MUNICIPALITY

RATE POLICY

INTRODUCTION:

The municipality needs a reliable source of revenue to provide basic services and perform its functions. Property Rates remain a major source of income to the municipality. The revenue from rates is used to finance services that benefit the community as a whole as opposed to individual households. These include installing and maintaining streets, roads, lights, storm water drainage, developing and operating parks, recreational facilities and cemeteries. It also provides funds for municipal administration.

To ensure that property rating in Nyandeni Municipality is carried out in a fair, consistent, considerate and controlled manner, this rate policy is developed in accordance with the provisions of the Local Government: Municipal Property Rates Act, (Act 6 of 2004).

INTERPRETATIONS:

DEFINITIONS:

“Act” means the Local Government Municipal Property Rate Act, 2004 (Act No. 6 of 2004);

“Agricultural Purposes” in relation to the use of a property, excludes the use of a property for the purpose of eco-tourism or for the trading in or hunting of game;

“Business” means the activity of buying, selling or trade in goods or services and includes any office or other accommodation on the same erf, the use of which is incidental to such business, with exclusion of the business of mining, agriculture, farming, or inter alia, any other business consisting of cultivation of soils, the gathering in of crops or the rearing of livestock or consisting of the propagation and harvesting of fish or other aquatic organism.

“Industrial” means a branch of trade or manufacturing, production assembling or processing of finished or partially finished products from raw materials or fabricated part, on so large scale that capital and labour are significantly involved.

“Residential” means a suite of rooms which forms a living unit that is exclusively used for human habitation purposes, or a multiple number of such units on a property, excluding a hotel, commune, boarding and under taking, hostels and place of instruction.

“State-owned properties” means properties owned by the State, which are not included in the definition of public service infrastructure in the Act. These state-owned properties are classified as follows:

- (a) State properties that provide local services.

- (b) State properties that provide regional/municipal district-wide/metro-wide services.
- (c) State properties that provide provincial/national services.

“Vacant land” means a land where no immovable improvements have been erected.

“Beneficial Occupancy” means use of building, structure, or facility by the owner for its intended purpose (functionally complete) although other contract work, non- essential to the function of the occupied section remains to be completed.

“Beneficial Use” means a right to utilize real property, including light, air, and access to it, in any lawful manner to gain a profit, advantage, or enjoyment from it.

“Property Transfers” occurs when the ownership title or a piece of land or house changes hands

PROPERTIES TO BE VALUED:

All properties shall be valued except those described in section 7(2) (a) (iii) and (iv) of Act 6 of 2004.

Section 7(2) (a) (iii) refers to a right registered against property in the name of a person excluding mortgage bond registered against the property and

Section 7 (2) (a) (iv) refers to properties in respect of which it is impossible or unreasonably difficult to establish a market value because of legally insecure tenure resulting from past racially discriminatory laws of practices. This shall include all homestead located on communal land.

PROPERTIES TO BE RATED:

All properties contained in the valuation roll shall constitute the subject of rating subject to the provisions of section 17 (1) of the Municipal Property Rates Act. In terms of the sub section described supra, the following exclusions are provided:

OTHER IMPERMISSIBLE RATES:

17. (1) A municipality may not levy a rate-

- (a) on the first 30% of the market value of public service infrastructure;
- (b) on any part of the seashore as defined in the Seashore Act, 1935 (Act No. 21 of 1935);
- (c) on any part of the territorial waters of the Republic as determined in terms of the Maritime Zones Act, 1994 (Act No. 15 of 1994);
- (d) on any islands of which the state is the owner, including the PrinceEdwardIslands referred to in the Prince Edward Islands Act, 1948 (Act No. 43 of 1948)
- (e) on those parts of a special nature reserve, national park or nature reserve within the meaning of the Protected Areas Act, or of a national botanical garden within the meaning

- of the National Environmental Management: Biodiversity Act, 2004, which are not developed or used for commercial, business, agricultural or residential purposes;
- (f) on mineral rights within the meaning of paragraph (h) of the definition of “property” in section 1;
 - (g) on a property belonging to a land reform beneficiary or his or her heirs, provided that this exclusion lapse ten years from the date on which such beneficiary’s title was registered in the office of the Registrar of Deeds;
 - (h) on the first R15 000 of the market value of a property assigned in the valuation roll or supplementary valuation roll of a municipality to a category determined by the municipality-
 - (i) for residential properties; or
 - (ii) for properties used for multiple purposes, provided one or more companies of the property are used for residential purpose; or
 - (i) on a property registered in the name of and used primarily as a place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by an office-bearer of that community who officiates at services at that place of worship.

2. (a) The exclusion from rates of a property referred to in subsection (1) (e) lapses if the declaration of that property as a special nature reserve, national park, nature garden, is withdrawn in terms of the applicable Act mentioned in that subsection.

(b) If the property in respect of which the declaration is withdrawn is privately owned, the owner, upon withdrawal of the declaration, becomes liable to the municipality concerned for any rates that, had it not been for subsection (1) (e), would have been payable on the property during the period commencing from the effective date of the current valuation roll of the municipality. If the property was declared as a protected area after the effective date of the current valuation roll, rates are payable only from the date of declaration of the property.

©The amount for which an owner becomes liable in terms of paragraph (h) must be regarded as rates in arrears, and the applicable interest on that amount is payable to the municipality.

(d) Paragraphs (b) and (c) apply only if the declaration of the property was withdrawn because of –

- (i) a decision by the private owner for any reason to withdraw from the agreement concluded between the private owner and the state in terms of the Protected Areas Act, and in terms of which the private owner initially consented to the property being declared as a protected area; or
- (ii) a decision by the state to withdraw from such agreement because of a breach of the agreement by the private owner.

3. The Minister, acting with the concurrence of the Minister of Finance, may from time to time by notice in the Gazette, increase the monetary threshold referred to in subsection (1)(h) to reflect inflation.

4. The Minister may, by notice in the Gazette, lower the percentage referred to in subsection (1)(a), but only after consultation with:
 - (a) relevant Cabinet members responsible for the various aspects of public service infrastructure;
 - (b) organized local government; and
 - (c) relevant public service infrastructure entities.

5. (a) The exclusion from rates of a property referred to in subsection (1)(i) lapses if the property-
 - (i) disposed of by the religious community owning it; or
 - (ii) is no longer used primarily as a place of public worship by a religious community or, in the case of an official residence contemplated in that subsection, is no longer used as such as official residence.

(b) If the exclusion from rates of a property used as such an official lapses, the religious community owning the property becomes liable to the municipality concerned for any rates that, had it not been for subsection (1)(i), would have been payable on the property during the period of one year preceding the date on which the exclusion lapsed.

© The amount for which the religious community becomes liable in terms of paragraph (b) must be regarded as rates in arrears, and the applicable interest on that amount is payable to the municipality.

WITHDRAWAL OF EXCLUSIONS:

Where a property owned by a religious body ceased to be used as a place of worship or as an accommodation used by a full time employee of the religious organization, such a property shall be deemed as a rateable property from the date it ceased to be used as a place of worship or as a residence of a full time employee.

Where a portion of a property owned and utilized by a religious body is leased, rate shall be payable on pro rata basis.

Properties excluded from rating on the basis that they are nature conservation areas or botanical gardens shall be rated effective from the date of deproclamation.

THE GUIDING PRINCIPLES:

The policy has been developed on the basis of two principles namely, Equity and Affordability.

EQUITY:

All Rate Payers with similar properties shall be treated in a similar way.

AFFORDABILITY:

The ability of a person to pay rates shall be taken into consideration. Consequently, Municipality shall provide relief in the form of Reduction, Rebate and Exemptions.

DIFFERENT CATEGORY OF PROPERTY:

For the purpose of administering property rating within the local authority area, the municipality shall categorize property by their use. In this regard, property is categorized as Special Residential, General Residential, Agricultural land for Farming, Agricultural land for Trading, Agricultural land for Eco-Tourism, Industrial, Commercial, Business and Government. Vacant land shall be categorized on the basis of their zoning.

Where a residential property is used for any purpose other than private resident, it shall be considered as belonging to the category of use.

Where a person has been enjoying a beneficial occupancy status in a property, such person may be regarded as the owner;

Where the transfer of the property has not taken place and a person has been enjoying the beneficial occupancy status, such person may be deemed as the owner of the property

GOVERNMENT:

Government properties are further divided into those for local use, District/Regional use and National use.

DIFFERENTIAL RATING:

Different rates shall be applied to different category of property. The choice of rate shall take into consideration socio economic objectives of the municipality. Rates shall be charged at the following ratios.

Special Residential	1
General Residential	1.3
Industrial	1.2
Agricultural land for Farming	1.0
Agricultural land for Eco-Tourism	1.3
Agricultural land for Trading	1.3
Business	1.5
Government property used by local people only	1.5
Government property serving communities in Nyandeni and neighboring municipalities	1.6
Government properties that serves national interest	1.8

Public Service Infrastructure

0.25

MULTIPLE USE PROPERTIES:

Properties used for multiple purposes shall be rated on the basis of their dominant use.

PAYMENT OF RATES:

Rate shall be payable on all property at the applicable rates based on the values reflected in the valuation roll except where the municipality grants reduction, rebate or exemption.

GRANTING RELIEF FROM THE PAYMENT OF RATES:

Relief shall be granted on the basis of reduction, rebate and exemption.

REDUCTION:

Reduction shall be granted only in the event of a natural disaster resulting in total or partial destruction of the property. The municipality shall on receipt of application from the affected Ratepayer, grant a reduction on the value of the property.

The reduction granted shall be a proportion of the value of the property equivalent to the ratio of the damage to the total value of the property. Such a relief shall be granted for the unexpired term of the financial year.

The property shall immediately be placed on the list for the next additional valuation. The valuation shall be carried out if even the property is repaired.

REBATES:

Rebate shall be granted to the indigent and the unemployed. Where a person is declared as an indigent in terms of the indigent policy, the person shall on application to the council, be granted a rebate on a sliding scale. The Scale shall be as follows:

INCOME

REBATE

Government shall be granted a rebate of 20% on all government properties.

Rebate shall be granted to all properties not enjoying all municipal services as indicated below:

Refuse removal	7.5 %
Water	7.5 %
Electricity	7.5 %

Street 7.5 %

Where the facility is available but has not been connected by the Ratepayer, the facility shall be deemed to be on the property.

Where as a result of a natural disaster the infrastructure of the area is damaged, council may grant rebate to the property owner equivalent to the rebate granted for the non existence of such a service.

Public benefit organizations operating from the municipality for the benefit of people in other municipal areas shall be granted rebate on a sliding scale. The size of rebate shall be determined by the extent to which people in the municipal area benefits from their operations vis-à-vis service to other areas.,

EXEMPTION:

A person registered as an indigent by the municipality shall be exempted from payment of rates. Properties owned by community benefit organizations located in the municipality for the benefit of people in the municipality only shall be granted exemption.

PAYMENT OF FLAT RATE:

Owners of low cost houses may be levied a flat amount, which amount shall not exceed the amount they would have been paid after the R15 000 exclusion if a flat rate has not been applied.

Notwithstanding the above, any low cost houses leased or improved shall be excluded from the flat rate and be treated as if it is not a low cost property.

PERIOD OF RATE:

Rate shall be imposed on annual basis and it shall be from 1st July to 30th June of the following year.

RATES:

Rate shall be an amount of cents in a rand. A rate is levied by municipality by resolution passed by the Municipal Council with a supporting vote of a majority of its members.

PUBLICATION OF RESOLUTION:

The Municipality shall publish the rate tariff in the provincial gazette. Whenever council passes resolution with regard to rate tariff, the Municipal Manager shall without delay conspicuously display copies of the resolution for a period of 30 days at the Municipalities head and satellite offices and libraries. Municipality shall publish in a newspaper circulating in the municipal area stating that:

- (i) a resolution levying rate on property has been passed by the council and
- (ii) the resolution is available at the municipality head and satellite offices and libraries for public inspection during official hours.
- (iii) Municipality shall place a copy of resolution on the official website.

SPECIAL RATING AREA:

Municipality may from time to time create special rating areas to raise funds to address infrastructure needs. Before declaring any part of the municipality as a special rating area for the purpose of levying additional rates, the municipality shall consult the local community and agree on the boundary delimiting the special rating area and the improvement or service to be provided.

The municipality shall during consultation, obtain the consent of majority of the members of the local community in the proposed special rating area. The municipality shall keep separate accounting records on funds raised through additional rating.

The municipality may establish a committee made up of representatives of the affected community to form consultative body to assist the municipality in implementing the improvement programme.

Rates may be recovered from Tenants or Agents in terms of section 28 and 29 of the Municipal Property Rates Act. OR

Municipality may exercise the option of attaching properties of defaulting property owners after due legal processes.

REVIEWED ON THE 18th of MAY 2014

NYANDENI LOCAL MUNICIPALITY
FIXED ASSETS MANAGEMENT POLICY



INTRODUCTION:

This policy is intended to define and provide a frame work for the Asset Management of the Nyandeni Municipality within the guiding principles of National Treasury Guidelines, Generally Recognised Accounting Practices (GRAP), Accounting Standards and to promote good financial management practices.

This document is provided to assist management and employees of Nyandeni Local Municipality with implementing and maintaining consistent, effective and efficient asset management principles.

Failure to comply with the prescribed policies will result in the institution of disciplinary procedures in terms of the stipulated human resources policies and procedures of Nyandeni Local Municipality. The policy is effective 1 January 2012.

AIM OF THIS DOCUMENT

This document is provided to assist management and employees of NYANDENI Municipality to implement and maintain consistent, effective and efficient fixed asset management principles.

The objective of this document is aimed at:

- Safeguarding the fixed assets of the NYANDENI Municipality to ensure effective use of existing resources
- Emphasizing a culture of accountability over fixed assets owned by the NYANDENI Municipality.
- Ensuring that effective controls are communicated to management and staff through clear and comprehensive written documentation.
- Providing a formal set of procedures to ensure that the NYANDENI Municipality's fixed asset policies are achieved and are in compliance with the Municipal Finance Management Act (MFMA) and National Treasury, IMFO and Accounting Standards Board directions, instructions, principles and guidelines.

This manual supersedes / replaces all previously issued Asset Management Policies and / or Procedures and / or instructions and should be read together with the provisions of Section 63 of the MFMA.

CHANGES TO FIXED ASSETS POLICY AND MANUAL AND/OR PROCEDURE MANUALS

All changes made to either the Asset Management Policies or Procedures must be processed timeously and communicated via the proper channels of communication to all asset holders.

The following steps will apply for the control and management of changes to the Asset Management Policy or Procedure Manuals:

- The Chief Financial Officer is appointed as custodian of the Fixed Asset Register and Fixed Asset Management Policy and Procedure manuals. The custodian is ultimately responsible for the control of the Fixed Asset Management Policies and Procedures.
- All recommended changes or requests for changes are recorded in writing that will detail the suggested changes together with reasons for such change.
- The change request is authorised by the relevant Head of Department. The authorised change request form is forwarded to the custodian.
- The custodian circulates the change request between Heads of Department for comments for a defined period. All comments are forwarded back to the custodian.
- The Chief Financial Officer submits the proposal to the Municipal Manager for Council's approval in the case of changes to the Asset Management Policies or final approval in the case of changes to the Asset Management Procedures.
- Changes in policies will be effective the date of Council's approval (Date referred to in the resolution)
- The custodian is ultimately responsible for applying the changes and finalising the Asset Management Policy and Procedure manuals. The new document is made available in its entirety within one week after final approval has been received with clear indications of the changes.
- It remains the responsibility of all employees to familiarise themselves with the Asset Management Policies and Procedures.

DEFINITION OF FIXED ASSETS AND RELATED DEFINITIONS USED TO APPLY IN MANAGEMENT, CONTROL AND REPORTING ON FIXED ASSETS.

A fixed asset is defined in GAMAP 17 as a tangible item of property, plant or equipment held by the Municipality for use in the productions or supply of goods or services, for rental to others, or for administrative purposes, and which is expected to be used during more than one reporting period (financial year).

A **fixed asset** is thus an asset, either movable or immovable, under the control of the Municipality, and from which the Municipality reasonably expects to derive economic benefits, or reasonably expects to use in service delivery, over a period extending beyond one financial year.

Characteristics of a depreciable fixed asset are the following:

- It is estimated the asset will be used for more than one financial period;
- It has a limited useful life;
- It is used in a process of delivering services (Directly or indirectly);
- The resource should provide future economic benefits;
- The future economic benefits should accrue to the municipality;
- The event giving rise to the municipality's right to the resource and control over the future economic benefits must already have occurred; and
- It should be possible to determine the cost of the asset reliably.

An asset held under a finance lease, shall be recognised as a fixed asset, as the Municipality has control over such an asset even though it does not own the asset.

Other definitions:

Accounting officer means the accounting officer appointed in terms of Section 82 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) and being the head of administration and accounting officer in terms of Section 55 of the Local Government Municipal Systems Act, 2000 (Act no 32 of 2000).

Chief Financial Officer Is an officer of the Municipality designated by the accounting officer to be administratively in charge of the budgetary and treasury functions.

Carrying Amount is the amount at which an asset is included in the statements or financial position after deducting any accumulated depreciation and any impairment losses thereon.

Cost is the amount of cash or cash equivalents paid, including any directly attributable costs of bringing the assets to working condition for its intended use or the fair value of the other consideration given to acquire an asset at the time of its acquisition and/or construction.

Depreciable amount is the cost of an asset, or other amount substituted for cost in the financial statements, less its residual value.

Depreciation Is the systematic allocation of the depreciable amount of an asset over the period of its expected useful life.

Fair Value is the amount for which an asset could be Exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction.

Heritage assets are culturally, environmentally or historically significant resources. Examples include works of art, statues, historical buildings and monuments, archeological sites, conservation areas and nature reserves.

Infrastructure assets are any assets that are part of a network. Examples are roads, water reticulation schemes, sewerage purification, transport terminals and car parks.

Investment properties are properties that are acquired for economic and capital gains. Examples are office parks and undeveloped land acquired for the purpose of resale in future years.

Other assets are assets utilised in normal operations. Examples are plant and equipment, motor vehicles and furniture and fittings.

Plant and equipment Are tangible assets that:-

- Are held by the municipality for use in the production or supply of goods and services, for rental to others or for administrative purposes, and
- Are expected to be used during more than one reporting period.

Recoverable amount Is the amount that the municipality expects to recover from the future use of an asset, including its residual value on disposal.

Residual value Is the net amount which the municipality expects to obtain for an asset at the end of its useful life after deducting the expected cost of disposal.

Useful life is either:-

- The period of time over which an asset is expected to be used by the municipality; or

- The number of production or similar units expected to be obtained from the asset by the municipality.

FAR Fixed Asset Register

GAMAP Statements of Generally Accepted Municipal Accounting Practice

GRAP Standards of Generally Recognised Accounting Practice

IAS International Accounting Standards

MFMA Local Government Municipal Finance Management Act

CFO Chief Financial Officer

MM Municipal Manager

HOD Head(s) of Department(s)

PPE Property, Plant & Equipment

RESPONSIBILITIES AND DELEGATION

The MM, as the accounting officer of the Municipality, is responsible for the maintenance of the fixed assets of the Municipality but extends the responsibility by delegating these powers contained in this document to HOD who in turn will identify officials (Asset Managers) on an appropriate level to assist them with the application of the policy and procedures proclaimed from time to time.

The Asset Management Policy (AMP) and Procedures of the Municipality are to be reviewed periodically to ensure that it addresses the responsibility for asset management. The policy must ensure that the MM and the CFO-

- Shall be the principle custodian of all the Municipality's fixed assets; and
- Shall be responsible for ensuring that the AMP is adhered to at all times.

The MM will act as “champion for change” to implement changes to asset management in the Municipality and must establish an Asset Management Steering Committee (AMSC) to drive the execution of the AMP and Procedures issued in terms of the policy as well as compile asset management plans and the implementation thereof.

The AMSC must assist management in compiling fixed asset management procedures and maintaining a FAR that include the following:

- Asset Planning and Budgeting
- Procurement
- Identification
- Custody and/or operations of assets
- Accountability
- Performance
- Residual Values
- Impairment
- Disposals
- Accounting
- Management
- Maintenance
- Risk Management

The CFO, supported by the AMSC, shall ensure that:

- A complete, accurate and up to date FAR is maintained,
- The FAR complies with GRAP, and
- Adequate controls are implemented to ensure the completeness, accuracy and validity of the information contained therein.

HOD's must ensure that their departments comply with the Municipality's AMP and where necessary, develop their own internal control procedures to ensure compliance with the Municipality's AMP.

These procedures should also ensure that, amongst other matters, assets are adequately safeguarded and maintained and must be approved by the AMSC.

Any matter that requires clarification should be referred to the AMSC.

Any non-compliance with the AMP and Procedures must be reported to the MM, who will then implement the necessary corrective measures and actions, which could amongst other include instituting disciplinary action in terms of the Municipality's disciplinary procedures.

The CFO will maintain a record of all directives issued in respect of the Municipality's AMP.

The HOD Human Resources shall ensure that no monies are paid out on termination of services without receiving the asset resignation form, signed off by the relevant HOD. (Part of Resignation form)

Every head of department shall be directly responsible for the physical safe-keeping of any fixed asset controlled or used by their department.

In exercising this responsibility, every head of department shall adhere to an directives issued by the Municipal Manager to the department in question, or generally to all departments, in regard to the control and safekeeping of the municipality's fixed assets.

SAFEGUARDING AND MAINTENANCE

To ensure the completeness and correctness of assets on the fixed asset register, all assets must be physically verified and confirmed at least once in a financial year.

A physical verification program must ensure that all capital assets under a department's control are appropriately safeguarded from inappropriate use or loss, including appropriate control over the physical access to these assets. Conduct regular asset verification to ensure losses have not occurred, and ensuring that any known losses are immediately reported to the AMSC. Full physical verification should be performed, as a minimum, at each reporting date as instructed by the AMSC.

HOD's must ensure that the FAR under their control is accurate and complete at all times. This should be tested by performing physical verification tests. Cyclical coverage of assets can vary between types of assets depending on their risk profiles and degree of physical security. Since it may not be possible to conduct all verifications at the time of reporting, the acceptability of a phased program of verification must be approved by the AMSC. The CFO will inform the external auditors of the AMSC's decision.

All HODs under whose control any fixed asset falls shall provide the CFO in writing with any information required to compile the FAR, and shall advise the CFO in writing, within 48 hours of any material change which may occur in respect of such information.

A fixed asset shall remain in the FAR for as long as it is in physical existence. The fact that a fixed asset has been fully depreciated shall not in itself be a reason for writing-off such an asset.

Every HOD shall ensure that any incident of loss, theft, destruction, or material impairment of any fixed asset controlled or used by the department in question is promptly reported in writing to the CFO, to the internal auditor, and – in cases of suspected theft or malicious damage – also to the South African Police Service. All assets should be kept in a secure location, maintained regularly, insured against theft or destruction, utilised economically and efficiently.

The CFO and MM should inform the council of the acquisition or disposal of a significant asset, and the relevant particulars of the transaction have to be submitted to the executive authority for approval. (Section 54 of the PFMA) The disposal of any of the municipality's assets has to be approved by council

CLASSIFICATION OF FIXED ASSETS

Nyandeni Local Municipality is implementing the cost module on the fixed asset

register.

In compliance with the requirements of the National Treasury, the CFO shall ensure that all fixed assets are classified under the following headings in the FAR and HOD shall in writing provide the CFO with such information or assistance as is required to compile a proper classification:

PROPERTY, PLANT AND EQUIPMENT

- Land (developed and undeveloped)
- Buildings (dwellings and non residential structures)
- Infrastructure assets (assets which are part of a network of
- Similar assets)
- Capital / infrastructure work in progress
- Other machinery and equipment
- Heritage assets (culturally significant resources)
- Biological or cultivated assets
- Investment property
- Intangible assets

Investment assets shall be accounted for in terms of IAS 40 and shall not be classified as PPE for purposes of preparing the Municipality's statement of financial position.

Investment assets shall comprise land or buildings (or parts of buildings) or both held by the Municipality, as owner or as lessee under a finance lease, to earn rental revenues or for capital appreciation or both.

Investment assets shall be recorded in the FAR in the same manner as other fixed assets, but a separate section of the FAR shall be maintained for this purpose.

Investment assets shall not be depreciated, but shall be annually valued on balance sheet date to determine their fair (market) value. Investment assets shall be recorded in the balance sheet at such fair value. Adjustments to the previous year's recorded fair value shall be accounted for as either gains (revenues) or losses (expenses) in the accounting records of the department or service controlling the assets concerned.

An expert valuator shall be engaged by the Municipality to undertake such valuations.

If the Council resolves to construct or develop a property for future use as an investment property, such property shall in every respect be accounted for as an ordinary fixed asset until it is ready for its intended use – where after it shall be reclassified as an investment asset.

TOOLS OF TRADE

Tools of trade as determined by the Determination of Upper Limits Gazette for Councillors will remain the property of the Municipality e.g. Computers/ Laptops

FIXED ASSETS TREATED AS INVENTORY

Any land or buildings owned or acquired by the Municipality with the intention of selling such property in the ordinary course of business, or any land or buildings owned or acquired by the Municipality with the intention of developing such property for the purpose of selling it in the ordinary course of business, shall be accounted for as inventory, and not included in either PPE or Investment Property in the Municipality's statement of position.

Such inventories shall, however, be recorded in the FAR in the same manner as other fixed assets, but a separate section of the FAR shall be maintained for this purpose.

RECOGNITION OF LIBRARY BOOKS AS ASSETS IN THE FIXED ASSET REGISTER

According to research, done within the Nyandeni Local Municipality, library books that have a longer lifetime than 12 months are only those that are used for research. For this purpose Nyandeni Local Municipality will only capitalize the following category in the FAR: Reference books.

All other library books that will be bought will be expensed and budgeted for in the operational budget.

RECOGNITION OF HERITAGE ASSETS IN THE FIXED ASSET REGISTER

If no original costs or fair values are available in the case of one or more or all heritage assets, the CFO may, if it is believed that the determination of a fair value for the assets in question will be a laborious or expensive undertaking, record such asset or assets in the FAR without an indication of the costs or fair value concerned.

For balance sheet purposes, the existence of such heritage assets shall be disclosed by means of an appropriate note.

RECOGNITION OF DONATED ASSETS

Where a fixed asset is donated to the Municipality, or a fixed asset is acquired by means of

an exchange of assets between the Municipality and one or more other parties, the asset concerned shall be recorded in the FAR at its fair value, as determined by the CFO.

CAPITALISATION CRITERIA

A fixed asset shall be capitalised, that is recorded in the FAR, as soon as it is acquired. If the asset is constructed over a period of time, it shall be recorded as work-in-progress until it is available for use, where after it shall be appropriately capitalised as a fixed asset.

MATERIAL VALUE

Every HOD shall, however, ensure that any item with an estimated useful life of more than one year shall be reported to the CFO who shall decide whether the portability and attractiveness of the item by its very nature, render it to theft or misplacing and whether it is sufficiently portable to allow removal and if the need exists for the item to be controlled and therefore be included in the FAR as a non-capital item and identified and controlled in the same manner as capital assets.

Every HOD shall ensure that the existence of items referred to and which the CFO decided not to include in the Fixed Asset Register shall be recorded on an asset stock sheet controlled by himself or a person delegated to the task, and verified from time to time, and at least once in every financial year, and any amendments which are made to such asset stock sheet pursuant to such stock verifications shall be retained for audit purposes.

INTANGIBLE ITEMS

No intangible item shall be recognised as a fixed asset, except that the CFO, acting in strict compliance with the criteria set out in IAS 38 (dealing with research and development expenses) may recommend to the Council that specific development costs be recognised as fixed assets.

REINSTATEMENT, MAINTENANCE AND OTHER EXPENSES

Only expenses incurred in the enhancement of a fixed asset (in the form of improved or increased services or benefits flowing from the use of such asset) or in the material extension of the useful operating life of a fixed asset shall be capitalised.

Expenses incurred in the maintenance or reinstatement of a fixed asset shall be considered as operating expenses incurred in ensuring that the useful operating life of the asset concerned is attained, and shall not be capitalised, irrespective of the quantum of the expenses concerned.

Expenses which are reasonably ancillary to the bringing into operation of a fixed asset may be capitalised as part of such fixed asset. Such expenses may include but need not be limited to import duties, forward cover costs, transportation costs, and installation, assembly and communication costs.

FORMAT OF THE FIXED ASSET REGISTER

The FAR shall be maintained in the format determined by the CFO, which format shall comply with the requirements of GRAP and GAMAP and any other accounting requirements which may be prescribed.

The FAR must contain data on:

- Department requesting the purchase (Acquisition)
- Cost of the asset in question
- Expected useful life
- Depreciation rate
- Financing source
- Cheque or transfer number.
- Physical Verification
- Disposals, Losses or Damages

The FAR must be reconciled and updated monthly.

All assets and locations must be recorded in the FAR.

Asset information kept in the register in respect of each asset:

- Asset number
- Asset type and description
- Asset Class
- Purchase price
- Depreciation per year (Current)
- Accumulated depreciation
- Book value
- Department responsible for the asset
- Location where the asset were last verified

All Head of Departments under whose control any fixed asset fall shall promptly provide the CFO with any information required to compile the fixed asset register, and shall promptly advise the CFO and Asset Managers of any material change which may occur in respect of

such information.

The assets officer must update the asset listing and fixed asset register with the approved asset requisitions, and reconcile on a monthly basis.

On a monthly basis the assets officer must perform reconciliation between the general ledger values and the fixed assets and inventory register values and submit it to the Manager directly reporting to the CFO.

The Manager directly reporting to the CFO must check and sign the fixed assets and inventory reconciliation as correct.

The changes made to the fixed assets register should be printed and approved by the CFO on a monthly basis, if any.

The assets officer should numerically account for the tag numbers, and the Manager directly reporting to the CFO should review the sequence monthly for missing numbers.

The CFO must check the physical verification report, approve and submit a copy to the MM.

Once approved by the CFO the assets officer must file the report in the date order.

PROCUREMENT OF ASSETS (REPLACEMENT NORMS)

All assets acquired must be in terms of the capital budget. Assets must be procured in such a way that:

- A proper need for the asset was identified; and
- Proper and approved procurement procedures are adhered to.

Authorisation for procurement should be as per the departments' delegation of authority and payment for assets should be in accordance with financial policies and regulations of the Council.

On purchase of any fixed assets, via the normal procurement procedures the assets officer must ensure that the asset is recorded in the fixed assets register. It is the responsibility of the purchasing officer to report all assets purchased on arrival to the assets officer.

The municipal manager, in consultation with the CFO and other head of departments, shall formulate norms and standards for the replacement of all normal operational assets. Such norms and standards shall be incorporated in a formal policy, which shall be submitted to the council of the municipality for approval. This policy shall cover the replacement of motor vehicles, furniture and fittings, computer equipment, and any other appropriate operational items. Such policy shall also provide for the replacement of fixed

assets which are required for service delivery but which have become uneconomical to maintain.

DEPRECIATION OF FIXED ASSETS

All fixed assets, except land and heritage assets, shall be depreciated – or amortized in the case of intangible assets.

Depreciation may be defined as the monetary quantification of the extent to which a fixed asset is used or consumed in the provision of economic benefits or the delivery of services.

However, depreciation shall initially be calculated from the day following the day in which a fixed asset is acquired or – in the case of construction works and plant and machinery – the day following the day in which the fixed asset is brought into use.

Each HOD, acting in consultation with the CFO, shall ensure that reasonable budgetary provision is made annually for the depreciation of all applicable fixed assets controlled or used by the department in question or expected to be so controlled or used during the ensuing financial year.

The procedures to be followed in accounting and budgeting for the amortization of intangible assets shall be identical to those applying to the depreciation of other fixed assets.

RATE OF DEPRECIATION

The useful life is set out according to the MFMA. (Appendix “A”)

In the case of a fixed asset which is not listed in this annexure, the CFO shall determine a useful operating life, if necessary in consultation with the HOD who shall control or use the fixed asset in question, and shall be guided in determining such useful life by the likely pattern in which the asset’s economic benefits or service potential will be consumed.

METHOD OF DEPRECIATION

The CFO shall depreciate all depreciable assets on the straight-line method of depreciation over the assigned useful operating life of the asset in question.

AMENDMENT OF ASSET LIVES AND DIMINUTION IN THE VALUE OF FIXED ASSETS (REVISION OF USEFUL LIFE)

Only the CFO may amend the useful operating life assigned to any fixed asset, and when any

material amendment occurs the CFO shall inform the Council of such amendment.

The CFO shall amend the useful operating life assigned to any fixed asset if it becomes known that such asset has been materially impaired or improperly maintained to such an extent that its useful operating life will not be attained, or any other event has occurred which materially affects the pattern in which the asset's economic benefits or service potential will be consumed.

If the value of a fixed asset has been diminished to such an extent that it has no or a negligible further useful operating life or value such fixed asset shall be fully depreciated in the financial year in which such diminution in value occurs.

Similarly, if a fixed asset has been lost, stolen or damaged beyond repair, it shall be fully depreciated in the financial year in which such event occurs, and if the fixed asset has physically ceased to exist, it shall be written off and the FAR will be amended accordingly.

In the all the foregoing instances, the additional depreciation expenses shall be debited to the department or vote controlling or using the fixed asset in question.

If any of the foregoing events arises in the case of a normally non-depreciable fixed asset, and such fixed asset has been capitalised at a value other than a purely nominal value, such fixed asset shall be partially or fully depreciated, as the case may be, as though it were an ordinary depreciable asset, and the department or vote controlling or using the fixed asset in question shall bear the full depreciation expenses concerned.

As a result of the uncertainties inherent in business activities, many financial items cannot be measured but can only be estimated. The estimation process is based on judgments based on the latest financial information available. Estimates may be required, for example bad debts, inventory obsolescence or the useful lives or expected pattern of consumption of economic benefits of depreciable assets. An estimate may need to be revised if changes occur regarding the circumstances on which the estimate was based or as a result of new information, more experience or subsequent developments.

The effect of a change in accounting estimates should be included in the determination of net profit or loss in:

- The period of the change if the change affects the period only, or
- The period of change and future periods, if the change affects both.

REVALUATION OF FIXED ASSETS

All land and buildings recorded in the Municipality's FAR shall be revalued with the adoption by the municipality of each new valuation roll (or, if the land and buildings concerned fall within the boundary of another municipality, with the adoption by such municipality of each new valuation roll).

The CFO shall adjust the carrying value of the land and buildings concerned to reflect in each instance the value of the fixed asset as recorded in the valuation roll, provided the CFO is satisfied that such value reflects the fair value of the fixed asset concerned.

The CFO shall also, where applicable, create a revaluation reserve for each such fixed asset equal to the difference between the value as recorded in the valuation roll and the carrying value of the fixed asset before the adjustment in question.

The fixed asset concerned shall, in the case of buildings, thereafter be depreciated on the basis of its revalue amount, over its remaining useful operating life, and such increased depreciation expenses shall be budgeted for and debited against the appropriate line item in the department or vote controlling or using the fixed asset in question.

The CFO shall ensure that an amount equal to the difference between the new (enhanced) monthly depreciation expense and the depreciation expenses determined in respect of such fixed asset before the revaluation in question is transferred each month from the revaluation reserve to the Municipality's appropriation account. An adjustment of the aggregate transfer shall be made at the end of each financial year, if necessary.

If the amount recorded on the valuation roll is less than the carrying value of the fixed asset recorded in the fixed asset register, the CFO shall adjust the carrying value of such asset by increasing the accumulated depreciation of the fixed asset in question by an amount sufficient to adjust the carrying value to the value as recorded in the valuation roll. Such additional depreciation expenses shall form a charge, in the first instance, against the balance in any revaluation reserve previously created for such asset, and to the extent that such balance is insufficient to bear the charge concerned, an immediate additional charge against the department or vote controlling or using the asset in question.

Revalue land and buildings shall be carried in the fixed asset register, and recorded in the annual financial statements, at their revalue amount, less accumulated depreciation (in the case of buildings).

RESIDUAL VALUES

A document on the residual values as per GRAP 17 requirements.

Definition of residual value.

The Residual Value of an asset is the estimated amount that a Council will obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

Review of residual value.

The residual value of an asset should be reviewed at least at each reporting date. If the review indicates that a change has taken place and expectations differ from previous estimates, the changes should be accounted for as a change in the accounting estimate in accordance with the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors. The remaining useful life of capital assets should be reviewed annually and, if expectations are significantly different from previous estimates, the depreciation charge for the current and future periods should be adjusted. This review should be done by the asset manager in conjunction with the impairment review. The review of useful life is a check to see if there is any evidence to suggest that that expected life should be changed. This evidence could be internal or external.

Asset classes affected by residual values.

Residual value is the net amount which the municipality expects to obtain for an asset at the end of its useful life after deducting the expected cost of disposal. The residual value can be a percentage of the cost or a fixed amount allocated per class.

CLASS	VALUE	RESIDUAL COMMENT
Land	None	No depreciation on land
Buildings	None	Not trading in open market
Dwellings	None	Not trading in open market
Non residential	None	Not trading in open market

Infrastructure assets

CLASS	VALUE	RESIDUAL COMMENT
Electricity	None	No depreciation on land
Roads	None	Not trading in open market
Sewer	None	Not trading in open market
Water	None	Not trading in open market
Telkom sleeves	None	Not trading in open market
Solid waste	None	Not trading in open market
Bins & containers	R100	Scrap metal value
Collection trucks	10%	Functional life

Other assets

CLASS	VALUE	RESIDUAL COMMENT
Furniture and office equipment	R50	Typical internal tender proceed.
Equipment	R50	Proceed
Computer equipment	None	No active market 10% of the cost price.

		The municipality does not replace vehicles after a fixed period, but rather once it has reached the end of its useful life.
Motor vehicles	10%	Functional life
Heritage assets	None	No active market
Intangible assets	None	Computer software has no scrap value due to technology changes
Software	None	No active market
Any asset with a cost of less than R250	None	Will be fully depreciated

VERIFICATION OF FIXED ASSETS

The CFO shall at least quarterly during every financial year undertake a comprehensive verification of all fixed assets controlled or used by the Municipality.

The FAR must be updated with the results of verification detail.

The results of such verification will be reported to every HOD who shall promptly and fully report in writing to the CFO in the format determined by the CFO on all the fixed assets not verified during such fixed asset verification.

Asset verifications shall be undertaken and completed as closely as possible to the end of each financial year and the resultant report shall be submitted to the MM / CFO by not later than 31 August of the year in question. (Report to Council to coincide Financial Statements)

ALIENATION OF FIXED ASSETS

In compliance with the principles and prescriptions of the MFMA, the transfer of ownership of any fixed asset shall be fair, equitable, transparent, competitive and consistent with the Municipality's supply chain management policy.

Every HOD shall report in writing to the CFO on 31 October and 30 April of each financial year on all fixed assets controlled or used by the department concerned which such HOD wishes to alienate by public auction or public tender. The CFO shall thereafter consolidate the requests received from the

various departments, and shall promptly report such consolidated information to the MM recommending the process of alienation to be adopted.

Once the fixed assets are alienated, the CFO shall arrange for the appropriate updating of the FAR.

If the proceeds of the alienation are less than the carrying value recorded in the FAR, such difference shall be recognised as a loss in the income statement of the department or vote concerned. If the proceeds of the alienation, on the other hand, are more than the carrying value of the fixed asset concerned, the difference shall be recognised as a gain in the income statement of the department or vote concerned.

All gains realised on the alienation of fixed assets shall be appropriated annually to the Municipality's Asset Financing Reserve (except in the cases outlined below), and all losses on the alienation of fixed assets shall remain as expenses on the income statement of the department or vote concerned. If, however, both gains and losses arise in any one financial year in respect of the alienation of the fixed assets of any department or vote, only the net gain (if any) on the alienation of such fixed assets shall be appropriated.

Transfer of fixed assets to other municipalities, municipal entities (whether or not under the municipality's sole or partial control) or other organs of state shall take place in accordance with the above procedures, except that the process of alienation shall be by private treaty.

OTHER WRITE-OFFS OF FIXED ASSETS

A fixed asset, even though fully depreciated shall be written off only on the recommendation of the HOD controlling or using the asset concerned, and with the approval of the Council.

Every HOD shall report to the CFO on 31 October and 30 April of each financial year on any fixed assets which such HOD wishes to have written off, stating in full the reason for such recommendation. The CFO shall consolidate all such reports, and shall promptly submit a recommendation to the MM and/or Council (depending on the carrying value) on the fixed assets to be written off.

The only reasons for writing off fixed assets, other than the alienation of such fixed assets, shall be the loss, theft, and destruction or material impairment of the fixed asset in question.

In every instance where a not fully depreciated fixed asset is written off, the CFO shall immediately debit to such department or vote, as additional depreciation expenses, the full carrying value of the asset concerned.

REPLACEMENT NORMS

Every HOD shall report to the CFO on 31 December of each financial year on any fixed assets which such HOD wishes to replace, stating in full the reason for such recommendation. The CFO shall consolidate all such reports, and shall promptly submit a

recommendation to the Council on the fixed assets to be written off.

The only reasons for replacement of fixed assets, other than the alienation of such fixed assets, shall be the loss, theft, and destruction or material impairment of the fixed asset in question. This Chapter provides for the replacement of motor vehicles, furniture and fittings, computer equipment, and any other appropriate operational items as well as for the replacement of fixed assets which are required for service delivery but which have become uneconomical to maintain or have become outdated in terms of available technology.

INSURANCE OF FIXED ASSETS

The MM shall ensure that all movable fixed assets are insured at least against fire and theft, and that all Municipal Buildings are insured at least against fire and allied perils.

The CFO shall annually determine the premiums payable by the departments or votes after having received a list of the fixed assets and insurable values of all relevant fixed assets from the HOD concerned.

The MM shall recommend to the Council, after consulting with the CFO, the basis of the insurance to be applied to each type of fixed asset: either the carrying value or the replacement value of the fixed assets concerned. Such recommendation shall take due cognisance of the budgetary resources of the Municipality.

The CFO shall annually submit a report to the Council on any reinsurance cover which it is deemed necessary to procure for the Municipality's self- insurance reserve.

FINANCIAL DISCLOSURE REQUIREMENTS

The financial statements should include disclosure in respect of assets as laid out in GRAP. Financial statements should include the following disclosures:

- The measurement bases used for determining the gross carrying amount. When more than one basis has been used, the gross carrying amount for that basis in each category should be disclosed.
- The depreciation methods used.
- Depreciation charged in arriving at net profit or loss for the period.
- The gross carrying amount and the accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and the end of the period.

- A reconciliation of the carrying amount at the beginning and end of the period showing:
 - Additions
 - Disposals
 - Acquisitions through business combinations
 - Increases or decreases during the period resulting from reevaluations under paragraphs and from impairment losses recognised or reversed directly in equity under the statement on impairment of assets, if any.
 - Impairment losses recognised in the income statement during the period on impairment of assets, if any.
 - Impairment losses reversed in the income statement during the period under the statement on impairment of assets, if any.
 - Depreciation
 - The net exchange differences arising on the translation of the financial statements of a foreign entity, and
 - Other movements.

The financial statements should also disclose the following:

- The existence and amounts of restrictions on title, and property
- The accounting policy for the estimated costs of restoring the site of items of property, plant and equipment.
- The amount of expenditures on account of property, plant and equipment in the course of construction.
- The amount of commitments for the acquisition of property, plant and equipment.

The selection of the depreciation method, and the estimation of the useful life, is a matter of judgment. Therefore, disclosure of the methods adopted and the estimated useful lives or depreciation rates, provides financial statements with information, which allows them to review the policies selected by management and enables comparisons to be made with other enterprises. For similar reason, it is necessary to disclose the depreciation allocated in a period and the accumulated depreciation at the end of that period.

An enterprise discloses the nature and effect of change in an accounting estimate that has a material effect in the current period or which is expected to have a material effect in subsequent periods in accordance with the statement on net profit or loss for the period, fundamental errors and changes in accounting policies. Such disclosure may arise from changes in estimates with respect to:

- Residual values;
- The estimated costs of dismantling and removing items of property, plant or equipment and restoring the site;
- Useful lives, and

- Depreciation method.

When items of property, plant and equipment are stated at revalued amounts, the following should be disclosed:

- The basis used to revalue the assets
- The effective date of the revaluation
- Whether or not an independent value was involved
- The nature of any indices used to determine replacement cost
- The carrying amount of each class of property, plant and equipment that would have been included in the financial statements had the assets been carried under the benchmark treatment in paragraph.
- The revaluation surplus, detailing:
 - 1.The movement for the period
 - 2.Any restrictions on the distribution of the balance to shareholders,
 - 3.The realised and unrealised portions thereof, and
 - 4.The outside shareholders' share thereof.

Financial statement users also find the following information relevant to their needs:

- The carrying amount of temporarily idle property, plant and equipment.
- The gross amount of any fully depreciated property, plant and equipment that are still in use.
- The carrying amount of property, plant and equipment retired from active use and held for disposal.
- Where the benchmark treatment is used, the fair value of property, plant and equipment where this is materially different to the carrying amount.

VIREMENT POLICY

NYANDENI LOCAL MUNICIPALITY



NYANDENI LOCAL MUNICIPALITY

VIREMENT POLICY

1. INTRODUCTION

- 1.1 Webster's New Millennium™ Dictionary of English defines "Virement" as "a regulated transfer or re-allocation of money from one account to another, especially public funds."
- 1.2 Changing circumstances and priorities during a financial period may give rise to a need to virement (transfer) funds within or between approved Votes, as defined in the Municipal Finance Management Act 56 of 2003 (MFMA). The treatment of such instances may, however, be dependent on whether an adjustment budget is required or not.
- 1.3 The MFMA and the Municipal Budget and Reporting Regulations seek to move municipalities away from the traditional approach of appropriating/approving budgets by line item. The aim is to give the Directors/Managers greater flexibility in managing their budgets. To further facilitate this, each municipality must put in place a council approved Virement Policy, which should provide clear guidance to managers of when they may shift funds between line items, capital projects, programmes and votes.

2. PURPOSE

- 2.1 The Chief Financial Officer has a statutory duty to ensure that adequate policies and procedures are in place to ensure an effective system of financial control. A municipality's Virement Policy and its underlying administrative process within the system of delegations is one of these controls.
- 2.2 Section 81(1)(d) of the MFMA states inter alia that "The chief financial officer of a municipality-...must advise senior managers and other senior officials in the exercise of powers and duties assigned to them in terms of section 78 or delegated to them in terms of section 79:..."
- 2.3 It is the responsibility of each Senior Manager of each Department (Vote) to which funds are allocated, to plan and conduct assigned operations so as not to expend more funds than budgeted and to ensure that funds are utilised effectively and efficiently.
- 2.4 Section 78(1)(b) of the MFMA states inter alia that "Each senior manager of a municipality and each official of a municipality exercising financial management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure-...(b) that the financial and other resources of the municipality are utilised effectively, efficiently, economically and transparently;..."
- 2.5 This policy aims to provide guidelines to senior management in the use of virements as a mechanism in their day-to-day management of their budgets and to allow flexibility in the use of budgeted funds to enable management to act on occasions such as disasters, unforeseen expenditure or savings, etc. as they arise to accelerate service delivery in a financially responsible manner.

In addition it specifically aims to empower senior managers with an efficient financial – and budgetary system to ensure optimum service delivery within the current legislative framework of the MFMA and the Municipality’s system of delegations.

3. DEFINITIONS

3.1. *Accounting Officer (MFMA)*

“- (a) in relation to a municipality, means the municipal official referred to in section 60; or...”

3.2 *Approved Budget (MFMA)*

“ - means an annual budget-

(a) approved by a municipal council; or

(b) approved by a provincial or the national executive following an intervention in terms of section 139 of the Constitution, and includes such an annual budget as revised by an adjustments budget in terms of section 28;”

3.3 *Chief Financial Officer (MFMA)*

“a person designated in terms of section 80(2)(a)”

3.4 *Cost Centre*

3.4.1 Cost centre is a cost collector which represents a logical point at which cost (expenditure) is collected and managed by a responsible cost centre owner.

3.5 *Cost element*

3.5.1 Cost elements distinguish between primary and secondary cost elements. Primary cost elements are expenditure items mainly generated outside the organisation. Secondary cost elements are utilised to reallocate cost by means of assessments, internal billing or activity based recoveries.

3.6 *Senior Manager*

3.6.1 Section 56 of the Systems Act states inter alia that: “Appointment of managers directly accountable to municipal managers - (a) a municipal council, after consultation with the municipal manager, appoints a manager directly accountable to the municipal manager...”

3.7 *Financial Year*

3.7.1 The 12 month period between 1 July and 30 June.

3.8 *Vote (MFMA)*

3.8.1 “(a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and

(b) which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.”

3.9 *Ring Fenced*

3.9.1 an exclusive combination of line items grouped for specific purposes for instance salaries and wages.

3.10 *Line Item*

3.10.1 an appropriation that is itemized on a separate line in a budget adopted with the intention of greater control over expenditures.

3.11 *Service Delivery and Budget Implementation Plan*

3.11.1 means a detailed plan approved by the mayor of a municipality in terms of section 53(1) (ii) for implementing the municipality’s delivery of municipal services and its annual budget.

3.12 *Virement*

3.12.1 The process of transferring an approved budgetary provision from one operating cost element or capital project to another within a vote during a municipal financial year and which results from changed circumstances from that which prevailed at the time of the previous budget adoption.

4. MFMA REGULATION ON BUDGET VERSUS EXPENDITURE

4.1 The MFMA regulates the following regarding the incurring of expenditure against budgetary provisions.

4.1.1 Section 15 – Appropriation of funds for expenditure

“A municipality may, except where otherwise provided in this Act, incur expenditure only-

(a) in terms of an approved budget; and

(b) within the limits of the amounts appropriated for the different votes in an approved budget.”

4.1.2 *Unauthorised Expenditure (MFMA Definition)*

In relation to a municipality, means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3), and includes -

(a) overspending of the total amount appropriated in the municipality's approved budget; specific purpose;

- (e) spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordance with any conditions of the allocation; or
- (f) a grant by the municipality otherwise than in accordance with this Act;"

4.1.3 Overspending (MFMA Definition)

- “(a) in relation to the budget of a municipality, means causing the operational or capital expenditure incurred by the municipality during a financial year to exceed the total amount appropriated in that year's budget for its operational or capital expenditure, as the case may be;
- (b) in relation to a vote, means causing expenditure under the vote to exceed the amount appropriated for that vote; or
- (c) in relation to expenditure under section 26, means causing expenditure under that section to exceed the limits allowed in subsection (5) of that section;”

4.1.4 Section 71(1)(g)(iii) states inter alia “(1) *The accounting officer of a municipality must by no later than 10 working days after the end of each month submit to the mayor of the municipality and the relevant provincial treasury a statement in the prescribed format on the state of the municipality's budget reflecting the following particulars for that month and for the financial year up to the end of that month:...(g) when necessary, an explanation of-...(iii) any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remain within the municipality's approved budget....*”

5. VIREMENT REQUIREMENTS AND RESTRICTIONS

- 5.1 The virement process represents the major mechanism to align and take corrective (financial / budgetary) action within a Vote during a financial year.
- 5.2 In order for a “vote” to transfer funds from one cost element or capital project to another cost element or capital project, a saving has to be identified within the monetary limitations of the approved “giving” cost element or capital project allocations on the respective budgets.
- 5.3 Sufficient, (non-committed) budgetary provision should be available within the “giving” vote's cost element or project concerned to give effect to the budgetary transfer (virement). In addition, the transferring function must clearly indicate to which cost element or capital project the budget provision will be transferred to and provide a clear motivation for the transfer.
- 5.4 Any budgetary amendment of which the net impact will be a change to the total approved annual budget allocation and any other amendments not covered in this policy are to be considered for budgetary adoption via an adjustments budget (per MFMA Section 28).
- 5.5 In terms of Section 17 of the MFMA a municipality's budget is divided into an operating and capital budget and consequently no virements are permitted between Operating and Capital Budgets.
- 5.6 Virements are not permissible across, or between, votes without approval of both vote holders and the CFO.

- 5.7 Virements between Trading-, Economic- and Rate-funded functions are not allowed, due to the differing impacts on respective tariff- or Rates-borne services' budgets, unless adopted via adjustment budgets (per MFMA Section 28).
- 5.7.1 Virements may not exceed a maximum of 0.1% of the total approved operating expenditure budget.
- 5.8 A virement may not create new policy, significantly vary current policy, or alter the approved outcomes / outputs as approved in the IDP for the current or subsequent years. (section 19 and 21 MFMA)
- 5.9 Virements resulting in adjustments to the approved SDBIP need to be submitted with an adjustments budget to the Council with altered outputs and measurements for approval. (MFMA Circular 13 page 3 paragraph 3)
- 5.10 No virement may commit the Municipality to increase recurrent expenditure, which commits the Council's resources in the following financial year, without the prior approval of the Council.
- 5.10.1 This refers to expenditures such as entering into agreements into lease or rental agreements such as vehicles, photo copier's or fax machines.
- 5.11 No virement may be made where it would result in over expenditure. (section 32 MFMA)
- 5.12 No virement shall add to the establishment of the Municipality without the approval of Municipal Manager.
- 5.13 If the virement relates to an increase in the work force establishment, then the Council's existing recruitment policies and procedures will apply.
- 5.14 Virements may not be made in respect of ring-fenced allocations.
- 5.15 Budget may not be transferred from Support service (interdepartmental) costs, Capital financing, Depreciation, Contributions, Grant Expenditure and Income Foregone.
- 5.16 Budget may only be transferred from Salaries if approved by the CFO and the relevant Manager
- 5.17 Virements in capital budget allocations are only permitted within specified action plans and not across funding sources and must in addition have comparable asset lifespan classifications.
- 5.18 No virements are permitted in the first three months or the final month of the financial year without the express agreement of the CFO.
- 5.19 No virement proposal shall affect amounts to be paid to another Department without the agreement of the Manager of that Department, as recorded on the signed virement form. (Section 15 MFMA)

- 5.20 Virement amounts may not be rolled over to subsequent years, or create expectations on following budgets. (Section 30 MFMA)
- 5.21 An approved virement does not give expenditure authority and all expenditure resulting from approved virements must still be subject to the procurement/supply chain management policy of Council as periodically reviewed.
- 5.22 Virements may not be made between Expenditure and Income.
- 5.23 All virements must be signed by the Manager of the vote within which the cost is allocated (section 79 of MFMA)
- 5.24 All virements should be approved in line with the Council's System of delegations
- 5.25 All documentation must be in order and approved before any expenditure can be committed or incurred (section 79 of MFMA)
- 5.26 All virements of funds between votes (directorates) must be approved by the Municipal Manager and reported to the Executive Committee on a monthly basis.
- 5.27 Virements between votes should be permitted where the proposed shifts in funding facilitate sound risk and financial management (e.g. the management of central insurance funds and insurance claims from separate votes);
- 5.28 Virements from the capital budget to the operating budget should not be permitted;
- 5.29 Virements towards personnel expenditure should not be permitted;
- 5.30 Virements should not result in adding 'new' projects to the Capital Budget;
- 5.31 Virements of conditional grant funds to purposes outside of that specified in the relevant conditional grant framework must not be permitted; and

The policy must also indicate how the virements process is to be managed within the municipality so as to enable the tracking and reporting of funding shifts.

6. OPERATING BUDGET VIREMENTS

- 6.1 Virements are not allowed to utilise special purpose budgetary allocations, adopted by Council as such and to which specific Council recommendations apply (e.g. budget strategy for growth in repairs and maintenance provisions) and which result from specific resolutions adopted when adopting the budget, as virement sources.
- 6.2 Sound motivations should be provided for all virements, as provided for on pro forma virement documentation.
- 6.3 Salaries, Wages and Allowances Subjective Category:**
 - 6.3.1 Virements are allowed between cost elements of - and only if these virements are within - this subjective category.

6.3..2 Virements from this subjective expenditure category are subject to the approval of the CFO and relevant Manager

6.4 Remuneration of Councillors

6.4.1 Virements within this category are allowed.

6.4.2 No virements to and from this category are allowed.

6.5 General Expenditure and Repairs and Maintenance (Primary)

6.5.1 Virements to and from cost elements within these categories are allowed (Virements are allowed from General Expenditure to Repairs and Maintenance).

6.5.2 The following cost elements categories are not to be used as sources of virements, but virements are allowed within each category:

- Training related expenditure
- Bargaining Council provisions and skills development levies
- Insurance related provisions
- Pensioner and Continued Members Contributions
- Repairs and Maintenance

6.5.3 No virements are allowed to and from the following cost elements or provisions:

- Capital Expenditure-related elements
- Scrapping of Assets / Stock
- Insurance Fund

6.5.4 Repairs and Maintenance (primary) virements are to be processed via Internal Orders

6.5.5 Contracted Services and Collection Costs

- Virements to and from these elements are allowed.

6.5.6 No virements will be permitted to and from the following expenditure categories, unless such amendments are effected within the cost element:

- Bulk Purchases
- Bad Debts
- Interest Charges and Depreciation
- Indigent Relief and Income Forgone

6.5.7 Revenue

- No virements will be approved on any Revenue element. Revenue provisions' amendments are to be adopted via an adjustments budget.

7. CAPITAL BUDGET VIREMENTS

- 7.1 Only virements which relate to projects approved as part of annual or adjustments budgets will be permitted.
- 7.2 No virements of which the affect will be to add “new” projects onto the Capital Budget, will be allowed.
- 7.3 Virements may not cause an increase to individual projects’ total project cost.
- 7.4 Virements must be between projects of similar funding sources and life expectancy.
- 7.5 Implementation of the project from which funds are viremented may not be prejudiced (i.e. must not hinder completion of the project).
- 7.6 Motivations for virements should clearly state the reason for the saving within the “giving” project, as well as the reason for the additional amount required.

8. PROCESS AND ACCOUNTABILITY

- 8.1 Accountability to ensure that virement application forms are completed in accordance with Council’s virement policy and are not in conflict with the directorate’s strategic objectives manifests with the head of the relevant directorate.
- 8.2 Completed virement documentation is to be effected by the CFO.
- 8.3 Virements approved and processed will be reported for information to the Mayor on a quarterly basis.