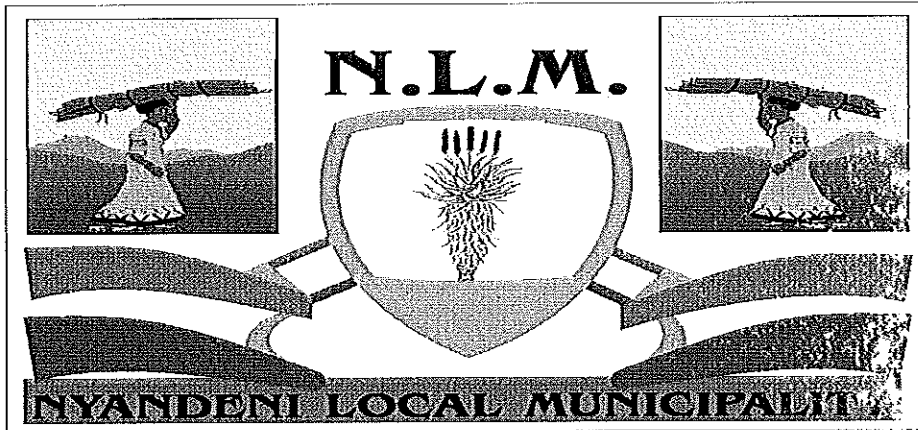


NYANDENI LOCAL MUNICIPALITY



Draft Annual Budget

3 Year Plan: 2015/16 to 2018

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2. MAYOR'S REPORT

Section 153 of the Constitution of the Republic of South Africa, 1996, prescribe that a municipality must (a) structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community; and (b) participate in national and provincial development programmes

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

The IDP Review for 2015/16 has taken into account the national and provincial planning imperatives unpacked below

BACK TO BASICS LOCAL GOVERNMENT STRATEGY

Back to Basics Local Government Strategy which has identified the following pillars

- *Putting people first*
- *Delivering basic services*
- *Good governance*
- *Sound financial management and*
- *Building capacity*

Concerted efforts has been made to incorporate these pillars into integrated Development Strategy in this regard will call upon all stakeholders to work with the municipality in achieving the objectives of the strategy.

In 2014, on the occasion of the State of the Province Address the Honourable Premier P Masualle announced seven Provincial Medium Term Strategic Framework Priorities, and these are

- Priority 1:** Promoting quality education and skills development
- Priority 2:** Better health care for all
- Priority 3:** Stimulating rural development, land reform and food security
- Priority 4:** Transforming the economy to create jobs and sustainability livelihoods
- Priority 5:** Intensifying the fight against crime and corruption
- Priority 6:** Integrated human settlement and building cohesive communities
- Priority 7:** Strengthening the developmental state and good governance

In line with the above developmental trajectory the municipality has identified and adopted the following key programmes for 2015/2016 financial year

1. On Good Governance and Public Participation

- Strengthening Public Participation through our signature programme of civil education and support to ward committees
- Conduct Community Satisfaction Surveys
- Improve Complaints management system
- Development of Nyandeni Development Plan (2030 Vision) taking tune from the Provincial Development Plan
- Improving Communication
- Strengthening Intergovernmental Relations
- Support to Ematholeni: Children First programme (ECD)
- Development of Good Governance Framework

2. On Financial Viability and Management

- Improving Revenue management
- Credit Control
- Implementation of the Audit Action Plan and preparation for 2014/2015
- Strengthening Supply Chain Management systems and processes
- Expenditure management
- Asset management

3. On Basic Service Delivery and Infrastructure

- Electrification programme
- Accelerating delivery of Access roads and maintenance of the existing road network
- Storm water management
- Integrated waste management
- Transport Planning and Public Safety
- Environmental Management and compliance

4. On Local Economic Development

- Support to small scale farming
- Massive crop production programme through ILIMA LABANTU Initiative
- Local Tourism development and promotion
- Support to SMME's and Cooperatives
- Development of Local SDF's and land use management

5. On Institutional Development and Transformation

- Development of new Policies and reviewal of existing policies
- Development of Bylaws
- Organisational Structure review
- Employment Equity Plan
- Expansion of existing Offices in Ngqeleni
- Filling of budget vacant posts
- Employee wellness programmes
- Office support and Facilities Management
- Improving ICT management and systems

Medium Term Strategic Service Delivery objectives

This section reflect the service delivery highlights for 2014/2015

1. To Improve Municipal Planning and policy development

- IDP, budget and SDBIP for 2014/2015 were compiled and Adopted by Council on time and in accordance with the norms and standards as prescribed by National Treasury
- Financial policies have been reviewed and adopted by council
- Received unqualified audit opinion for 2013/2014 financial year

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

- Mid-year performance assessment report compiled and adopted by Council
 - MSA s46 report compiled and approved by Council
 - Annual report for 2013/14 tabled to Council and Oversight report approved by council on 23 February 2015
3. **Internal auditing and internal control**
- A detailed Audit Plan developed and is being implemented
 - Audit and Performance Management Committee is in place
4. **To ensure good governance and public participation**
- All wards committees have been established and are participating in municipal development programmes
 - IDP and Budget Public Hearings were conducted
 - Fraud Prevention Policy has been developed
 - Risk Management Framework, Register and policy developed
 - Civil Education Programme conducted
5. **To improve livelihood in urban and rural areas through infrastructure development and maintenance**
- Continuous Streets lights have been maintained in both towns of Libode and Ngqeleni
 - The municipality has achieved the annual target of constructing and maintaining 206.7 km.
 - Roads forum is in place and functional
 - Integrated Waste Management Plan (IMWP) have been developed and adopted by Council
 - Permit application for Landfill site has been approved
 - Maintenance and construction of access road done
 - Implemented electrification programme in collaboration with the Department of Energy
 - Construction of Transport Hub in progress
 - Construction of Community Stadium in ward 7 in progress
 - SANRAL is responsible for construction, upgrading and maintenance of National and Provincial Roads

3 BUDGET RELATED RESOLUTIONS

Draft Annual Budget for 2015/16

3.1 Council resolves that the multi-year draft annual budget of capital and operating expenditure for 2015/2016 and the indicated two outer years of 2016/2017 and 2017/2018 which will be tabled for public scrutiny and inputs be approved as set out by the following amended tables:

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

Multi Year Capital Budget

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

Property Rates and other Municipal Tax

3.3. That, in terms of section 24 of the Local Government Municipal Property Rates Act, Act 6 of 2004, rates differentiating among the different categories of properties determined by the actual use, the zoning and/or permitted use of properties, for property tax be levied on market value of all rateable properties within the municipal area for the financial year 1 July 2015 to 30 June 2016, provided that rebates, as indicated, on application be allowed:

Tariffs and Charges

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

<u>1.HALL HIRE CHARGES</u>	<u>2014/2015 AT 5.9 CPIX</u>	<u>2015/2016 at 6%</u>	<u>2016/2017</u>	<u>2017/2018</u>
Meeting, workshop, conference	R169.00	R177.00	R188.00	R199.00
Memorial & Religious services	R284.00	R301.00	R319.00	R338.00
Concerts, Contests & shows	R567.00	R601.00	R637.00	R675.00
Wedding, Parties	R708.00	R750.00	R796.00	R843.00
Gospel concerts, shows (day/night), traditional shows, exhibition, launch, farewell, graduation, celebration, day of prayer	R426.00	R452.00	R479.00	R508.00
<u>2. SECURITY FEES</u>				
Memorial, religious services	R 284.00	R301.00	R319.00	R338.00
Concerts, contests & shows (day/night)	R 849.00	R900.00	R954.00	R1 011.00
Parties, discos	R1 417.00	R1 502.00	R1 592.00	R1 689.00
Weddings	R 991.00	R1 050.00	R1 113.00	R1 180.00
Gospel concerts, shows (day/night)	R 284.00	R301.00	R319.00	R338.00
<u>3. WOODSALE</u>				
Head load	R14.00	R15.00	R16.00	R17.00
Bakkie	R212.00	R225.00	R238.00	R252.00
Truck	R426.00	R452.00	R479.00	R507.00
Lantjies	R7.00	R7.40	R7.90	R8.00
Lantjies	R13.00	R14.00	R15.00	R15.00
Poles	R5.00	R5.30	R5.60	R6.00
Tree	R21.00	R22.00	R24.00	R25.00
<u>4. POUND FEES</u>				
Entrance fee	R70.00	R74.00	R79.00	R83.00
Driving fee	R57.00	R60.00	R64.00	R68.00
Day charges	R28.00	R30.00	R31.00	R33.00
Outgoing fees	R70.00	R74.00	R79.00	R83.00
Cattle, horse	R57.00	R60.00	R64.00	R68.00
Sheep & Goat	R29.00	R31.00	R33.00	R35.00
<u>5. REFUSE REMOVAL</u>				
Households	R25.00	R27.00	R28.00	R30.00
Businesses: General	R142.00	R151.00	R160.00	R169.00
: Big Retailers	R374.00	R396.00	R420.00	R445.00
Government: Category 1	R142.00	R151.00	R160.00	R169.00
:Category2	2722.00	R2885.00	R3 058.00	R3 242.00
Churches	R25.00	R26.50	R28.00	R30.00
<u>6. CEMETERY</u>				
Living in town	R294.00	R312.00	R330.00	R350.00
Outside town	R413.00	R438.00	R464.00	R492.00
<u>7. TENDER FEES</u>				
R50 000.00-R200 000.0	R212.00	R225.00	R238.00	R252.00
R200 000.00-R500 000.00	R284.00	R301.00	R319.00	R338.00
R500 000.00-R800 000.00	R355.00	R376.00	R399.00	R423.00
R800 000.00-R1000 000.00 Or More	R426.00	R452.00	R479.00	R507.00
<u>8. BUSINESS LICENCE</u>				

Supermarket & General Dealer	R635.00	R673.00	R713.00	R756.00
Hawker	R106.00	R112.00	R119.00	R126.00
Caravan (Restaurant & Telephone) p/y	R106.00	R112.00	R119.00	R126.00
Salon (p/y)	R106.00	R112.00	R119.00	R126.00
Funeral Parlor (p/y)	R635.00	R673.00	R713.00	R756.00
Hardware (p/y)	R582.00	R617.00	R654.00	R693.00
Accommodation establishment	R457.00	R484.00	R513.00	R544.00
9. MARKET SITE				
Hawkers (p/m)	R29.00	R31.00	R33.00	R35.00
Caravan Site(p/m)	R70.00	R74.00	R79.00	R83.00
10. CHAIR HIRE				
Around town (chair per day)	R7.00	R7.40	R7.90	R8.00
Indemnity fee (per chair)	R14.00	R15.00	R16.00	R17.00
11. TOWN PLANNING TARIFFS	2014/2015	2015/2016	2016/2017	2017/2018
11.1 Zoning Certificates	R34.00	R36.00	R39.00	R40.00
11.2 Town Planning scheme document	R318.00	R337.00	R357.00	R379.00
11.3 Application for special consent				
Application fees	R504.00	R534.00	R566.00	R600.30
application form				
Rezoning Application				
Advertising	Price as quoted by Daily Dispatch	Price as quoted by Daily Dispatch	Price as quoted by Daily Dispatch	Price as quoted by Daily Dispatch
11.4 Application Fees				
Erven from 500sqm-1000sqm	R813.00/site	R862/site	R913/site	R968.00/site
Erven from 1000sqm-1500sqm	R926/site	R982/site	R1 040/site	R1 103/site
Erven from 1500sqm- 2000sqm	R1 038/site	R1 100/site	R1 166/site	R1236/site
Erven from 2000sqm and>	R1 149/site	R1 218/site	R1 291/site	R1368/site
11.5 Subdivision and Township Application				
Basic Subdivision fee	R701.00	R743.00	R788.00	R835.00
Charges per subdivision	R58.00	R61.00	R65.00	R69.00
(Remainder considered a subdivision)				
11.6 Application for Removal of Restrictive Conditions				
Application fee	R1 589.00	R1684.00	R1 785.00	R1893.00
11.7 Relaxation of Building Line	R225.00	R239.00	R253.00	R268.00
11.8 Consolidation	R530.00	R562.00	R600.00	R631.00
11.9 Building Plan Approval	R39.00	R41.00/sqm	R44.00/sqm	R46.00/sqm

RATES TARRIF

DETERMINATION OF TARIFF AS PER CATEGORY AS FROM 1 JULY 2015-30 JUNE 2016

<u>CATEGORY</u>	<u>TARRIF</u>
Residential Property	0.0078

Businesses	0.0116
Government1	0.0116
government2	0.0116
Agriculture1	0.0101
Agriculture2	0.0101
Institutions	0.0116
Clinics	0.0116
Hospital	0.0116
Schools	0.0116
Trading Stations	0.0116
R 61 Road	0.0019
N2 Road	0.0019

Category2

	2014/2015	2015/2016	2016/2017	2017/2018
Refuse Removal	R142.00	R150.50	R160.00	R169.00
Bags (1000*R0,80)	(1000*.95) R953.00	(1000*R1,01) R1 010.00	(1000*R1,07) R1 070.00	(1000*R1,13) R1 130
Mileage (24km*2days*4weeks in month) R1 627	R1 627.00	R1 725.00	R1 828.00	R1 938.00
	<u>R2 722</u>	<u>R2 885.50</u>	<u>R3 058.00</u>	<u>R3 237.00</u>

NOTES

- Property rates –no change in tariffs
- Other tariffs – 6% 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 -6% increase.
- General business is classified as your small micro medium enterprises (SMME'S).
- -Big Retailers are classified as those bigger than general business, e.g:- Superspar, U-Save, Build it etc.
- -Category1 for government Offices and other government institutions.
- -Category2 will be your Hospitals.

Measurable Performance Objectives

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

Integrated Development Plan

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

Budget Related Polices

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

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

4 THE BUDGET

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

4.1 Executive Summary

Overview

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

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

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

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

- “(1) The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget.
- (2) An annual budget –
 - (a) must be approved before the start of the budget year;

- (b) is approved by the adoption by the council of a resolution referred to in section 17(3)(a)(i); and
- (c) must be approved together with the adoption of resolutions as may be necessary –
- (i) imposing any municipal tax for the budget year;
 - (ii) setting any municipal tariffs for the budget year;
 - (iii) approving measurable performance objectives for revenue from each source and for each vote in the budget;
 - (iv) approving any changes to the municipality's integrated development plan; and
 - (v) approving any changes to the municipality's budget-related policies."

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

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

The following budget principles and guidelines directly informed the compilation of the 2015/16 MTREF:

- The 2014/15 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 2015/16 draft annual budget;
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality. In addition, tariffs need to remain or move towards being cost reflective, and should take into account the need to address infrastructure backlogs;
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;

National Treasury's MFMA Circular No. 66 ,67,70 , 72, 74 and 75 were used to guide the compilation of the 2015/16 MTREF.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2015/16 Medium-term Revenue and Expenditure Framework:

TABLE 1 CONSOLIDATED OVERVIEW OF 2015/16 MTERF

R thousand	Adjustment Budget 2014/15	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Total Operating Revenue	276 911 000	323 975 000	322 576 000	322 141 000
Total Operating Expenditure	247 906 000	292 347 000	314 060 000	329 257 000

Surplus / (deficit) for the year	(38 097 000)	(50 593 000)	(65 174 000)	(78 659 000)
Total Capital Expenditure	67 102 000	82 221 000	73 690 000	71 543 000

Total operating revenue has grown by 17 per cent or R47, 5 million for the 2015/16 financial year when compared to the 2014/15 Adjustments Budget. For the two outer years, operational revenue will increase by 3% or R1,4 million, and decreased by 0.31% or R435 000.

Total operating expenditure for the 2015/16 financial year has been appropriated at R292 347 000 million and translates into a deficit where total expenditure exceeds the total revenue. When compared to the 2014/15 Adjustments Budget, operational expenditure has grown by an amount of R44 441 000 which is 18 per cent, and in 2016/17 by 7 per cent (R21,7 million), and in 2017/18 by 4.8 per cent (R15,2 million) for each of the respective outer years of the MTREF. The municipality has a deficit of R50 593 000 for 2015/16, R65 174 000 for 2016/17, and R78 659 000 for 2017/18. This is due to the depreciation that has been budgeted for 2015/16 until 2017/18. Depreciation is a non-cash item but the municipality still needs to show it its budget.

The capital budget of R82 221 000 for 2014/15 has increased by an amount of R15 119 000 which is 23% as compared to previous year. The increase is due to the funding that has been sourced from the equitable share to fund the capital expenditures. For the two outer years, capital expenditure has decreased by R8 531 000 and R2147 000 which is 10 per cent and 7,3 per cent. A substantial portion of the capital budget is currently funded from the conditional grants over the MTERF.

4.2 OPERATING REVENUE FRAMEWORK

The NLM will be implementing its revenue enhancement strategy which is built around the following key components

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

The following table is a summary of the 2015/16 MTREF (classified by main revenue source):
Table 2 Summary of revenue classified by main revenue source

Budgeted Financial Performance (revenue)

Description	Ref	2011/12			2012/13			2013/14			Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome			Audited Outcome			Audited Outcome			Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source																	
Property rates	2	4 356		4 692	5 259	5 005	5 005	5 005	5 005	5 005	5 005	5 005	5 005	5 317	5 637	5 980	
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	159		168	178	200	200	200	200	200	200	200	200	212	225	238	
Service charges - other																	
Rental of facilities and equipment		102		137	144	165	165	165	165	165	165	165	165	175	185	197	
Interest earned - external investments		2 552		2 850	4 743	5 000	5 000	5 000	5 000	5 000	5 000	5 000	5 000	5 300	5 618	5 955	
Interest earned - outstanding debtors																	
Dividends received																	
Fines		602		277	59	50	50	50	50	50	50	50	50	53	56	60	
Licences and permits		1 647		1 696	3 252	6 500	6 500	6 500	6 500	6 500	6 500	6 500	6 500	6 890	7 303	7 742	
Agency services																	
Transfers recognised - operational		122 525		131 018	157 576	173 502	183 230	183 230	183 230	183 230	183 230	183 230	183 230	245 817	240 878	235 626	
Other revenue	2	1 096		5 928	1 451	16 125	20 438	20 438	20 438	20 438	20 438	20 438	20 438	1 402	1 541	1 732	
Gains on disposal of PPE																	
Total Revenue (excluding capital transfers and contributions)		133 038		146 766	172 663	206 547	220 587	220 587	220 587	220 587	220 587	220 587	220 587	265 166	261 444	257 529	

TABLE 3 Percentage growth in revenue by main revenue source

Description	Ref	Current Year 2014-15		2015/16 Medium Term Revenue & Expenditure Framework					
		Adjusted Budget	Increase/(decrease %)	Budget Year 2015/16	Increase/(decrease %)	Budget Year +1 2016/17	Increase/(decrease %)	Budget Year +2 2017/18	Increase/(decrease %)
R thousand	1								
<u>Revenue By Source</u>									
Property rates	2	5 005		5 317	6%	5 637	6%	5 980	6%
Property rates - penalties & collection charges		-		-		-		-	0%
Service charges - electricity revenue	2	-		-		-		-	0%
Service charges - water revenue	2	-		-		-		-	0%
Service charges - sanitation revenue	2	-		-		-		-	0%
Service charges - refuse revenue	2	200		212	6%	225	6%	238	6%
Service charges - other									
Rental of facilities and equipment		165		175	6%	185	6%	197	6%
Interest earned - external investments		5 000		5 300	6%	5 618	6%	5 955	6%
Interest earned - outstanding debtors									
Dividends received		50		53	6%	56	6%	60	6%
Fines		6 500		6 890	6%	7 303	6%	7 742	6%
Licences and permits									
Agency services									
Transfers recognised - operational		183 230		245 817	34%	240 878	-2%	235 626	-2%
Other revenue	2	20 438		1 402	-93%	1 541	10%	1 732	12%
Gains on disposal of PPE									
Total Revenue (excluding capital transfers and contributions)		220 587		265 159		261 444		257 529	

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

Revenue generated from rates and services charges forms 2 per cent of the revenue basket for the NLM. In the 2015/16 financial year, revenue from rates and taxes totalled R5 317 000 million or 2 per cent, and the figure exclude the revenue forgone.

In 2016/17 it shows an amount of R6 million, and in 2017/18 year show an amount of R5, 9 million. The revenue generated from rates and taxes has increased by 6 per cent in 2015/16, and consistently increased by 6 per cent for the two outer years. The above mentioned rates and taxes revenue for the 2015/16 -18 MTERF exclude revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. The revenue forgone for each shows an amount of R1 010 000, R1 070 000 and R1 130 000. 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.

EC165 Nyandeni - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year #1 2016/17	Budget Year #2 2017/18
R thousand										
RECEIPTS:	1,2									
Operating Transfers and Grants										
National Government:		124 165	128 879	163 694	173 202	182 930	182 930	245 499	249 541	235 289
Local Government Equitable Share		111 925	121 617	149 684	163 455	169 456	169 456	210 760	217 959	212 636
Finance Management		1 450	1 600	1 650	1 600	1 791	1 791	1 600	1 626	1 700
Municipal Systems Improvement		760	800	650	934	934	934	930	957	1 033
Integrated National Education Programme		10 000	3 600	19 000	-	9 537	9 537	25 600	20 000	20 000
EPWP Incentive			1 462	1 600	1 172	1 172	1 172	1 219	-	-
Provincial Government:		193	300	300	300	300	300	318	337	357
Sport and Recreation			300	300	300	300	300	318	337	357
Mergara ECO-Tourism Development Project/EU		193								
District Municipality: <i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Other grant providers: <i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	124 364	129 179	163 304	173 502	183 230	183 230	245 817	249 878	235 628
Capital Transfers and Grants										
National Government:		38 669	39 753	48 566	69 324	56 324	56 324	58 609	61 132	64 612
Municipal Infrastructure Grant (MIG)		38 669	39 753	48 566	69 324	56 324	56 324	58 609	61 132	64 612
Integrated National Education Programme					4 000	-	-	-	-	-
Provincial Government: Other capital transfers/grants <i>[insert description]</i>		-	-	-	-	-	-	-	-	-
District Municipality: <i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Other grant providers: <i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	38 669	39 753	48 566	69 324	56 324	56 324	58 609	61 132	64 612
TOTAL RECEIPTS OF TRANSFERS & GRANTS		163 024	168 932	211 870	233 826	239 554	239 554	304 426	302 010	300 240

In 2015/16 financial year, the operational grants show an increase of R62 587 000 which is 32%. For the two outer years, the operational grants have decreased by R4 939 000 and R5 252 000 which 2% consistently

Table 5 Comparison of proposed rates to be levied for the 2015/16 financial year

RATES TARRIF

DETERMINATION OF TARIF AS PER CATERGORY AS FROM 1 JULY 2015-30 JUNE 2016

CATERGORY	TARRIF
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

	2014/2015	2015/2016	2016/2017	2018/2019
Refuse Removal	R142.00	R150.50	R160.00	R169.00
Bags (1000*R0,80)	(1000*.95) R953.00	(1000*R1,01) R1 010.00	(1000*R1,07) R1 070.00	(1000*R1,13) R1 130
Mileage (24km*2days*4weeks in month) R1 627	R1 627.00	R1 725.00	R1 828.00	R1 938.00
	<u>R2 722</u>	<u>R2 885.50</u>	<u>R3 058.00</u>	<u>R3 237.00</u>

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

On refuse removal, there is a small increase of 6% on the proposed tariffs. Where the municipality is supplying the customers with the refuse bags, the tariff has increased to R1 010 rands.

4.3 OPERATING EXPENDITURE FRAMEWORK

The NLM's expenditure framework for the 2015/16 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 2015/16 budget and MTREF (classified per main type of operating expenditure):

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousands										
Employee costs	55 187	60 559	79 529	80 928	80 928	80 928	80 928	86 463	91 781	97 150
Remuneration of councillors	12 333	15 062	15 983	16 174	16 174	16 174	16 174	17 144	18 173	19 263
Depreciation & asset impairment	31 100	31 291	30 481	34 598	34 598	34 598	34 598	46 925	61 289	74 557
Finance charges	100	281	140	105	105	105	105	110	117	124
Materials and bulk purchases	10 627	6 685	4 463	16 846	20 346	20 346	20 346	28 774	30 472	26 206
Transfers and grants	-	-	-	3 720	3 720	3 720	3 720	5 000	6 000	5 032
Other expenditure	43 416	57 107	79 741	66 495	159 137	159 137	159 137	191 161	180 988	176 364
Total Expenditure	152 763	170 985	210 336	218 866	315 008	315 008	315 008	375 579	388 820	398 697

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 although it has come to an end. For the outer years the inflation rate based on the CPI for 2016 has been considered.

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

The overall amount of the Salaries and Wages is R103,6 million which is 6.85%, and for two outer years, its R109,9 million (6.15%) and R116,4 million (5.85%).

Depreciation, asset and debtors impairment:

Depreciation and debtors impairment has been provided for at R46,9 million in 2015/16, R61,2 million in 2016/17 and R74,5 million in 2017/18.

Other Expenditures:

The other expenditure include R4000 000 for the audit fees, and a part of capital expenditures worth R82 221 000. The general expenditure is worth R100 863

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Materials and Other Bulk Purchases:

This includes the repairs and maintenance. The amount for 2015/16 budget year is R28,7 million. For the two outer years it has increased by 6% and decreased by 14% each year.

The following table gives a breakdown of the main expenditure categories of the total operating budget for the 2015/16 financial year.

PERCENTAGE ALLOCATION FOR 2014/2015 FINANCIAL YEAR.

EXPENDITURE ITEM	EXPENDITURE PERCENTAGE %
Personnel expenditure	43 %
General expenditure	45 %
Repairs and Maintenance	12%
TOTAL %	100 %

4.4 CAPITAL EXPENDITURE

Vote Description	Ref	2011/12			2012/13		2013/14		Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18		
R thousand	1	-	515	-	-	-	-	-	-	-	-	-	-	-	
<u>Capital expenditure - Vote</u>	2	-	515	-	-	-	-	-	-	-	-	-	-	-	
<u>Single-year expenditure to be appropriated</u>		956	531	2 481	3 600	3 600	3 600	3 600	3 600	3 600	500	530	559	1	
Vote 1 - MUNICIPAL GOVERNANCE & ADMINISTRATION		1 083	1 501	2 739	7 895	7 895	7 895	7 895	7 895	7 895	4 356	1 442	523		
Vote 2 - BUDGET & TREASURY		-	-	-	685	685	685	685	685	685	3 641	461	263		
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-	-	-		
Vote 4 - COMMUNITY & SOCIAL SERVICES		36 506	12 241	60 439	73 922	54 922	54 922	54 922	54 922	54 922	72 424	71 257	69 198		
Vote 5 - PLANNING AND DEVELOPMENT		38 545	14 789	65 660	86 102	67 102	67 102	67 102	67 102	67 102	82 221	73 690	71 543		
Vote 6 - INFRASTRUCTURE															
Total Capital Expenditure - Vote															

When comparing the previous budget of R67,1 million, there is an increase of R15,1 million which is 23%. In a total budget of R82,2 million for the budget year 2015/16, an amount of R56 million is allocated to the construction of the access roads. For the two outer years there is a decrease of 10%, and 7.3% each year.

When comparing each vote from previous year budget, there is a decrease in most of the votes except for the Infrastructure. This is due to the proposed construction of the Workshop for the Yellow Plant machinery in the Infrastructure Vote

4.5 ANNUAL BUDGET TABLES

4.5.1 Table A1 : Budget summary

EC155 Nyandeni - Table A1 Budget Summary

Description	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year 11 2016/17	Budget Year 12 2017/18
Financial Performance										
Property rates	4 356	4 692	6 269	5 005	5 005	5 005	5 005	5 317	5 637	5 650
Service charges	169	163	178	200	200	200	200	212	225	238
Investment revenue	2 562	2 850	4 743	5 000	5 000	5 000	5 000	5 350	6 618	6 565
Transfers recognised - operational	122 525	131 018	157 576	173 502	183 230	183 230	183 230	245 817	240 678	235 626
Other own revenue	3 447	8 033	4 526	22 840	27 163	27 163	27 163	8 620	9 035	9 739
Total Revenue (excluding capital transfers and contributions)	133 035	145 753	172 653	255 547	270 697	270 697	270 697	265 166	261 443	257 529
Employee costs	65 187	63 559	79 529	80 928	80 928	80 928	80 928	66 453	91 731	97 150
Remuneration of councillors	12 333	16 052	16 633	16 174	16 174	16 174	16 174	17 144	18 173	19 263
Depreciation & asset impairment	31 100	31 291	30 481	34 533	34 533	34 533	34 533	46 925	61 293	74 557
Finance charges	100	281	140	105	105	105	105	110	117	124
Materials and bulk purchases	10 627	6 695	4 463	16 845	20 346	20 346	20 346	26 774	33 472	26 206
Transfers and grants	-	-	-	3 720	3 720	3 720	3 720	6 000	6 000	5 032
Other expenditure	43 416	57 107	79 741	65 435	169 137	159 137	159 137	150 150	179 518	178 469
Total Expenditure	162 763	170 925	210 339	219 258	315 069	315 069	315 069	374 688	337 750	400 650
Surplus/(Deficit)	(19 728)	(24 223)	(37 674)	(12 319)	(84 421)	(84 421)	(84 421)	(109 432)	(126 306)	(143 271)
Transfers recognised - capital	38 660	39 753	48 668	63 324	58 324	55 324	58 324	58 609	61 132	64 612
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	18 935	15 533	10 992	43 005	(39 097)	(33 097)	(33 097)	(50 893)	(65 174)	(78 659)
Share of surplus/(deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	18 935	15 533	10 992	43 005	(39 097)	(33 097)	(33 097)	(50 893)	(65 174)	(78 659)
Capital expenditure & funds sources										
Capital expenditure	38 545	14 789	65 660	85 102	67 102	67 102	67 102	82 221	73 693	71 543
Transfers recognised - capital	38 545	14 789	65 660	85 102	67 102	67 102	67 102	82 221	73 693	71 543
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-	-
Total sources of capital funds	38 545	14 789	65 660	85 102	67 102	67 102	67 102	82 221	73 693	71 543
Financial position										
Total current assets	72 687	86 245	82 622	79 337	79 337	79 337	79 337	85 261	84 343	83 556
Total non current assets	291 169	333 354	323 608	316 819	316 819	316 819	316 819	382 450	376 079	371 627
Total current liabilities	17 963	19 452	20 928	8 000	8 000	8 000	8 000	9 284	8 743	8 238
Total non current liabilities	477	3 672	3 614	1 366	1 366	1 366	1 366	1 835	1 765	1 683
Community wealth/Equity	344 845	371 475	362 367	419 845	366 760	386 760	386 760	436 531	449 672	445 081
Cash flows										
Net cash from (used) operating	55 399	60 646	48 050	85 450	65 450	85 450	85 450	82 221	73 693	71 543
Net cash from (used) investing	(51 542)	(14 421)	(66 728)	(85 102)	(67 102)	(67 102)	(67 102)	(62 221)	(73 693)	(71 543)
Net cash from (used) financing	85	4 329	1 431	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	9 437	82 637	76 440	13 029	32 029	32 029	32 029	76 440	75 430	75 440
Cash backing/surplus reconciliation										
Cash and investments available	60 492	82 687	76 440	72 826	72 826	72 826	72 826	76 440	78 407	81 552
Application of cash and investments	(5 754)	12 264	1 962	1 670	2 513	2 513	2 613	(377)	2 689	6 553
Balance - surplus (shortfall)	66 246	70 423	73 478	71 156	70 313	70 313	70 313	75 817	75 433	74 928
Asset management										
Asset register summary (WDV)	291 169	333 354	323 608	379 432	360 482	360 432	362 450	382 450	376 079	371 627
Depreciation & asset impairment	31 100	31 291	30 481	34 533	34 533	34 533	34 533	43 925	48 925	61 253
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	-	16 845	20 346	20 346	20 346	26 774	33 472	26 206
Free services										
Cost of Free Basic Services provided	-	-	-	3 720	3 720	3 720	3 669	3 569	4 923	3 501
Revenue cost of free services provided	-	-	-	27 620	27 620	27 620	27 935	27 935	23 935	27 667
Households below minimum service level										
Water	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage	-	-	-	-	-	-	-	-	-	-
Energy	-	-	-	4	4	4	4	4	4	4
Refuse	-	-	-	-	-	-	1	1	1	1

Explanatory Notes

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

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

EC156 Nyandeni - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2010/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year #1 2016/17	Budget Year #2 2017/18
R thousand										
Revenue - Standard										
<i>Governance and administration</i>		122 271	137 356	155 388	183 150	183 353	183 353	231 299	233 337	228 934
Executive and council		-	-	-	-	-	-	-	-	-
Budget and treasury office		122 176	137 025	154 690	182 653	182 853	182 853	230 549	232 487	227 934
Corporate services		95	331	308	500	500	500	750	850	1 000
<i>Community and public safety</i>		2 249	2 265	3 621	6 993	7 290	7 290	7 399	7 843	8 315
Community and social services		-	312	309	449	449	440	469	483	614
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		2 249	1 973	3 311	6 550	6 850	6 850	6 943	7 360	7 821
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		47 020	41 271	48 579	57 531	61 531	61 531	60 685	61 171	64 654
Farming and development		199	56	13	35	35	35	37	29	42
Road transport		45 821	41 215	48 566	67 499	61 499	61 499	60 026	61 132	64 612
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		159	5 607	13 641	19 200	24 537	24 537	25 212	23 000	20 000
Electricity		-	5 439	13 453	19 000	24 537	24 537	25 650	23 000	20 000
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		159	168	178	200	200	200	212	223	235
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	171 694	186 519	221 229	266 871	276 911	276 911	323 975	322 576	322 141
Expenditure - Standard										
<i>Governance and administration</i>		152 763	170 955	210 336	150 241	150 444	150 444	171 377	188 273	207 702
Executive and council		12 333	16 062	15 883	64 434	64 434	64 434	61 633	64 278	67 999
Budget and treasury office		85 243	95 364	114 624	67 176	67 378	67 378	81 040	97 062	112 234
Corporate services		65 187	60 659	79 629	28 632	28 632	28 632	28 400	26 933	27 459
<i>Community and public safety</i>		-	-	-	34 622	34 622	34 622	33 825	41 463	40 770
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	1 922	2 222	2 222	2 632	1 850	1 138
Housing		-	-	-	1 310	1 310	1 310	2 042	2 162	1 221
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	-	95 545	100 544	100 544	131 409	132 527	128 412
Farming and development		-	-	-	12 768	12 768	12 768	15 635	16 240	16 293
Road transport		-	-	-	83 777	87 776	87 776	115 763	116 568	112 119
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	20 328	25 666	25 666	28 392	21 474	21 557
Electricity		-	-	-	19 000	24 537	24 537	25 000	20 000	20 000
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	1 328	1 328	1 328	3 392	1 474	1 657
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	152 763	170 955	210 336	304 668	315 068	315 068	374 568	387 750	409 800
Surplus/(Deficit) for the year		18 935	15 533	10 892	(38 097)	(38 097)	(38 097)	(50 593)	(65 174)	(78 659)

Explanatory Notes

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

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

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

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year 11 2016/17	Budget Year 12 2017/18
Revenue by Vote										
Vote 1 - MUNICIPAL GOVERNANCE & ADMINISTRATION	1	-	-	-	-	-	-	-	-	-
Vote 2 - BUDGET & TREASURY		122 176	137 025	154 590	182 650	182 653	182 653	230 649	232 457	227 934
Vote 3 - CORPORATE SERVICES		95	331	393	501	500	500	760	860	1 000
Vote 4 - COMMUNITY & SOCIAL SERVICES		2 403	2 452	3 783	7 180	7 460	7 430	7 611	8 067	8 553
Vote 5 - PLANNING AND DEVELOPMENT		159	66	13	35	35	35	37	39	42
Vote 6 - INFRASTRUCTURE		48 821	48 654	62 029	76 493	88 033	86 033	85 028	81 132	84 612
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	171 698	186 519	221 229	265 871	276 911	276 911	323 975	322 576	322 141
Expenditure by Vote to be appropriated										
Vote 1 - MUNICIPAL GOVERNANCE & ADMINISTRATION	1	12 333	15 052	15 933	54 434	54 434	54 434	81 533	64 278	67 599
Vote 2 - BUDGET & TREASURY		85 243	55 354	114 624	67 175	67 378	67 378	81 049	97 062	112 234
Vote 3 - CORPORATE SERVICES		55 187	60 559	79 629	23 632	28 632	28 632	28 400	26 933	27 439
Vote 4 - COMMUNITY & SOCIAL SERVICES		-	-	-	37 873	38 173	38 173	44 749	44 787	43 456
Vote 5 - PLANNING AND DEVELOPMENT		-	-	-	14 078	14 078	14 078	17 678	18 102	17 513
Vote 6 - INFRASTRUCTURE		-	-	-	102 777	112 314	112 314	140 763	136 558	132 119
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	152 763	170 955	210 336	304 568	315 068	315 068	374 568	387 750	420 893
Surplus/(Deficit) for the year	2	18 935	15 533	10 892	(38 697)	(38 097)	(38 097)	(50 593)	(65 174)	(78 659)

Explanatory Notes

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

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

EC165 Nyandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2016/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
Revenue By Source											
Property rates	2	4 356	4 092	5 259	5 005	5 005	5 005	5 005	5 317	5 637	5 653
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	159	168	178	200	200	200	200	212	225	239
Service charges - other		-	-	-	-	-	-	-	-	-	-
Rental of facilities and equipment		102	137	141	165	165	165	165	175	165	197
Interest earned - external investments		2 652	2 650	4 743	6 000	6 000	6 000	6 000	6 300	6 918	6 655
Interest earned - outstanding debtors		-	-	-	-	-	-	-	-	-	-
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines		602	277	50	60	60	60	60	53	66	60
Licences and permits		1 847	1 656	3 292	6 600	6 600	6 600	6 600	6 600	7 303	7 742
Agency services		-	-	-	-	-	-	-	-	-	-
Transfers recognised - operational		122 825	131 018	157 676	173 502	183 230	183 230	183 230	245 817	243 878	235 626
Other revenue	2	1 058	5 928	1 451	16 125	20 438	20 438	20 438	1 432	1 641	1 732
Gains on disposal of FFE		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		133 038	148 769	172 663	208 547	220 587	220 587	220 587	285 168	281 444	257 523
Expenditure By Type											
Employee related costs	2	55 187	60 559	79 529	60 928	60 928	60 928	60 928	66 453	91 781	97 150
Remuneration of councillors		12 333	15 062	15 693	16 174	16 174	16 174	16 174	17 144	19 173	19 263
Debt impairment	3	-	1 161	-	3 600	3 600	3 600	3 600	3 663	3 624	4 132
Depreciation & asset impairment	2	31 160	31 291	30 431	34 669	34 669	34 669	34 669	49 525	61 269	74 667
Finance charges		100	281	143	105	105	105	105	-	-	-
Bulk purchases	2	7 158	-	-	-	-	-	-	-	-	-
Other materials	6	3 489	6 696	4 463	16 848	20 348	20 348	20 348	28 774	33 472	29 205
Contracted services		-	-	-	391	391	391	391	410	434	458
Transfers and grants		-	-	-	3 720	3 720	3 720	3 720	6 000	6 000	5 032
Other expenditure	4, 6	43 416	55 684	69 417	62 604	155 245	155 245	155 245	186 073	175 669	173 908
Loss on disposal of FFE		-	282	10 324	-	-	-	-	-	-	-
Total Expenditure		152 763	170 935	210 338	218 866	315 638	315 638	315 638	374 568	397 750	450 663
Surplus/(Deficit)		(19 725)	(24 220)	(37 674)	(12 319)	(94 421)	(94 421)	(94 421)	(109 402)	(128 306)	(143 274)
Transfers recognised - capital		39 660	39 763	49 568	60 324	66 324	66 324	66 324	68 609	61 132	64 612
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Contributed assets		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		18 935	15 533	10 692	48 005	(38 097)	(38 097)	(38 097)	(50 593)	(65 174)	(78 659)
Taxation		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after taxation		18 935	15 533	10 692	48 005	(38 097)	(38 097)	(38 097)	(50 593)	(65 174)	(78 659)
Attributable to minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		18 935	15 533	10 692	48 005	(38 097)	(38 097)	(38 097)	(50 593)	(65 174)	(78 659)
Share of surplus/(deficit) of 81:19:0:0:0:0:0:0:0		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year		18 935	15 533	10 692	48 005	(38 097)	(38 097)	(38 097)	(50 593)	(65 174)	(78 659)

Explanatory Notes:

Total revenue is R265,1 million in 2015/16 and escalates to R261,4 million by 2016/17 and decrease to R257,5 million in 2017/18.

4.5.5 Table A5 : Budgeted capital expenditure by vote and funding

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

Vote Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
R thousand											
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - MUNICIPAL GOVERNANCE & ADMINISTRATION		-	-	-	-	-	-	-	-	-	-
Vote 2 - BUDGET & TREASURY		-	-	-	-	-	-	-	-	-	-
Vote 3 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - COMMUNITY & 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 & ADMINISTRATION		-	515	-	-	-	-	-	1 300	-	-
Vote 2 - BUDGET & TREASURY		956	531	2 431	3 600	3 600	3 600	3 600	500	530	559
Vote 3 - CORPORATE SERVICES		1 083	1 501	2 759	7 855	7 855	7 855	7 855	4 356	1 442	1 523
Vote 4 - COMMUNITY & SOCIAL SERVICES		-	-	-	685	685	685	685	3 641	461	263
Vote 5 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 6 - INFRASTRUCTURE		36 506	12 241	60 439	73 922	54 922	54 922	54 922	72 424	71 257	69 198
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		39 545	14 789	65 669	86 102	67 102	67 102	67 102	82 221	73 699	71 543
Total Capital Expenditure - Vote		39 545	14 789	65 669	86 102	67 102	67 102	67 102	82 221	73 699	71 543
Capital Expenditure - Standard											
Governance and administration		2 839	2 548	4 937	11 495	11 495	11 495	11 495	6 156	1 972	2 882
Executive and council		-	515	-	-	-	-	-	1 300	-	-
Budget and treasury office		956	531	2 481	3 600	3 600	3 600	3 600	500	530	559
Corporate services		1 083	1 501	2 456	7 855	7 855	7 855	7 855	4 356	1 442	1 523
Community and public safety		-	-	-	460	685	685	685	1 106	212	-
Community and social services		-	-	-	-	225	225	225	106	-	-
Sport and recreation		-	-	-	460	460	460	460	1 000	212	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		36 506	12 241	60 723	54 922	54 922	54 922	54 922	72 424	71 257	69 198
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		36 506	12 241	60 723	54 922	54 922	54 922	54 922	72 424	71 257	69 198
Environmental protection		-	-	-	19 225	-	-	-	2 535	249	263
Trading services		-	-	-	19 000	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	225	-	-	-	2 535	249	263
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	39 545	14 789	65 669	86 102	67 102	67 102	67 102	82 221	73 699	71 543
Funded by:											
National Government		38 545	14 769	65 660	56 324	56 324	56 324	56 324	55 889	58 075	61 381
Provincial Government		-	-	-	4 000	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	25 778	10 778	10 778	10 778	26 353	15 615	10 161
Transfers recognised - capital	4	38 545	14 769	65 660	86 102	67 102	67 102	67 102	82 221	73 699	71 543
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	-	-	-	-	-	-	-
Total Capital Funding	7	38 545	14 769	65 660	86 102	67 102	67 102	67 102	82 221	73 699	71 543

Explanatory Notes

When comparing the previous budget of R67,1 million, there is an increase of R15,1million which is 23%. In a total budget of R82,2 million for the budget year 2015/16, an amount of R56 million is allocated to the construction of the access roads. For the two outer years the there is a decrease of 10%, and 7.3% each year.

4.5.6 Table A6 : Budgeted financial position

EC165 Nyandeni - Table A6 Budgeted Financial Position

Description	Ref	2010/12	2012/13	2013/14	Current Year 2014/15				2015/16 Maduna Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year 11 2016/17	Budget Year 12 2017/18
R thousand											
ASSETS											
Current assets											
Cash		9 437	13 631	25 591	13 631	13 631	13 631	13 631	25 591	25 591	25 591
Call investment deposits	1	51 056	63 025	49 443	69 145	69 145	69 145	69 145	49 443	62 415	55 560
Consumer debtors	1	625	1 659	3 359	6 451	6 431	6 431	6 431	9 651	5 777	1 675
Other debtors		10 570	1 839	3 923							
Current portion of long term receivables											
Inventory	2	-	123	159					153	159	159
Total current assets		72 697	80 245	82 922	79 307	79 307	79 307	79 307	65 281	81 313	83 335
Non current assets											
Long term receivables											
Investments											
Investment property		60 473	60 473	60 473	60 473	60 473	60 473	60 473	60 473	60 473	60 473
Investment in Associates											
Property, plant and equipment	3	230 349	247 471	263 090	255 635	255 635	255 635	255 635	259 450	312 940	329 333
Agricultural											
Biological											
Intangible		376	429	424	609	609	609	609	2 617	2 665	2 815
Other non-current assets											
Total non current assets		291 199	308 354	323 958	316 819	316 819	316 819	316 819	362 459	378 079	371 621
TOTAL ASSETS		363 285	391 598	406 999	396 126	396 126	396 126	396 126	447 711	459 422	455 013
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	297	-	-	-	-	-	-	-	-	-
Consumer deposits		4 353	2 638	10 142							
Trade and other payables	4	10 970	15 702	9 284	8 000	8 000	8 000	8 000	9 284	8 745	5 738
Provisions		2 332	1 662	1 502							
Total current liabilities		17 593	19 452	20 928	8 000	8 000	8 000	8 000	9 284	8 745	8 231
Non current liabilities											
Borrowing		477	1 073	920	1 142	1 142	1 142	1 142	1 600	1 607	1 420
Provisions		-	2 699	2 694	225	225	225	225	235	249	263
Total non current liabilities		477	3 672	3 614	1 367	1 367	1 367	1 367	1 835	1 756	1 683
TOTAL LIABILITIES		18 440	23 124	24 512	9 367	9 367	9 367	9 367	11 120	10 502	9 922
NET ASSETS	5	344 845	371 475	382 367	386 760	386 760	386 760	386 760	436 591	449 920	445 091
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/Deficit		344 845	371 475	382 367	434 845	357 450	367 460	367 459	436 591	449 920	445 091
Reserves	4	-	-	-	15 000	19 300	19 300	19 300	-	-	-
Minorities' interests											
TOTAL COMMUNITY WEALTH/EQUITY	5	344 845	371 475	382 367	419 845	386 760	386 760	386 760	436 591	449 920	445 091

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 2015/16 where current assets reflect an amount of R85 million.

Short term call investments reflect an amount of R49,4 million in 2015/16. The total assets are budgeted at R447 million for 2015/16 budget year.

4.5.7 Table A7 : Budgeted cash flows

EC155 Nyandeni - Table A7 Budgeted Cash Flows

Description	Ref	2016/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year #1 2016/17	Budget Year #2 2017/18
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		4 359	4 692	6 259	5 005	5 609	5 005	5 005	5 317	5 637	5 650
Service charges		159	168	178	209	200	200	200	8 523	225	238
Other revenues		5 659	8 038	4 903	22 188	22 183	22 183	22 163	9 066	9 066	9 730
Government - operating	1	122 626	131 018	167 676	173 602	173 602	173 602	173 602	249 817	249 818	235 628
Government - capital	1	39 660	39 763	43 665	60 324	60 324	60 324	60 324	58 609	61 132	61 612
Interest		2 651	2 650	4 743	5 400	6 600	5 600	6 000	5 300	5 618	5 655
Dividends											
Payments											
Suppliers and employees		(119 697)	(125 720)	(173 165)	(150 664)	(180 664)	(160 664)	(180 664)	(236 643)	(242 769)	(245 442)
Finance charges		(224)	(193)	(14)	(105)	(105)	(105)	(106)	(113)	(117)	(124)
Transfers and Grants	1								(6 000)	(6 000)	(6 000)
NET CASH FROM/(USED) OPERATING ACTIVITIES		55 399	69 616	48 659	85 459	85 459	85 459	85 459	82 221	73 669	71 543
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE			388								
Decrease (increase) in non-current debtors											
Decrease (increase) other non-current receivables		327									
Decrease (increase) in non-current investments		(1 697)									
Payments											
Capital assets		(60 782)	(14 789)	(69 728)	(88 102)	(67 102)	(67 102)	(67 102)	(82 221)	(73 669)	(71 543)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(51 542)	(14 421)	(66 728)	(88 102)	(67 102)	(67 102)	(67 102)	(82 221)	(73 669)	(71 543)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short-term loans											
Borrowing long-term financing			1 221	(169)							
Increase (decrease) in consumer deposits			3 107	1 611							
Payments											
Repayment of borrowing		85									
NET CASH FROM/(USED) FINANCING ACTIVITIES		85	4 329	1 441	-	-	-	-	-	-	-
NET INCREASE/(DECREASE) IN CASH HELD		3 942	59 554	(7 217)	(652)	18 359	18 359	18 359	0	(0)	0
Cash/cash equivalents at the year begin:	2	5 495	32 133	82 687	13 681	13 691	13 681	13 681	75 440	75 440	75 440
Cash/cash equivalents at the year end:	2	9 437	82 687	75 410	13 029	32 029	32 029	32 029	75 440	75 440	75 440

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 2015/16 MTERF. This is due to the increase in our operation and conditional grants.

4.5.8 Table A8 : Cash backed reserves / accumulated surplus reconciliation

EG165 Nyandeni - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year 11 2016/17	Budget Year 12 2017/18
R thousand											
Cash and Investments available											
Cash/cash equivalents at the year end	1	9 437	82 637	75 443	13 029	32 029	32 029	32 029	75 443	75 443	75 443
Other current investments > 60 days		61 055	--	--	59 769	43 797	43 797	43 797	(9)	2 987	6 112
Non-current assets - Investments	1	--	--	--	--	--	--	--	--	--	--
Cash and investments available:		60 492	82 637	75 443	72 826	72 826	72 826	72 826	75 443	78 437	81 552
Application of cash and investments											
Unspent conditional transfers		--	--	--	--	--	--	--	--	--	--
Unspent borrowing		--	--	--	--	--	--	--	--	--	--
Statutory requirements	2	--	--	--	--	--	--	--	--	--	--
Other working capital requirements	3	(5 754)	12 284	1 652	1 670	2 513	2 513	2 513	(377)	2 500	6 563
Other provisions		--	--	--	--	--	--	--	--	--	--
Long term investments completed	4	--	--	--	--	--	--	--	--	--	--
Reserves to be backed by cash/investments	5	--	--	--	--	--	--	--	--	--	--
Total Application of cash and investments:		(5 754)	12 284	1 932	1 670	2 513	2 513	2 513	(377)	2 969	6 563
Surplus (shortfall)		66 246	70 423	73 478	71 158	70 313	70 313	70 313	75 817	75 438	74 988

Explanatory Notes.

The municipality have the reserves that are cash backed for 2015/16 MTERF. These reserves are fully funded by the short term call investments that are kept by the municipality in both the FNB Bankers and Standard Bank Bankers.

4.5.9 Table A9 : Asset management

EC155 Hyandeni - Table A9 Asset Management

R thousand	Description	Ref	2011/12	2012/13	2013/14	Current Year 2014/15			2015/16 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18
CAPITAL EXPENDITURE											
	Total New Assets	1	-	-	-	67 102	67 102	67 102	82 221	73 690	71 543
	Infrastructure - Road transport		-	-	-	54 422	54 422	54 422	53 357	63 914	67 119
	Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
	Infrastructure - Water		-	-	-	-	-	-	-	-	-
	Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
	Infrastructure - Other		-	-	-	225	-	-	235	249	263
	Infrastructure		-	-	-	54 647	54 422	54 422	59 092	61 164	67 373
	Community		-	-	-	-	225	225	200	212	-
	Heritage assets		-	-	-	-	-	-	-	-	-
	Investment properties		-	-	-	-	-	-	-	-	-
	Other assets	6	-	-	-	11 955	11 955	11 555	20 412	9 649	1 355
	Agricultural Assets		-	-	-	-	-	-	-	-	-
	Biological assets		-	-	-	-	-	-	-	-	-
	Intangibles		-	-	-	500	500	500	2 517	2 655	2 816
	Total Renewal of Existing Assets	2	-	-	-	-	-	-	-	-	-
	Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
	Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
	Infrastructure - Water		-	-	-	-	-	-	-	-	-
	Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
	Infrastructure - Other		-	-	-	-	-	-	-	-	-
	Infrastructure		-	-	-	-	-	-	-	-	-
	Community		-	-	-	-	-	-	-	-	-
	Heritage assets		-	-	-	-	-	-	-	-	-
	Investment properties		-	-	-	-	-	-	-	-	-
	Other assets	6	-	-	-	-	-	-	-	-	-
	Agricultural Assets		-	-	-	-	-	-	-	-	-
	Biological assets		-	-	-	-	-	-	-	-	-
	Intangibles		-	-	-	-	-	-	-	-	-
	Total Capital Expenditure	4	-	-	-	64 422	64 422	54 422	59 857	69 914	87 110
	Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
	Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
	Infrastructure - Water		-	-	-	-	-	-	-	-	-
	Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
	Infrastructure - Other		-	-	-	225	-	-	235	249	263
	Infrastructure		-	-	-	54 647	54 422	54 422	59 092	61 164	67 373
	Community		-	-	-	-	225	225	200	212	-
	Heritage assets		-	-	-	-	-	-	-	-	-
	Investment properties		-	-	-	-	-	-	-	-	-
	Other assets	6	-	-	-	11 955	11 955	11 555	20 412	9 649	1 355
	Agricultural Assets		-	-	-	-	-	-	-	-	-
	Biological assets		-	-	-	-	-	-	-	-	-
	Intangibles		-	-	-	500	500	500	2 517	2 655	2 815
	TOTAL CAPITAL EXPENDITURE - Asset class	2	-	-	-	67 102	67 102	67 102	82 221	73 690	71 543
	ASSET REGISTER SUMMARY - PPE (VDV)	5									
	Infrastructure - Road transport		183 305	207 809	221 333	247 532	247 532	247 532	238 658	240 261	234 881
	Infrastructure - Electricity		-	-	-	19 000	-	-	-	-	-
	Infrastructure - Water		-	-	-	-	-	-	-	-	-
	Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
	Infrastructure - Other		-	-	-	-	-	-	235	249	283
	Infrastructure		183 305	207 809	221 333	266 532	247 532	247 532	238 691	240 510	235 149
	Community		4 052	2 693	2 539	4 092	4 092	4 092	2 739	2 551	2 351
	Heritage assets		-	-	-	-	-	-	-	-	-
	Investment properties		60 473	60 473	60 473	60 473	60 473	60 473	60 473	60 473	60 473
	Other assets		37 992	37 059	39 217	47 575	47 575	47 575	59 829	69 479	70 834
	Agricultural Assets		-	-	-	-	-	-	-	-	-
	Biological assets		-	-	-	-	-	-	-	-	-
	Intangibles		376	439	424	809	639	609	2 517	2 655	2 815
	TOTAL ASSET REGISTER SUMMARY - PPE (VDV)	5	231 199	308 354	323 968	379 482	360 482	360 482	362 450	375 079	371 627
	EXPENDITURE OTHER ITEMS										
	Depreciation & asset impairment	3	31 100	31 231	30 481	34 598	34 598	34 598	45 925	61 289	74 557
	Repairs and Maintenance by Asset Class										
	Infrastructure - Road transport		-	-	-	16 846	20 345	20 345	28 774	29 472	28 206
	Infrastructure - Electricity		-	-	-	14 374	17 874	17 874	28 030	27 534	24 104
	Infrastructure - Water		-	-	-	500	500	500	522	553	584
	Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
	Infrastructure - Other		-	-	-	-	-	-	-	-	-
	Infrastructure		-	-	-	14 874	18 374	18 374	26 522	28 037	24 637
	Community		-	-	-	162	162	162	170	180	190
	Heritage assets		-	-	-	-	-	-	-	-	-
	Investment properties		-	-	-	-	-	-	-	-	-
	Other assets	6, 7	-	-	-	1 810	1 810	1 810	2 082	2 205	1 329
	TOTAL EXPENDITURE OTHER ITEMS		31 100	31 231	30 481	51 444	54 944	54 944	75 699	91 781	100 763
	<i>Renewal of Existing Assets as % of total capex</i>		0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
	<i>Renewal of Existing Assets as % of deprecn*</i>		0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
	<i>R&M as a % of PPE</i>		0,0%	0,0%	0,0%	6,6%	8,0%	8,0%	9,6%	9,7%	6,5%
	<i>Renewal and R&M as a % of PPE</i>		0,0%	0,0%	0,0%	4,0%	6,0%	6,0%	8,0%	8,0%	7,0%

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 in the municipal budget 23% is allocated to capital expenditure and 8% is allocated to repairs and maintenance.

5.1 Background

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

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

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

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

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

We have a responsibility to contribute to the process of transforming the lives of our people from the conditions of abject poverty and underdevelopment. In our fight against poverty and

underdevelopment, we are committed to ensuring that equitable service delivery becomes the norm in Nyandeni. For this reason NLM has to focus inter alia, on the following:

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

DEVELOPMENT OF THE INTEGRATED DEVELOPMENT PLAN

Guiding Principles

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

- It must support and work towards achieving the Vision, Mission, Values and the Strategic Priorities of the NLM;
- Focus on service delivery in terms of the eradication of backlogs and the maintenance of infrastructure;
- Address community priorities (needs) as identified in the 2013-2018 IDP as well as newly identified priorities; and
- The review of the IDP focused on formulating measurable performance indicator targets for five, three and one year. These targets informed the preparation of the multi-year budgets, as well as the draft SDBIP.

The deadlines in the process plan for the Development of the 2015/2016 IDP and preparation of the Multi-Year Budget for the 2015/16 year is reflected below

Schedule of key deadlines

PHASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLATIVE FRAMEWORK
	Table IDP, PMS and Annual Budget Process Plan for 2015/16 to the Executive Committee adoption including the following documents <ul style="list-style-type: none"> ✓ Annual Financial Statements ✓ Performance Information report (MSA-s46) 	Municipal Manager	23 August 2014	MFMA 21(1)(b) & 53 (1) (b)
	Tabling of IDP & Budget Process Plan, AFS & Performance information report to council for adoption	Mayor	28 August 2014	MFMA 21(1)(b) & 53 (1) (b)
	Annual Financial Statements and Performance Assessment Information Report submitted to Auditor General	Chief Financial Officer, MM	29 August 2014	MFMA 126 (1) (a)
	Advertise budget & IDP time schedule	SM: Operations	September	

PHASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLATIVE FRAMEWORK
			2014	
	IDP Representative Forum		09 September 2014	MSA s34
	Open Council Meeting		23 September 2014	MSA s18
	Intergovernmental Engagements (IGR FORUM)	Mayor	25 & 26 September 2014	Constitution of RSA, s41 & MSA s24
	Collate information relevant for inclusion in reviewed IDP, taking into account MEC comments	IDP Manager, Senior Managers	October 2014	
	IDP & Budget Steering Committee	Municipal Manager	6 October 2014	IDP Guide

PHASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLATIVE FRAMEWORK
	Table first quarter performance report including financial performance analysis report to Council	Mayor	30 October 2014	MFMA s52(d)
	Mayoral Imbizo's to give service delivery feedback and get community priority needs		10-14 November 2014	MSA s34 & s16
	Intergovernmental Relations Forum	Mayor, MM	4-5 November 2014	IGR Act
	Pre Strategic Planning Session (setting of institutional indicators aligned with national and provincial programmes, organizational structure, delegation framework and governance framework)	MM & Mayor	26-28 November 2014	Constitution of RSA s153
	Finalize Annual Report for 2013/2014 financial year	Municipal Manager	December 2014	MFMA s121

PHASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLATIVE FRAMEWORK
	IDP Representative Forum	Mayor	4 December 2014	MSA s34
	Convene Management Retreat to compile and finalize Mid-year report, adjustment budget and Revised SDBIP	Municipal Manager & Senior Managers	12-14 January 2015	MFMA s72 (1) & 11
	Convene Exco Workshop on Midyear report, adjustment budget and Revised SDBIP, followed by the Special Executive Committee Meeting	Mayor & MM	19 & 20 January 2015	MFMA s72 (1) & 11
	Table Mid-year Report, revised SDBIP and Adjustment Budget for approval to the Special Council Meeting	Mayor & MM	23 January 2015	MFMA s72 (1) & 11
	Mid-year budget and performance assessments visit by Provincial Treasury	CFO & MM	February 2015	MFMA s72 (1) & 11
	IDP Representative Forum	Mayor	17 March	

PHASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLATIVE FRAMEWORK
			2015	
COUNCIL SITTING	Presentation of Draft IDP, Annual Budget, Draft SDBIP, Tariffs and budget related policies to the Executive Committee	Municipal Manager & CFO	19 March 2015	
	Tabling of Draft IDP, Annual Budget, Draft SDBIP, Tariffs and budget related policies	Mayor	26 March 2015	MFMA s16 (2)
	Adoption of the Oversight report	Speaker, MPAC	26 March 2015	MFMA s129(1)
	Intergovernmental Relations Forum	MM & Mayor	31 March 2015	IGR Act
	Conduct IDP & Budget Public Hearings	Mayor	13-17 April 2015	
	Table third quarter performance report including	Mayor	30 April 2015	MFMA s52(d)

PHASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLATIVE FRAMEWORK
	financial performance analysis report to Council			
	IDP Representative Forum	Mayor	05 May 2015	
	Intergovernmental Relations Forum	Mayor	12 May 2015	
	Table Reviewed IDP, Annual Budget, Tariffs, Organizational Structure and budget related policies for approval by Council	Mayor	28 May 2015	MFMA s24 (1)
	Approval of the SDBIP by the Mayor	Municipal Manager	June 2015	
	Table fourth quarter performance report including financial performance analysis report to Council	Municipal Manage	July 2015	MFMA s52 (d)

6 Alignment of Budget with Integrated Development Plan

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

7 Budget Related Policies Overview and Amendments

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

The policies to be attached are as follows:

- Supply Chain Management Policy
- 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

8 Budget Assumptions

8.1 National Treasury provided guidance in MFMA Circular No. 74 issued in terms of Municipal Finance Management Act No. 56 of 2003 regarding inflation:-

Fiscal Year	2014		2015	2016	2017	2018
	Actual		Estimate	Forecast		
CPI Inflation	5.6		6.2	5.8	5.5	5.3

8.2 The inflation rate to be used for calculating wage increases

Municipalities must take into account the multi-year Salary and Wage Collective Agreement for the period 1 July 2012 to 30 June 2015. The agreement provides for a wage increase bas The *Salary and Wage Collective Agreement* for the period 01 July 2012 to 30 June 2015 has come to an end. The South African Local Government Association issued a press release on 03 March 2015 indicating that it tabled the following offer for salaries and wages increase:

- 2015/16 Financial Year – 4.4 per cent (inflation linked)
- 2016/17 and 2017/18 Financial Years – inflation related increase plus additional 0.25 per cent

As the negotiations are still underway, municipalities are advised to use the above proposed guidelines in preparing their 2015/16 budgets.

8.3 Municipalities are advised to structure their 2015/16 electricity tariffs based on the **12.69 per cent** guideline and provide for a **14.24 per cent** increase in the cost of bulk purchases for the tabled 2015/16 budgets and MTREF. Any changes to these guidelines will be communicated to municipalities in a further Budget Circular for the 2015/16 financial year to be issued shortly after the tabling of the National Budget

8.4 Collection rates

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

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

9.1 FUNDING OF THE CAPITAL BUDGET

The 2015/2016 capital budget amounts to R82 221 000, and for the two outer years its R73 690 000, and R71 543 000. It is predominantly funded through the MIG funding.

9.2 FUNDING OF THE OPERATING BUDGET

The Operating Budget is funded from the following main sources:

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

Assessment Rates. The Municipal Property Rates Act will be implemented on July 1 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 is R5,3 million for the current year, and for two outer years is R5,6 million and 5,9 million.

The income received in the form of the Equitable Share Grant is R261,7 million and for the two outer years is R217,95 million and R212,5 million.

Other Grants and subsidies are as follows:

Grant Name	Financial Year	Amount
FMG	2015/16	R1 600 000
MSIG	2015/16	R 930 000
EPWP	2015/16	R1 219 000

10 Annual budgets and service delivery and budget implementation plans

– Internal departments

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

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

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

The SDBIP gives effect to the Integrated Development Plan and the Budget of the municipality. It is an expression of the objectives of the Council in quantifiable outcomes which will be implemented by the administration for the financial period from 1 July 2015 to 30 June 2016 (the financial year). It includes the service delivery targets and performance indicators for each quarter, which should be linked to the performance agreements of senior management. It therefore facilitates oversight of financial and non-financial performance of the municipality, and allows the Municipal Manager to monitor the performance of the Section 56 Managers, the Mayor/Council to monitor the performance of the Municipal Manager, and the community to monitor the performance of the Council.

The Draft SDBIP for the 2015/2016 financial year has been prepared for submission to Treasury.

11. Contracts having future budgetary implications

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

12. Legislation Compliance

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

1. In year reporting

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

2. Budget and Treasury Office

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

3. Audit Committee

An Audit Committee has been established and is fully functional.

4. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalised after approval of the 2015/16 MTREF in May 2015 directly aligned and informed by the 2015/16 MTREF.

5. Annual Report

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

6. MFMA Training

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

13. Other Supporting Documents

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

Description	Ref	2011/12			2012/13			2013/14			Current Year 2014/15				2015/16 Medium Term Revenue & Expenditure Framework			
		Audited Outcome			Audited Outcome			Audited Outcome			Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2015/16	Budget Year +1 2016/17	Budget Year +2 2017/18	
REVENUE ITEMS:																		
<u>Property rates</u>	6																	
Total Property Rates		6 669	5 781	6 168	970	5	970	5	970	970	970	5	970	6 328	6 708	7 110		
less Revenue Foregone		2 313	1 089	908	965		965		965	965			965	1 011	1 071	1 131		
Net Property Rates		356	692	259	005	5	005	5	005	005	005	5	005	317	637	980		
<u>Service charges - electricity revenue</u>	6																	
Total Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
less Revenue Foregone																		
Net Service charges - electricity revenue																		
<u>Service charges - water revenue</u>	6																	
Total Service charges - water revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
less Revenue Foregone																		
Net Service charges - water revenue																		
<u>Service charges - sanitation revenue</u>																		
Total Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
less Revenue Foregone																		
Net Service charges - sanitation revenue																		
<u>Service charges - refuse revenue</u>	6																	
Total refuse removal revenue		159	168	178	200		200		200	200	200		200	212	225	233		
Total landfill revenue																		
less Revenue Foregone																		
Net Service charges - refuse revenue																		

