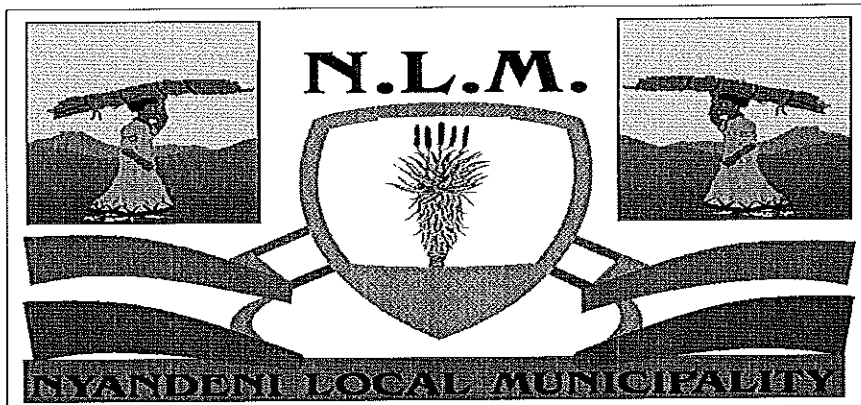


NYANDENI LOCAL MUNICIPALITY



Annual Budget

3 Year Plan: 2016/17 to 2019

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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 2016/17 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.

Eastern Cape Provincial Medium Term Strategic Framework

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 2015/2016

1. To Improve Municipal Planning and policy development

- IDP, budget and SDBIP for 2015/2016 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 2014/2015 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

Annual Budget for 2016/17

3.1 Council resolves that the multi-year annual budget of capital and operating expenditure for 2016/2017 and the indicated two outer years of 2017/2018 and 2018/2019 which will be tabled for public scrutiny be approved as set out by the following amended tables:

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

Multi Year Capital Budget

3.2 Council resolves that 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 2016 to 30 June 2017, provided that rebates, as indicated, on application be allowed:

Tariffs and Charges

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

1.HALL HIRE CHARGES	2016/2017	2017/2018	2018/2019
Meeting, workshop, conference	R177.00	R188.00	R199.00
Memorial & Religious services	R301.00	R319.00	R338.00
Concerts, Contests & shows	R601.00	R637.00	R675.00
Wedding, Parties	R750.00	R796.00	R843.00
Gospel concerts, shows (day/night), traditional shows, exhibition, launch, farewell, graduation, celebration, day of prayer	R452.00	R479.00	R508.00
2. SECURITY FEES			
Memorial, religious services	R301.00	R319.00	R338.00
Concerts, contests & shows (day/night)	R900.00	R954.00	R1 011.00
Parties, discos	R1 502.00	R1 592.00	R1 688.00
Weddings	R1 050.00	R1 113.00	R1 180.00
Gospel concerts, shows (day/night)	R301.00	R319.00	R338.00
3. WOODSALE			
Head load	R15.00	R16.00	R17.00
Bakkie	R225.00	R238.00	R252.00
Truck	R452.00	R479.00	R507.00
Lantjies	R14.00	R15.00	R15.00
Poles	R5.30	R5.60	R6.00
Tree	R22.00	R24.00	R25.00
4. POUND FEES			
Entrance fee	R74.00	R79.00	R83.00
Driving fee	R60.00	R64.00	R68.00
Day charges	R30.00	R31.00	R33.00
Outgoing fees	R74.00	R79.00	R83.00
Cattle, horse	R60.00	R64.00	R68.00
Sheep & Goat	R31.00	R33.00	R35.00
5. REFUSE REMOVAL			
Households	R27.00	R28.00	R30.00
Businesses: General	R151.00	R160.00	R169.00
: Big Retailers	R396.00	R420.00	R445.00
Government: Category 1	R151.00	R160.00	R169.00
:Category2	R2885.00	R3 058.00	R3 242.00
Churches	R26.50	R28.00	R30.00
6. CEMETERY			
Living in town	R312.00	R330.00	R350.00
Outside town	R438.00	R464.00	R492.00
7. TENDER FEES			
R50 000.00-R200 000.0	R225.00	R238.00	R252.00
R200 000.00-R500 000.00	R301.00	R319.00	R338.00
R500 000.00-R800 000.00	R376.00	R399.00	R423.00
R800 000.00-R1000 000.00 Or More	R452.00	R479.00	R507.00
8. BUSINESS LICENCE			

Supermarket & General Dealer		R673.00	R713.00	R756.00
Hawker		R112.00	R119.00	R126.00
Caravan (Restaurant & Telephone) p/y		R112.00	R119.00	R126.00
Salon (p/y)		R112.00	R119.00	R126.00
Funeral Parlor (p/y)		R673.00	R713.00	R756.00
Hardware (p/y)		R617.00	R654.00	R693.00
Accommodation establishment		R484.00	R513.00	R544.00
9. MARKET SITE				
Hawkers (p/m)		R31.00	R33.00	R35.00
Caravan Site(p/m)		R74.00	R79.00	R83.00
10. CHAIR HIRE				
Around town (chair per day)		R7.40	R7.90	R8.00
Indemnity fee (per chair)		R15.00	R16.00	R17.00
11. TOWN PLANNING TARIFFS				
		2016/2017	2017/2018	2018/2019
11.1 Zoning Certificates		R36.00	R38.00	R40.00
11.2 Town Planning scheme document		R337.00	R357.00	R379.00
11.3 Application for special consent				
Application fees		R534.00	R566.00	R600.30
application form				
Rezoning Application				
Advertising		Price as quoted by Daily Dispatch	Price as quoted by Daily Dispatch	Price as quoted by Daily Dispatch
11.4 Application Fees				
Erven from 500sqm-1000sqm		R862/site	R913/site	R968.00/site
Erven from 1000sqm-1500sqm		R982/site	R1 040/site	R1 103/site
Erven from 1500sqm- 2000sqm		R1 100/site	R1 166/site	R1236/site
Erven from 2000sqm and>		R1 218/site	R1 291/site	R1368/site
11.5 Subdivision and Township Application				
Basic Subdivision fee		R743.00	R788.00	R835.00
Charges per subdivision (Remainder considered a subdivision)		R61.00	R65.00	R69.00
11.6 Application for Removal of Restrictive Conditions				
Application fee		R1684.00	R1 785.00	R1893.00
11.7 Relaxation of Building Line				
		R239.00	R253.00	R268.00
11.8 Consolidation				
		R562.00	R600.00	R631.00
11.9 Building Plan Approval				
		R41.00/sqm	R44.00/sqm	R46.00/sqm

12. COMMUNITY SERVICES AND TRADITIONAL AFFAIRS				
Hiring of Eco-park				
12.1 Walk-ins (Number of persons)				
One person		R10.00	R10.60	R11.24
0-5		R50.00	R53.00	R56.18
5-10		R100.00	R106.00	R112.36
10-20		R200.00	R212.00	R224.72
20-30		R300.00	R318.00	R337.08
30-40		R400.00	R424.00	R449.44
12.2 EVENTS				
Security Deposit		R2 000.00	R2 120.00	R2 247.20
Companies		R1 500.00	R1 590.00	R1 685.40
Youth churches		R1 200.00	R1 272.00	R1 348.32
Entertainments		R2 000.00	R2 120.00	R2 247.20
Educational tours (per day)		R 300.00	R 318.00	R 337.08
Taking photographs (per day)		R 250.00	R 265.00	R 280.90
12.3 TOILET FEES				
Entrance fee (each person)		R 2.00	R 2.12	R 2.25

RATES TARRIF

DETERMINATION OF TARIFF AS PER CATEGORY AS FROM 1 JULY 2016-30 JUNE 2017

<u>CATEGORY</u>	<u>TARRIF</u>
Vacant site	0.0078
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

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

Measurable Performance Objectives

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

Integrated Development Plan

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

Budget Related Policies

3.7 Council resolves that the following budget related policies be approved

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

Cashflow

3.8 Council resolves that the projects identified for implementation are subject to funds available from grants in respect of Equitable share, Integrated National Electrification Programme, Finance Management Grant, Expanded Public Works Programme Incentive Grant, Municipal Infrastructure Grant, CoGTA Local Elections Grant and DEDEA (Ngqeleni Transfer Station)

4. THE BUDGET

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

4.1 Executive Summary

Overview

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

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

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

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

- "(1) The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget.
- (2) An annual budget –
 - (a) must be approved before the start of the budget year;
 - (b) is approved by the adoption by the council of a resolution referred to in section 17(3)(a)(i); and
 - (c) must be approved together with the adoption of resolutions as may be necessary –
 - (i) imposing any municipal tax for the budget year;
 - (ii) setting any municipal tariffs for the budget year;
 - (iii) approving measurable performance objectives for revenue from each source and for each vote in the budget;
 - (iv) approving any changes to the municipality's integrated development plan; and
 - (v) approving any changes to the municipality's budget-related policies."

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

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

The following budget principles and guidelines directly informed the compilation of the 2016/17 MTREF:

- The 2015/16 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 2016/17 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, 75, 78 and 79 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 2016/17 Medium-term Revenue and Expenditure Framework:

TABLE 1 CONSOLIDATED OVERVIEW OF 2016/17 MTREF

R thousand	Adjustment Budget 2015/16	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Total Revenue	273 948 000	344 462 000	374 230 000	418 040 000
Total Operating Expenditure	246 524 000	285 315 000	310 859 000	354 004 000
Total Capital Expenditure	78 018 000	59 147 000	63 371 000	64 036 000
Surplus / (deficit) for the year	(50 594 000)	(R nil)	(R nil)	(Rnil)

Total revenue has grown by 20.41 per cent or R70,5 million for the 2016/17 financial year when compared to the 2015/16 Adjustments Budget. For the two outer years, operational revenue will increase by 7,95% or R29,77 million, and by 10,47% or R43,8 million.

Total operating expenditure for the 2016/17 financial year has been appropriated at R285 315 000 million and translates into a balancing budget with no either surplus or deficit where total expenditure equals to the total revenue. When compared to the 2015/16 Adjustment Budget, operational expenditure has increased by an amount of R38 791 which is 13,6 per cent, and in 2017/18 has increased by 8 per cent (R25 million), and increased in 2018/19 by 12 per cent (R43 million) for each of the respective outer years of the MTREF. The municipality has a balancing budget in all the three years. Depreciation and provision for bad debts which are non-cash items have been budgeted for, and for the budget to balance we have to transfer funds from our reserves.

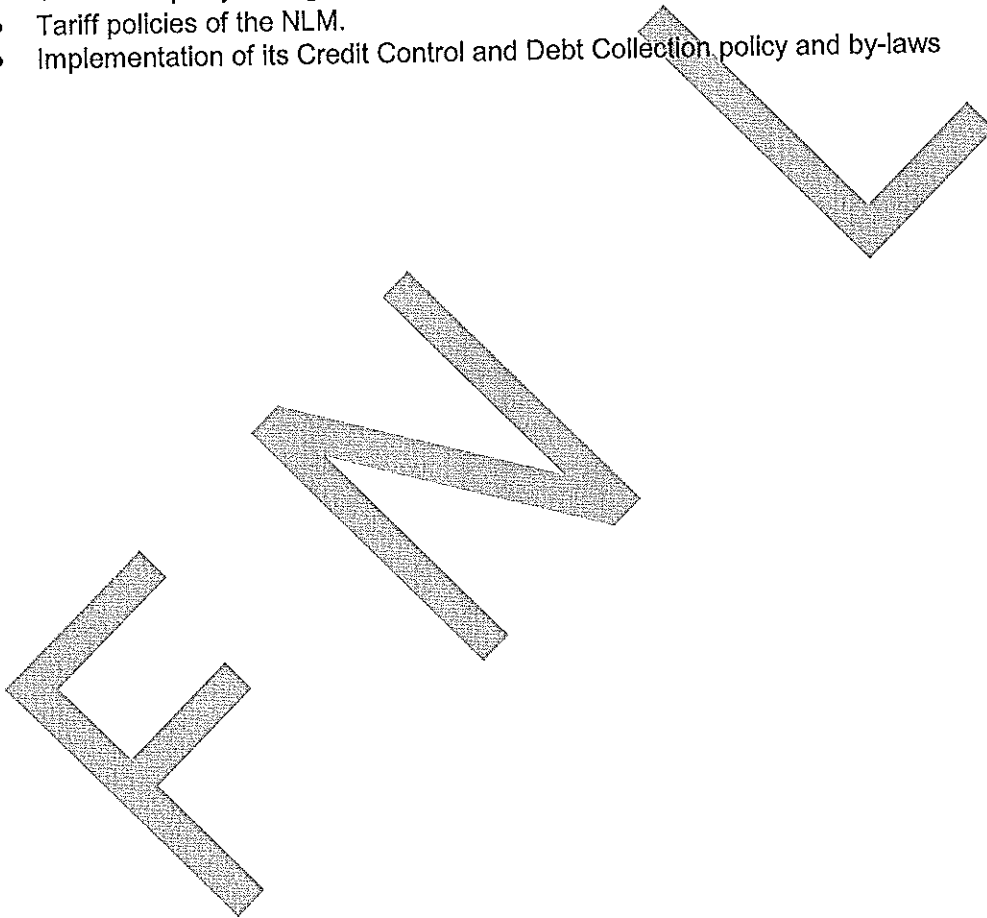
The capital budget of R59 147 000 for 2016/17 has decreased by an amount of R18 871 000 which is 31% as compared to previous year. The decrease is due to the MIG funding and

Equitable Share that has decreased. For the two outer years, capital expenditure has increased by R4 224 000 and R665 000 which is 7 per cent and 1 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



1A

The following table is a summary of the 2016/17 MTREF (classified by main revenue source):
Table 2 Summary of revenue classified by main revenue source

Budgeted Financial Performance (revenue)

Ref	Description	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework				
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19	
1	R thousand											
2	<u>Revenue By Source</u>											
	Property rates	4 692	5 259	5 690	5 317	5 317	5 317	5 317	5 690	5 033	6 397	
	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	168	178	188	212	212	212	212	245	259	275	
	Service charges - other											
	Rental of facilities and equipment	137	144	86	175	175	175	175	185	197	208	
	Interest earned - external investments	2 850	4 743	4 931	5 300	5 300	5 300	5 300	5 618	5 955	6 312	
	Interest earned - outstanding debtors											
	Dividends received											
	Fines	277	59	45	53	53	53	53	56	60	63	
	Licences and permits	1 696	3 252	3 274	8 890	8 890	8 890	8 890	8 890	8 890	8 890	
	Agency services											
	Transfers recognised - operational	131 018	157 576	186 230	245 817	247 599	247 599	247 599	228 856	243 524	259 562	
2	Other revenue	5 928	1 451	1 928	1 402	6 402	6 402	6 402	41 544	49 429	72 511	
	Gains on disposal of PPE											
	Total Revenue (excluding capital transfers and contributions)	146 766	172 663	202 372	267 166	273 948	273 948	273 948	286 412	314 942	352 202	

TABLE 3: Percentage growth in revenue by main revenue source

Description	Ref	Current Year 2015-16		2016/17 Medium Term Revenue & Expenditure Framework					
		Adjusted Budget	Increase/(decrease %)	Budget Year 2016/17	Increase/(decrease %)	Budget Year +1 2017/18	Increase/(decrease %)	Budget Year +2 2018/19	Increase/(decrease %)
R thousand	1								
Revenue By Source									
Property rates	2	5 317		5 690	6%	6 033	6%	6 397	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	212		245	13%	259	6%	275	6%
Service charges - other									
Rental of facilities and equipment		175		185	6%	197	6%	208	6%
Interest earned - external investments		5 300		5 618	6%	5 955	6%	6 312	6%
Interest earned - outstanding debtors									
Dividends received									
Fines		53		56	6%	60	6%	63	6%
Licences and permits		8 890		5 618	-58%	5 955	6%	6 312	6%
Agency services				500		530	6%	562	6%
Transfers recognised - operational		247 599		226 856	-8,4%	243 524	6,8%	259 562	6%
Other revenue	2	6 402		59 556	89%	68 418	13%	92 640	26%
Gains on disposal of PPE									
Total Revenue (excluding capital transfers and contributions)		273 948		286 412		311 942		352 202	

WZL

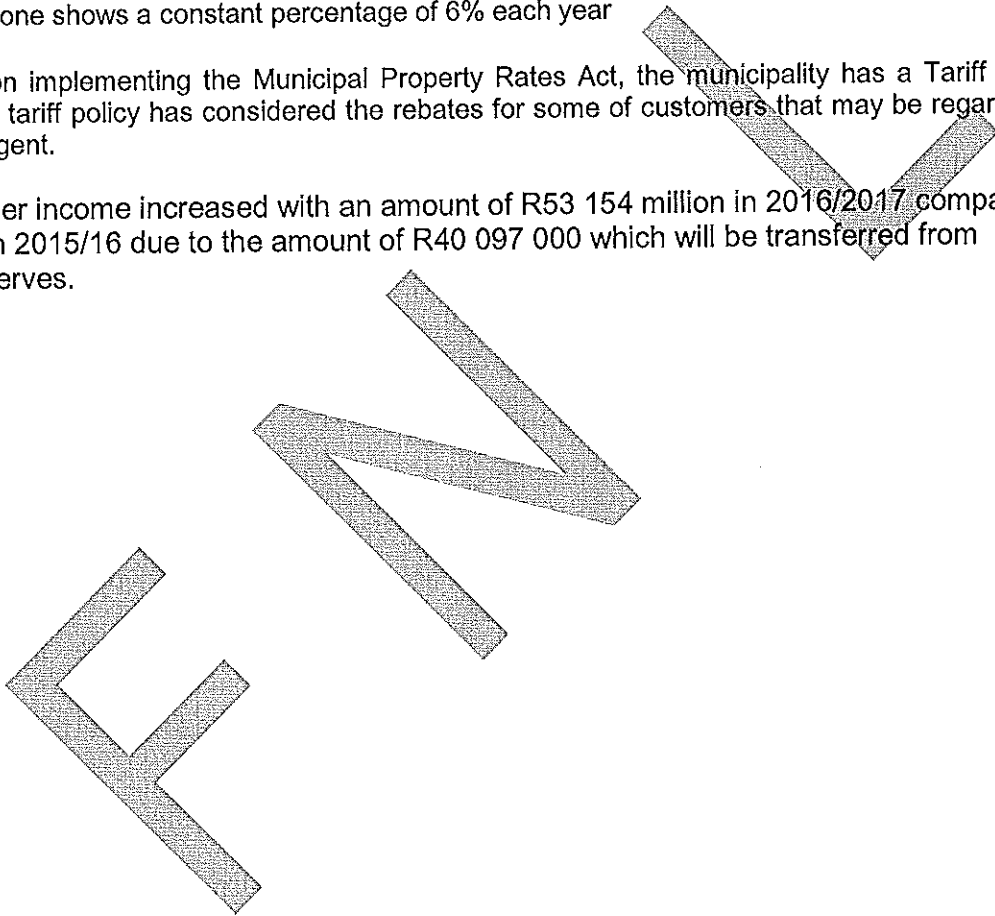
In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates and services charges forms 2 percent of the revenue basket for the NLM. In the 2016/17 financial year, revenue from rates and taxes total R5 690 000 million or 2 per cent, and the figure exclude the revenue forgone.

In 2017/18 it shows an amount of R6million, and in 2018/19 year shows an amount of R6, 4 million. The revenue generated from rates and taxes has increased by 6 per cent in 2016/17, and consistently increased by 6 per cent for the two outer years. The above mentioned rates and taxes revenue for the 2016/17 -19 MTERF exclude revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. The revenue foregone for each year shows an amount of R953 093, R1 088 373 and R1 066 858. Revenue foregone 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.

Other income increased with an amount of R53 154 million in 2016/2017 comparing with 2015/16 due to the amount of R40 097 000 which will be transferred from reserves.



Transfers and Grants receipts

EC165 Nyandeni - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
RECEIPTS:										
Operating Transfers and Grants										
National Government:		128 879	163 004	186 930	245 499	245 499	245 499	224 956	243 124	259 139
Local Government Equitable Share		121 517	149 554	169 496	216 750	216 750	216 750	213 070	226 424	237 439
Finance Management		1 500	1 550	1 791	1 600	1 600	1 600	1 625	1 700	1 700
Municipal Systems Improvement		800	899	934	930	930	930	-	-	-
Integrated National Electrification Programme		3 600	19 000	12 637	25 000	25 000	25 000	9 000	15 000	20 000
EPWP Incentive		1 462	1 000	1 172	1 219	1 219	1 219	1 261	-	-
Other transfers/grants [insert description]										
Provincial Government:		300	300	300	318	300	300	1 400	400	423
Sport and Recreation		300	300	300	318	300	300	400	400	423
Local Elections (CoGTA)								1 000		
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
Other grant providers: DEDEAT		-	-	-	-	1 800	1 800	500	-	-
						1 800	1 800	600	-	-
Total Operating Transfers and Grants	6	129 179	163 304	188 230	245 817	247 599	247 599	228 856	243 524	259 562
Capital Transfers and Grants										
National Government:		39 753	48 566	61 324	58 809	58 809	58 809	58 050	62 288	65 838
Municipal Infrastructure Grant (MIG)		39 753	48 566	61 324	58 809	58 809	58 809	58 050	62 288	65 838
Other capital transfers/grants [insert desc]										
Provincial Government: Other capital transfers/grants [insert description]		-	-	-	-	-	-	-	-	-
District Municipality: [insert description]		-	-	-	-	-	-	-	-	-
Other grant providers: DEDEAT		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	39 753	48 566	61 324	58 809	58 809	58 809	58 050	62 288	65 838
TOTAL RECEIPTS OF TRANSFERS & GRANTS		168 932	211 870	247 554	304 626	306 408	306 408	284 906	305 812	325 400

In 2016/17 financial year, the operational grants show a decrease of R18 961 000 which is 8,4%. For the two outer years, the operational grants have increased by R16 668 000 and R16 038 000 which 6,8% and 6,1% for each year.

Table 5 Comparison of proposed rates to be levied for the 2016/17 financial year

DETERMINATION OF TARIFF AS PER CATERGORY AS FROM 1 JULY 2016-30 JUNE 2017

RATES TARRIF

CATERGORY	TARRIF
Vacant site	0.0078
Residential Property	0.0078
Businesses	0.0116
Government1	0.0116
government2	0.0116
Agriculture1	0.0101
Agriculture2	0.0101
Instititutions	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

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

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.

Employee Related Costs

The municipality has taken into consideration the three-year Salary and Wage Collective Agreement for the period 1 July 2015 to 30 June 2018. For 2016/17 salaries increase adjusted with CPI (6.6%) plus 1% and for the outer years the inflation rate based on average CPI plus 1 per cent for 2017 and 2018 has been considered.

When we were budgeting for salaries we reviewed the personnel budget and budgeted for the employee based on the current actual costs for each employee and adjusted accordingly. In 2015/16 we budgeted for all the employees at the maximum notch and that now resulted to a decrease in the percentage in 2016/17 of the personnel budget whereas we have increased by 7,6%.

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 R136 385 million, and for two outer years, its R144 624 million (6%) and R153 302 million (6%).

Depreciation, asset and debtors impairment:

Depreciation and debtors impairment has been provided for at R33,8 million in 2016/17, R40, 5 million in 2017/18 and R48,6 million in 2017/18.

Other Expenditures:

The other expenditure includes R4 240 000 for the audit fees, R117 531 for the consultants fees and R1 560 000 for SCOA. The general expenditure is worth R87 671 million (excluding depreciation and provision for bad debts)

Materials and Other Bulk Purchases:

This includes the repairs and maintenance. The amount for 2016/17 budget year is R20,5 million. For 2017/18 has decreased by 2% and in 2018/19 increased by 7% each year.

The following table gives a breakdown of the main expenditure categories of the total operating budget for the 2016/17 financial year.

PERCENTAGE ALLOCATION FOR 2016/2017 FINANCIAL YEAR.

EXPENDITURE ITEM	EXPENDITURE PERCENTAGE %
Personnel expenditure	47 %
General expenditure	45 %
Repairs and Maintenance	8 %
TOTAL %	100 %

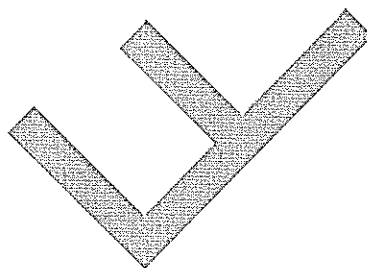
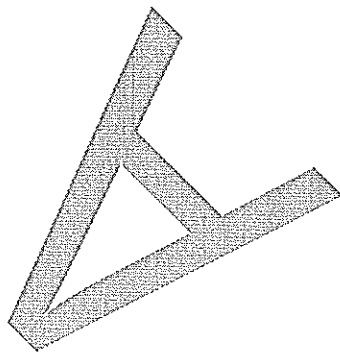
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4.4 CAPITAL EXPENDITURE

Vote Description	Ref	2012/13			2013/14			2014/15			Current Year 2015/16				2016/17 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 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19				
R thousand	1	515	2 481	6 324	1 300	1 300	1 300	1 300	1 300	1 300	—	—	—				
Capital expenditure - Vote	2	531	2 739	2 955	500	500	500	500	500	500	—	—	—				
<i>Single-year expenditure to be appropriated</i>		1 501	2 739	2 955	4 356	5 056	5 056	5 056	5 056	5 056	—	—	—				
Vote 1 - MUNICIPAL GOVERNANCE & ADMINISTRATION		—	—	488	3 141	3 141	3 141	3 141	3 141	3 141	—	—	—				
Vote 2 - BUDGET & TREASURY		—	—	—	—	—	—	—	—	—	—	—	—				
Vote 3 - CORPORATE SERVICES		—	—	—	—	—	—	—	—	—	—	—	—				
Vote 4 - COMMUNITY & SOCIAL SERVICES		—	—	—	—	—	—	—	—	—	—	—	—				
Vote 5 - PLANNING AND DEVELOPMENT		12 241	60 439	64 654	68 021	68 021	68 021	68 021	68 021	68 021	—	—	—				
Vote 6 - INFRASTRUCTURE		14 789	14 789	74 421	77 318	78 018	78 018	78 018	78 018	78 018	58 148	61 961	62 546				
Total Capital Expenditure - Vote		14 789	14 789	74 421	77 318	78 018	78 018	78 018	78 018	78 018	59 147	63 371	64 036				

When comparing the previous budget of R78 million, there is a decrease of R18,9 million which is 24%. In a total budget of R59,1 million for the budget year 2016/17, an amount of R55 million is allocated to the construction of the access roads. For the two outer years there is an increase of 6,7%, and 1%.

When comparing each vote from previous year budget, there is a decrease in 2016/17 and an increase in the two outer years.



4.5 ANNUAL BUDGET TABLES

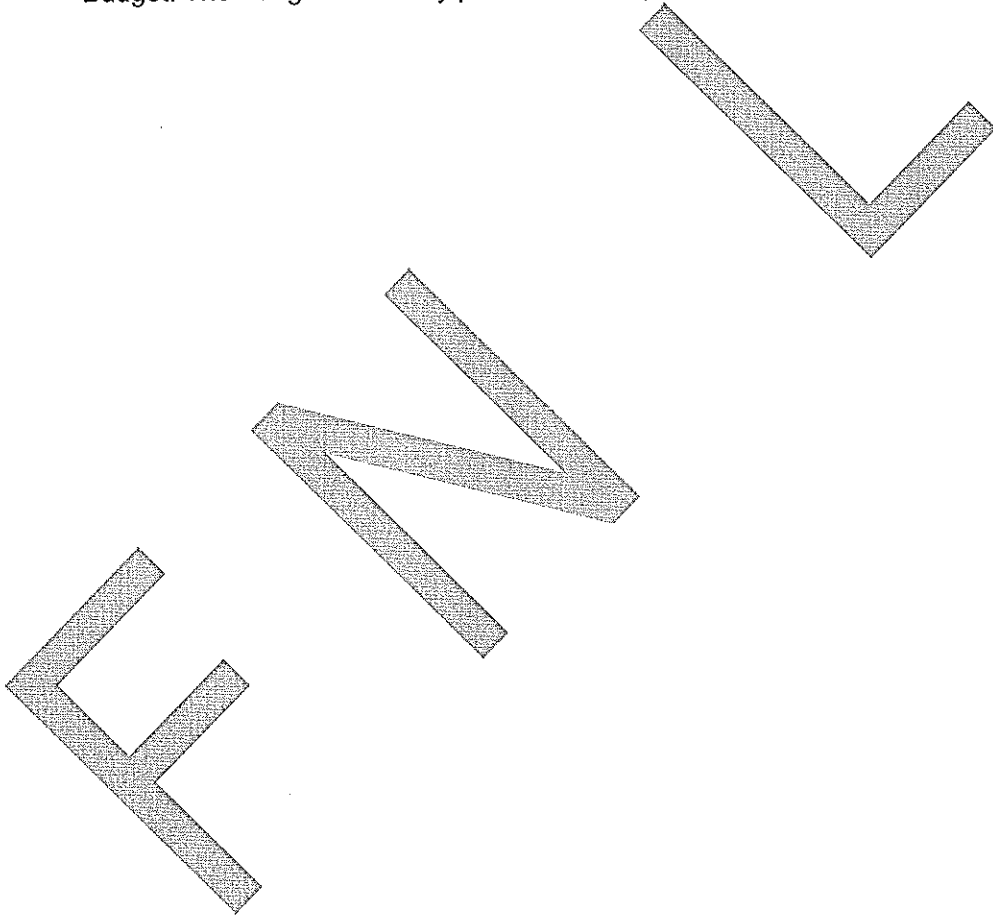
4.5.1 Table A1 : Budget summary

EC165 Nyandeni - Table A1 Budget Summary

Description	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year 11 2017/18	Budget Year 12 2018/19
R thousands										
Financial Performance										
Property rates	4 692	5 259	5 690	5 317	5 317	5 317	5 317	5 690	6 033	6 397
Service charges	163	178	183	212	212	212	212	245	259	276
Investment revenue	2 650	4 743	4 931	5 300	5 300	5 300	5 300	5 618	5 965	6 312
Transfers recognised - operational	131 019	167 516	198 230	245 817	247 699	247 699	247 699	226 856	243 524	259 652
Other own revenue	8 029	4 906	5 343	10 520	15 520	15 520	15 520	48 003	53 170	79 655
Total Revenue (excluding capital transfers and contributions)	146 768	172 663	202 312	287 166	273 949	273 949	273 949	266 412	311 942	352 202
Employee costs	60 659	79 835	92 149	107 017	107 017	107 017	107 017	116 929	124 022	131 441
Remuneration of councillors	15 063	15 933	17 014	17 457	17 457	17 457	17 457	19 450	20 623	21 650
Depreciation & asset impairment	31 291	30 431	33 632	46 925	45 925	46 925	46 925	33 763	43 503	48 604
Finance charges	281	140	117	110	110	110	110	117	124	131
Materials and bulk purchases	6 635	4 463	4 933	23 774	23 774	23 774	23 774	20 607	20 063	21 634
Transfers and grants	-	-	-	5 000	5 318	5 318	5 318	6 300	6 607	6 933
Other expenditure	57 107	79 434	85 857	176 265	182 749	182 749	182 749	89 253	99 938	124 492
Total Expenditure	170 095	210 336	238 763	376 658	383 350	383 350	383 350	265 316	310 859	354 025
Surplus/(Deficit)	(24 226)	(37 674)	(31 335)	(109 493)	(109 403)	(109 403)	(109 403)	1 097	1 082	(1 823)
Transfers recognised - capital	39 753	48 666	61 324	58 809	58 809	58 809	58 809	58 059	62 288	65 838
Contributors recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	15 533	10 992	29 989	(50 684)	(50 594)	(50 594)	(50 594)	59 147	63 371	64 036
Share of surplus/(deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	15 533	10 992	29 989	(50 684)	(50 594)	(50 594)	(50 594)	59 147	63 371	64 036
Capital expenditure & funds sources										
Capital expenditure	14 789	65 660	74 421	77 318	77 318	78 018	78 018	69 147	63 371	64 036
Transfers recognised - capital	14 789	65 660	74 421	77 318	78 018	78 018	78 018	59 147	63 371	64 036
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	-	-	-	-	-	-	-
Total sources of capital funds	14 789	65 660	74 421	77 318	78 018	78 018	78 018	59 147	63 371	64 036
Financial position										
Total current assets	88 245	82 922	76 655	85 261	90 261	90 261	90 261	76 685	82 032	88 576
Total non current assets	388 354	320 035	355 809	351 550	362 650	362 650	362 650	418 441	476 659	540 439
Total current liabilities	19 452	20 639	17 662	9 284	9 284	9 284	9 284	17 396	17 662	18 676
Total non current liabilities	3 672	4 003	4 221	1 835	1 835	1 835	1 835	4 470	4 729	5 004
Community wealth/Equity	371 475	378 414	409 612	438 091	441 791	441 791	441 791	470 260	536 309	606 327
Cash flows										
Net cash from (used) operating	68 645	49 060	64 354	77 319	78 018	78 018	78 018	65 266	105 202	114 233
Net cash from (used) investing	(14 421)	(56 728)	(73 100)	(77 318)	(78 018)	(78 018)	(78 018)	(59 147)	(63 371)	(64 036)
Net cash from (used) financing	4 329	1 431	(1 000)	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	82 687	75 440	65 694	75 441	11 568	11 567	11 567	111 559	153 359	203 688
Cash backing/surplus reconciliation										
Cash and investments available	82 687	75 440	65 694	75 443	80 443	80 443	80 443	65 694	69 541	73 612
Application of cash and investments	12 263	1 962	6 946	(377)	(377)	(377)	(377)	7 782	8 616	5 056
Balance - surplus (shortfall)	70 424	73 478	58 749	76 817	80 817	80 817	80 817	67 913	62 924	68 556
Asset management										
Asset register summary (ADV)	388 354	320 035	362 624	361 650	362 650	362 650	418 441	418 441	476 659	540 439
Depreciation & asset impairment	31 291	20 431	33 632	46 925	45 925	46 925	33 763	33 753	40 693	48 604
Repeval of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	-	4 933	23 774	23 774	23 774	20 507	20 507	20 063	21 634
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	1 089	908	953	1 011	1 011	1 011	1 011	1 011	953	1 008
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	4	4	4	4	4	4	4
Refuse:	-	-	-	1	1	1	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)

EC165 Nyandeni - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year +1 2017/18	Budget Year +2 2018/19
Revenue - Standard										
<i>Governance and administration</i>		137 356	155 389	184 899	231 299	234 899	234 999	287 587	289 478	324 292
Executive and council		-	-	-	-	-	-	-	-	-
Budget and treasury office		137 026	154 960	183 852	230 549	234 210	234 210	286 792	288 635	323 399
Corporate services		331	358	959	750	750	750	755	843	893
<i>Community and public safety</i>		2 284	3 620	3 627	9 399	11 181	11 181	8 789	7 163	7 592
Community and social services		312	359	399	458	2 238	2 238	606	618	655
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		1 973	3 311	3 310	8 943	8 943	8 943	8 174	6 645	6 937
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		41 271	48 578	75 871	60 665	60 665	60 665	60 358	62 330	65 682
Planning and development		66	13	38	37	37	37	39	42	44
Road transport		41 215	48 558	75 833	60 628	60 628	60 628	60 311	62 288	65 638
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		5 607	13 641	188	25 212	26 512	26 512	9 745	15 259	20 275
Electricity		5 439	13 463	-	25 000	26 300	26 300	9 000	15 000	20 000
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		168	178	188	212	212	212	745	259	275
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Standard	2	186 519	221 229	263 696	325 875	332 757	332 757	344 462	374 230	418 641
Expenditure - Standard										
<i>Governance and administration</i>		170 826	210 336	228 769	174 526	178 226	178 226	166 599	180 696	212 385
Executive and council		15 063	15 663	17 014	62 214	62 214	62 214	62 899	66 628	70 678
Budget and treasury office		95 365	114 517	119 109	81 154	81 154	81 154	73 107	81 647	107 262
Corporate services		60 559	79 836	92 646	31 168	34 658	34 658	30 690	32 721	34 545
<i>Community and public safety</i>		-	-	-	50 898	52 680	52 680	56 115	59 433	62 917
Community and social services		-	-	-	46 424	43 206	43 206	52 845	55 973	59 267
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	2 632	2 632	2 632	1 624	1 718	1 818
Housing		-	-	-	1 942	1 942	1 942	1 646	1 742	1 843
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		-	-	4 938	122 663	122 953	122 953	51 878	54 233	57 330
Planning and development		-	-	-	16 625	16 625	16 625	16 202	16 865	17 691
Road transport		-	-	4 938	106 428	106 428	106 428	36 676	37 369	39 469
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		-	-	-	28 192	29 492	29 492	10 726	16 297	21 373
Electricity		-	-	-	26 000	26 300	26 300	9 000	15 000	20 000
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	3 192	3 192	3 192	1 726	1 297	1 373
Other	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Standard	3	170 968	210 336	233 798	376 668	383 359	383 359	285 315	310 859	354 005
Surplus/(Deficit) for the year		15 551	10 892	29 898	(50 794)	(50 602)	(50 602)	59 147	63 371	64 636

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 and operating 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)

EC165 Nyandeni - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year #1 2017/18	Budget Year #2 2018/19
Revenue by Vote										
Vote 1 - MUNICIPAL GOVERNANCE & ADMINISTRATION	1	--	--	--	--	--	--	--	--	--
Vote 2 - BUDGET & TREASURY		137 025	154 950	183 852	230 649	234 249	234 249	260 792	288 635	323 359
Vote 3 - CORPORATE SERVICES		331	368	568	750	750	750	765	843	893
Vote 4 - COMMUNITY & SOCIAL SERVICES		2 452	3 753	3 810	9 611	11 393	11 393	7 525	7 422	7 867
Vote 5 - PLANNING AND DEVELOPMENT		60	19	39	37	37	37	39	42	44
Vote 6 - INFRASTRUCTURE		46 654	62 029	75 033	65 028	65 328	66 323	69 311	77 238	85 838
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	186 519	221 229	283 695	325 975	332 757	332 757	344 462	374 230	418 640
Expenditure by Vote to be appropriated										
Vote 1 - MUNICIPAL GOVERNANCE & ADMINISTRATION	1	15 063	15 693	17 014	62 214	62 214	62 214	62 699	66 628	70 578
Vote 2 - BUDGET & TREASURY		55 365	114 824	119 109	81 154	81 154	81 154	73 168	81 547	107 292
Vote 3 - CORPORATE SERVICES		60 659	79 529	92 648	31 163	34 658	34 658	30 590	32 721	34 545
Vote 4 - COMMUNITY & SOCIAL SERVICES		--	--	--	62 143	63 930	63 930	55 656	63 559	62 417
Vote 5 - PLANNING AND DEVELOPMENT		--	--	--	18 467	18 467	18 467	18 348	18 606	19 704
Vote 6 - INFRASTRUCTURE		--	--	4 938	131 428	132 728	132 728	44 676	52 368	69 429
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	178 986	210 336	233 768	378 568	383 359	383 359	285 315	319 859	354 604
Surplus/(Deficit) for the year	2	15 533	10 892	29 928	(50 594)	(50 594)	(50 594)	59 147	63 371	64 036

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	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year 17 2017/18	Budget Year 18 2018/19
R thousand											
Revenue By Source											
Property rates	2	4 692	5 269	5 690	5 317	5 317	5 317	5 317	6 090	6 033	6 397
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	168	178	188	212	212	212	212	245	259	275
Service charges - other											
Partial of facilities and equipment		137	144	83	175	175	175	175	155	197	208
Interest earned - external investments		2 850	4 743	4 931	5 300	5 300	5 300	6 300	5 618	5 655	6 312
Interest earned - outstanding debtors											
Dividends received											
Fines		277	59	45	53	53	53	53	55	60	63
Licences and permits		1 698	3 252	3 274	8 650	8 690	8 890	8 890	5 618	5 555	6 312
Agency services									500	530	582
Transfers recognised - operational		131 018	157 876	185 230	245 817	247 599	247 599	247 599	226 556	243 824	259 562
Other revenue	2	5 928	1 451	1 528	1 432	6 432	6 432	6 432	41 644	49 429	72 511
Losses on disposal of FPE											
Total Revenue (excluding capital transfers and contributions)		146 765	172 663	202 372	257 165	273 615	273 948	273 948	285 412	311 947	352 292
Expenditure By Type											
Employee related costs	2	60 509	79 835	92 149	107 017	107 017	107 017	107 017	116 929	126 002	131 411
Remuneration of councillors		15 063	15 693	17 014	17 457	17 457	17 457	17 457	19 456	20 623	21 860
Debt impairment	3	1 181	2 418	2 835	3 658	3 658	3 658	3 658	7 000	7 406	7 836
Depreciation & asset impairment	2	31 291	39 431	33 632	46 925	45 925	45 925	45 925	33 753	43 603	43 604
Finance charges		281	160	117	110	110	110	110	117	124	131
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	6 655	4 453	4 933	23 774	23 774	23 774	23 774	20 507	20 063	21 634
Contracted services		-	-	497	1 034	1 034	1 034	1 034	1 036	1 433	1 459
Transfers and grants		-	-	-	5 009	5 318	5 318	5 318	5 200	5 607	5 933
Other expenditure	4, 5	55 624	66 692	77 621	171 524	178 043	178 043	178 043	81 157	91 044	115 068
Loss on disposal of FPE		282	10 324	4 903	-	-	-	-	-	-	-
Total Expenditure		170 585	210 336	233 708	376 568	383 350	383 350	383 350	285 315	310 659	354 005
Surplus/(Deficit)		(24 220)	(37 674)	(31 336)	(119 403)	(109 735)	(109 402)	(109 402)	1 097	1 692	(1 802)
Transfers recognised - capital		39 753	49 556	61 324	58 809	58 809	58 809	58 809	58 050	62 263	65 838
Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
Contributed assets											
Surplus/(Deficit) after capital transfers & contributions		15 533	10 892	29 988	(50 594)	(50 594)	(50 594)	(50 594)	59 147	63 371	64 036
Taxation											
Surplus/(Deficit) after taxation		15 533	10 892	29 988	(50 594)	(50 594)	(50 594)	(50 594)	59 147	63 371	64 036
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		15 533	10 892	29 988	(50 594)	(50 594)	(50 594)	(50 594)	59 147	63 371	64 036
Share of surplus/(deficit) of associate											
Surplus/(Deficit) for the year		15 533	10 892	29 988	(50 594)	(50 594)	(50 594)	(50 594)	59 147	63 371	64 036

Explanatory Notes:

Total revenue (excluding capital transfers and contributions) is R286,4 million in 2016/17 and escalates to R311,9 million by 2017/18 and to R352,1 million in 2018/19.

4.5.5 Table A5 : Budgeted capital expenditure by vote and funding

EC165 Nyandeni - Table A6 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year 11 2017/18	Budget Year 12 2018/19
Capital expenditure - Vote											
Multi-year expenditure to be appropriated											
Vote 1 - MUNICIPAL GOVERNANCE & ADMINISTRATION	2	-	-	-	-	-	-	-	-	-	-
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											
Vote 1 - MUNICIPAL GOVERNANCE & ADMINISTRATION	2	515	-	-	1 300	1 300	1 300	1 300	-	-	-
Vote 2 - BUDGET & TREASURY		531	2 431	6 324	500	500	500	500	-	-	-
Vote 3 - CORPORATE SERVICES		1 501	2 456	2 955	4 356	5 055	5 055	5 055	750	1 145	1 211
Vote 4 - COMMUNITY & SOCIAL SERVICES		-	-	453	-3 141	3 141	3 141	3 141	249	264	279
Vote 5 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 6 - INFRASTRUCTURE		12 241	60 723	64 654	68 021	68 021	68 021	68 021	58 148	61 561	62 546
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	14 789	65 669	74 421	77 318	78 618	78 618	78 618	59 147	63 371	64 036
Total Capital Expenditure - Vote		14 789	65 669	74 421	77 318	78 618	78 618	78 618	59 147	63 371	64 036
Capital Expenditure - Standard											
Governance and administration		2 548	4 037	9 279	6 156	6 156	6 856	6 856	750	1 145	1 211
Executive and council		515	-	-	1 300	1 300	1 300	1 300	-	-	-
Budget and treasury office		531	2 431	6 324	500	500	500	500	-	-	-
Corporate services		1 501	2 456	2 955	4 356	5 055	5 055	5 055	750	1 145	1 211
Community and public safety		-	-	453	1 106	1 106	1 106	1 106	-	-	-
Community and social services		-	-	370	106	106	106	106	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	113	1 000	1 000	1 000	1 000	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		12 241	60 723	64 654	68 021	68 021	68 021	68 021	58 148	61 561	62 546
Planning and development		12 241	60 723	64 654	68 021	68 021	68 021	68 021	58 148	61 561	62 546
Road transport		-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	2 035	2 035	2 035	2 035	249	264	279
Trading services		-	-	-	-	-	-	-	-	-	-
Electricity		-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	2 035	2 035	2 035	2 035	249	264	279
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Standard	3	14 789	65 669	74 421	77 318	77 318	78 618	78 618	59 147	63 371	64 036
Funded by:											
National Government		14 789	49 566	69 749	55 869	55 869	55 859	55 859	58 050	62 268	64 036
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		-	17 094	5 672	21 449	22 149	22 149	22 149	1 097	1 033	-
Transfers recognised - capital	4	14 789	65 669	74 421	77 318	78 618	78 618	78 618	59 147	63 371	64 036
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds	7	-	-	-	-	-	-	-	-	-	-
Total Capital Funding	7	14 789	65 669	74 421	77 318	78 618	78 618	78 618	59 147	63 371	64 036

Explanatory Notes

When comparing the previous budget of R78 million, there is a decrease of R18 871 million which is 24%. In a total budget of R59,1 million for the budget year 2016/17, an amount of R55 million is allocated to the construction of the access roads. For the two outer years there is an increase of 6,7%, and 1% respectively.

4.5.6 Table A6 : Budgeted financial position

EG155 Nyandeni - Table A6 Budgeted Financial Position

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year H1 2017/18	Budget Year H2 2018/19
R thousand											
ASSETS											
Current assets											
Cash		13 631	25 691	18 103	25 991	25 991	25 991	25 991	18 103	19 159	20 341
Call investment deposits	1	69 096	49 448	47 561	49 448	54 418	54 448	54 448	47 561	50 351	53 271
Consumer debtors	1	1 539	3 399	4 978	9 661	9 661	9 661	9 661	4 978	7 183	9 353
Other debtors		1 899	3 923	4 761					4 761	5 037	6 329
Current portion of long-term receivables											
Inventory	2	129	159	252	159	159	159	159	252	266	222
Total current assets		86 245	82 922	75 685	85 261	92 261	92 261	92 261	75 685	82 632	83 516
Non current assets											
Long-term receivables											
Investments											
Investment property		60 473	60 473	61 683	60 473	60 473	60 473	60 473	61 683	61 683	61 683
Investment in Associates											
Property, plant and equipment	3	247 471	269 137	293 182	299 450	309 160	300 150	300 160	363 794	413 653	477 457
Agricultural											
Biological											
Intangible		429	424	564	2 017	2 017	2 017	2 017	564	1 123	1 291
Other non-current assets											
Total non current assets		309 354	329 035	355 829	351 950	362 650	362 650	362 650	416 441	476 659	549 430
TOTAL ASSETS		394 599	402 658	431 494	447 211	452 611	452 611	452 611	492 126	558 681	629 656
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4		276	358							
Consumer deposits		2 683	10 445	267							
Trade and other payables	4	15 792	9 234	18 685	9 284	9 234	9 234	9 234	16 665	17 652	18 676
Provisions		1 052	434	343					711		
Total current liabilities		19 457	20 539	17 682	9 284	9 284	9 234	9 234	17 399	17 652	18 676
Non current liabilities											
Borrowing		1 073	520	652	1 600	1 600	1 600	1 600	4 221	4 485	4 724
Provisions		2 599	3 082	3 069	235	235	235	235	239	264	279
Total non current liabilities		3 672	4 002	4 221	1 835	1 835	1 835	1 835	4 460	4 749	5 003
TOTAL LIABILITIES		23 129	24 541	21 903	11 119	11 119	11 129	11 129	21 859	22 381	23 680
NET ASSETS	5	371 475	378 114	409 612	436 091	441 791	441 791	441 791	470 260	536 309	605 976
COMMUNITY WEALTHEQUITY											
Accumulated Surplus/Deficit	4	371 475	378 114	409 612	436 091	436 791	436 791	436 791	470 260	636 309	695 976
Reserves						5 000	5 000	5 000			
TOTAL COMMUNITY WEALTHEQUITY	6	371 475	378 114	409 612	436 091	441 791	441 791	441 791	470 260	536 309	605 976

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 2016/17 where current assets reflect an amount of R75,6million.

Short term call investments decreased from R54,4 to R47,6 million in 2016/17 due to transfers to be made from reserves. The total assets increased from R452 million in 2015/16 to R492,1 for 2016/17 budget year.

4.5.7 Table A7 : Budgeted cash flows

EQ155 Nyandeni - Table A7 Budgeted Cash Flows

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year #1 2017/18	Budget Year #2 2018/19
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates, penalties & collection charges		4 632	5 259	5 690	5 317	5 317	5 317	5 317	4 838	5 249	5 757
Service charges		168	178	183	212	212	212	212	203	226	247
Other revenue		8 098	4 906	5 333	13 520	15 520	15 520	15 520	44 261	59 910	74 082
Government - operating	1	131 018	157 676	189 253	245 817	247 599	247 599	247 599	226 856	243 524	259 582
Government - capital	1	39 753	43 668	61 924	58 809	63 509	63 509	63 509	59 050	62 239	65 833
Interest		2 850	4 743	4 991	8 900	5 300	5 300	5 300	5 619	5 565	6 312
Dividends											
Payments											
Salaries and employees		(126 720)	(173 165)	(199 335)	(243 545)	(249 628)	(249 628)	(249 628)	(239 145)	(257 219)	(291 602)
Finance charges		(153)	(14)	(5)	(110)	(110)	(110)	(110)	(117)	(124)	(131)
Transfers and Grants	1				(5 000)	(5 000)	(5 000)	(5 000)	(5 300)	(5 627)	(5 939)
NET CASH FROM/(USED) OPERATING ACTIVITIES		60 643	45 659	64 354	77 319	78 618	78 618	78 618	55 268	105 292	114 233
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		358		1 318							
Decrease (increase) in non-current debtors											
Decrease (increase) other non-current receivables											
Decrease (increase) in non-current investments											
Payments											
Capital assets		(14 789)	(56 728)	(74 418)	(77 318)	(78 616)	(78 616)	(78 616)	(59 147)	(63 371)	(64 036)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(14 431)	(56 728)	(73 100)	(77 318)	(78 616)	(78 616)	(78 616)	(59 147)	(63 371)	(64 036)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans											
Borrowing long term financing		1 221									
Increase (decrease) in consumer deposits		3 107	1 611	(513)							
Payments											
Repayment of borrowing			(182)	(459)							
NET CASH FROM/(USED) FINANCING ACTIVITIES		4 328	1 429	(972)	-	-	-	-	-	-	-
NET INCREASE/(DECREASE) IN CASH HELD		50 540	(7 240)	(9 748)	1	1	0	0	35 119	41 921	50 197
Cash/cash equivalents at the year begin	2	32 133	82 887	75 448	75 448	11 587	11 587	11 587	75 448	111 559	153 350
Cash/cash equivalents at the year end	2	82 673	75 647	65 699	75 449	11 588	11 587	11 587	111 567	153 480	203 547

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 2016/17 MTERF. The municipality anticipate to collect in 2016/17 85% of annual billed revenue, 87% in 2017/18 and 90% in 2018/2019.

4.5.8 Table A8 : Cash backed reserves / accumulated surplus reconciliation

EC165 Nyandeni - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16				2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2016/17	Budget Year 11 2017/18	Budget Year 12 2018/19
R thousand											
Cash and investments available											
Cash/equivalents at the year end	1	82 687	75 440	65 694	75 441	11 568	11 567	11 567	111 559	(53 390)	233 583
Other current investments > 90 days		-	-	-	(1)	63 872	63 872	63 872	(45 285)	(83 849)	(129 975)
Non current assets - investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		82 687	75 440	65 694	75 440	89 440	83 439	83 440	65 694	69 541	73 612
Application of cash and investments											
Unspent conditional transfers		-	-	-	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Salary requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	12 263	1 962	8 945	(377)	(377)	(377)	(377)	7 782	6 615	5 095
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		12 263	1 962	8 945	(377)	(377)	(377)	(377)	7 782	6 615	5 095
Surplus/(shortfall)		70 424	73 478	58 749	75 817	89 817	83 817	83 817	57 913	62 924	68 516

Explanatory Notes.

The municipality have the reserves that are cash backed for 2016/17 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

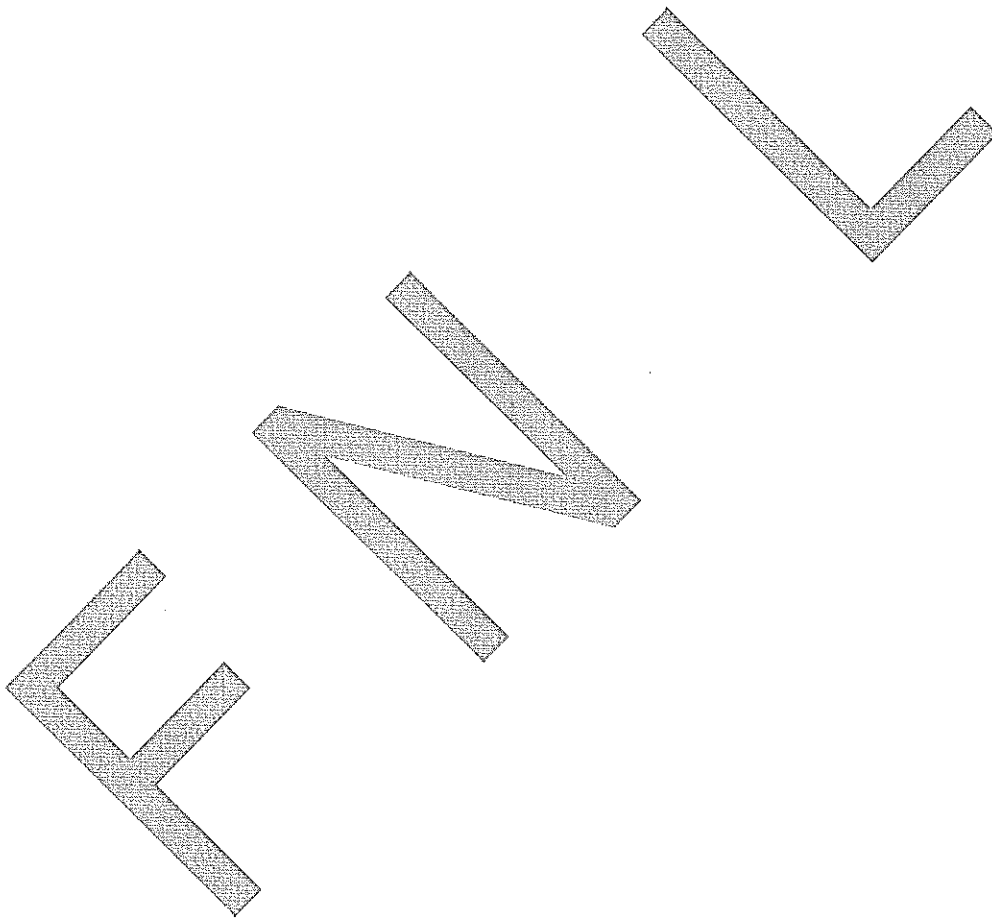
EC165 Nyandeni - Table A9 Asset Management

Description	Ref	2012/13	2013/14	2014/15	Current Year 2015/16			2016/17 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2016/17	Budget Year #1 2017/18	Budget Year #2 2018/19
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	14 789	65 660	74 421	77 318	78 018	78 018	59 147	63 371	64 036
Infrastructure - Road transport		12 200	60 234	64 668	58 354	58 354	58 354	55 143	61 661	62 543
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	235	235	235	249	264	279
Infrastructure		12 200	60 234	64 668	58 689	58 689	58 689	55 397	62 225	62 825
Community		-	-	438	200	200	200	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		2 357	5 142	8 447	16 512	17 212	17 212	3 600	638	1 043
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		221	284	919	2 017	2 017	2 017	150	159	163
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		-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	12 200	60 234	64 668	68 354	68 354	68 354	55 143	61 661	62 543
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	235	235	235	249	264	279
Infrastructure		12 200	60 234	64 668	58 689	58 689	58 689	55 397	62 225	62 825
Community		-	-	438	200	200	200	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		2 357	5 142	8 447	16 512	17 212	17 212	3 600	638	1 043
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		221	284	919	2 017	2 017	2 017	150	159	163
TOTAL CAPITAL EXPENDITURE - Asset class	2	14 789	65 660	74 421	77 318	78 018	78 018	59 147	63 371	64 036
ASSET REGISTER SUMMARY - PPE (WDV)										
Infrastructure - Road transport	5	207 809	221 333	259 292	238 658	236 658	236 658	309 849	371 609	434 155
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	235	235	235	249	264	279
Infrastructure		207 809	221 333	259 292	236 691	236 691	236 691	309 893	371 673	434 434
Community		2 693	2 699	3 273	2 739	2 739	2 739	2 600	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		60 473	60 473	61 633	60 473	60 473	60 473	61 683	61 683	61 683
Other assets		37 069	35 264	37 411	69 829	69 829	69 829	49 992	41 850	43 023
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		499	424	954	2 017	2 017	2 017	564	1 123	1 291
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	363 354	320 035	392 624	361 950	362 659	362 659	416 441	478 659	543 438
EXPENDITURE OTHER ITEMS										
Depreciation & asset impairment		31 291	30 481	33 632	45 926	45 926	45 926	33 763	40 603	48 604
Repairs and Maintenance by Asset Class	3	-	-	4 938	23 774	23 774	23 774	20 507	20 063	21 634
Infrastructure - Road transport		-	-	4 938	21 000	21 000	21 000	17 693	17 065	18 495
Infrastructure - Electricity		-	-	-	522	522	522	765	810	857
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	4 938	21 622	21 622	21 622	18 458	17 895	19 342
Community		-	-	-	170	170	170	134	142	150
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		-	-	-	2 052	2 052	2 052	1 915	2 026	2 141
TOTAL EXPENDITURE OTHER ITEMS	5, 7	31 291	30 481	38 571	70 699	70 699	70 699	54 259	60 666	70 237
<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%	1.7%	7.9%	7.9%	7.9%	5.8%	4.8%	4.5%
<i>Renewal and R&M as a % of PPE</i>		0.0%	0.0%	1.0%	7.0%	7.0%	7.0%	6.0%	4.0%	4.0%

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 20% is allocated to capital expenditure and 6% is allocated to repairs and maintenance when taking into consideration the total budget.



5 Annual Budget Process Overview

5.1 Background

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

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

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

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

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

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

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

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

DEVELOPMENT OF THE INTEGRATED DEVELOPMENT PLAN

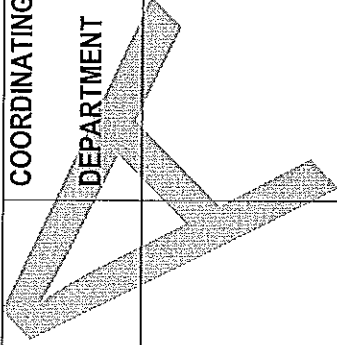
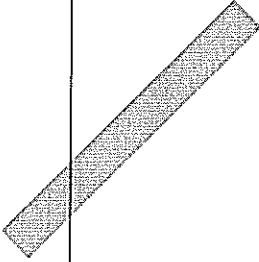
Guiding Principles

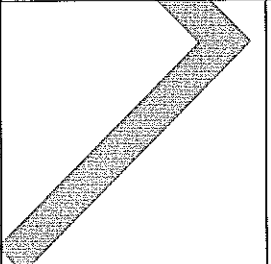
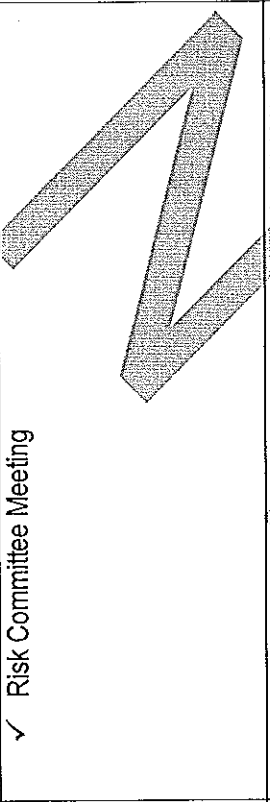
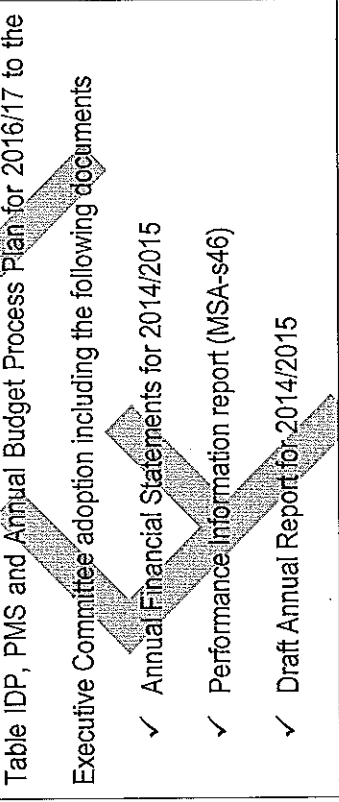
The development of the Integrated Development Plan (IDP) in terms of the Municipal Systems Act was guided and informed by the following principles:

- It must support and work towards achieving the Vision, Mission, Values and the Strategic Priorities of the NLM;
- Focus on service delivery in terms of the eradication of backlogs and the maintenance of infrastructure;
- Address community priorities (needs) as identified in the 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 2016/2017 IDP and preparation of the Multi-Year Budget for the 2016/17 year is reflected below

Schedule of key deadlines

PHASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLATIVE FRAMEWORK
	✓ Infrastructure Policy Workshop		17-18 August 2015	MFMA/MSA
	✓ 			

PHASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLATIVE FRAMEWORK
	<ul style="list-style-type: none"> ✓ BTO Special Standing Committee to consider Draft AFS 		17 August 2015 14h00	
	<ul style="list-style-type: none"> ✓ Risk Committee Meeting 	Municipal Manager	19 August 2015	
	Table IDP, PMS and Annual Budget Process Plan for 2016/17 to the Executive Committee adoption including the following documents <ul style="list-style-type: none"> ✓ Annual Financial Statements for 2014/2015 ✓ Performance Information report (MSA-s46) ✓ Draft Annual Report for 2014/2015 	Municipal Manager	25 August 2015	MFMA 21(1)(b) & 53 (1) (b)

PHASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLATIVE FRAMEWORK
	Audit Committee Meeting to consider Draft AFS		28 August 2015	
	<p>Tabling of IDP & Annual Budget Process Plan, AFS & Performance information report to council for adoption including the following documents</p> <ul style="list-style-type: none"> ✓ Annual Financial Statements for 2014/2015 ✓ Performance Information report (MSA-s46) ✓ Draft Annual Report for 2014/2015 	Mayor	28 August 2015	MFMA 21(1)(b) & 53 (1) (b)
	<p>Submit Annual Financial Statements and Annual Performance Assessment Information Report and Draft Annual Report for the year ending 30 June 2014 to Auditor General</p>	<p>Chief Financial Officer, MM</p>	31 August 2015	MFMA 126 (1) (a)

PHASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLATIVE FRAMEWORK
	IDP REP FORUM	Municipal Manager	3 SEPTEMBER 2015	
	Spring Day		04 September 2015	
	Advertise budget & IDP time schedule	SM: Operations	September 2015	
	Intergovernmental Engagements (IGR FORUM)	Mayor	22 September 2015	Constitution of RSA, s41 & MSA s24
	Ordinary Audit, Risk & Performance Committee		23 September 2015	
	State of the Local Address (SOLA)		30 September 2015	MSA s18
	Collate information relevant for inclusion in reviewed IDP, taking into account MEC comments	IDP Manager	October 2015	Chapter 3 of the Constitution of the RSA, 1996
	IDP & Budget Steering Committee	Municipal Manager	5 October 2015	IDP Guide
	All Departments to embark on Organizational structure review		October 2015	
	Risk Committee Meeting		23 October 2015	

PHASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLATIVE FRAMEWORK
	Table first quarter performance report including financial performance analysis report (s52(d) to Council	Mayor	29 October 2015	MFMA s52(d)
	Management Retreat	Municipal Manager	16-17 November 2015	
	Mayoral Imbizo's to give service delivery feedback and get community priority needs		09-13 November 2015	MSA s34 & s16
	Audit, Risk & Performance Committee	Municipal Manager	19 November 2015	
	Council Lekgotla (setting of institutional indicators aligned with national and provincial programmes, organizational structure, delegation framework and governance framework	MM & Mayor	24-27 November 2015	Constitution of RSA s153
	IDP Representative Forum	Mayor	3 December 2015	MSA s34
	Special Exco		11 December 2015	
	Special Council Meeting		15 December 2015	
	Convene Management Retreat to compile and finalize Mid-year report, adjustment budget and Revised SDBIP	Municipal Manager & Senior Managers	12-13 January 2016	MFMA s72 (1) & 11

PHASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLATIVE FRAMEWORK
	BTO Special Standing Committee Meeting	CFO	14 January 2016	
	Convene Exco Workshop on Midyear report, adjustment budget and Revised SDBIP, followed by the Special Executive Committee Meeting	Mayor & MM	18 & 19 January 2016	MFMA s72 (1) & 11
	Table Mid-year Report, revised SDBIP and Adjustment Budget for approval to the Special Council Meeting	Mayor & MM	25 January 2016	MFMA s72 (1) & 11
	Risk Management Committee		05 February 2016	
	Mid-year budget and performance assessments by Provincial Treasury	CFO & MM	February 2016	MFMA s72 (1) & 11
	IGR Forum	Mayor	23 February 2016	
	Ordinary Audit, Risk & Performance Committee			
	IDP Representative Forum	Mayor	08 March 2016	
COUNCIL SITTING	Presentation of Draft IDP, Annual Budget, Draft SDBIP, Tariffs and budget related policies to the Executive Committee	Municipal Manager & CFO	17 March 2016	

PHASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLATIVE FRAMEWORK
	Tabling of Draft IDP, Annual Budget, Draft SDBIP, Tariffs and budget related policies to Council	Mayor	31 March 2016	MFMA s16 (2)
	Adoption of the Oversight report	Speaker, MPAC	31 March 2016	MFMA s129(1)
	Strategic Risk Assessment Workshop		7-8 April 2016	
	Risk Committee		15 April 2016	
	Conduct IDP & Budget Public Hearings	Mayor	18-22 April 2016	
	Special Executive Committee Meeting		21 April 2016	
	Table third quarter performance report including financial performance analysis report to Council	Mayor	28 April 2016	MFMA s52(d)
	IDP Representative Forum	Mayor	05 May 2016	
	Intergovernmental Relations Forum	Mayor	12 May 2015	
	Ordinary Exco Meeting		18 May 2016	
	Table Reviewed IDP, Annual Budget, Tariffs, Organizational Structure and budget related policies for approval by Council	Mayor	31 May 2016	MFMA s24 (1)

PHASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLATIVE FRAMEWORK
	Approval of the SDBIP by the Mayor	Municipal Manager	June 2016	
	Ordinary Audit, Risk & Performance Committee		22 June 2016	
	Ordinary Council Meeting		30 June 2016	
	Table fourth quarter performance report including financial performance analysis report to Council	Municipal Manager	28 July 2016	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 with stakeholders such as government departments, ward committees, CDW, NGO's and private sector to refine what can be implemented. The funding process is based on the priorities identified in the IDP, as shown in the relevant tables in this document.

7 Budget Related Policies Overview and Amendments

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

The policies to be attached are as follows:

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

8 Budget Assumptions

8.1 National Treasury provided guidance in MFMA Circular No. 78 issued in terms of Municipal Finance Management Act No. 56 of 2003 regarding inflation:-

Fiscal Year	2014/2015		2015/2016	2016/2017	2017/2018	2018/2019
	Actual		Estimate	Forecast		
CPI Inflation	5.6		5.5	6.0%	5.8%	5.8%

8.2 The inflation rate to be used for calculating wage increases

The South African Local Government Bargaining Council recently entered into a three-year Salary and Wage Collective Agreement for the period 01 July 2015 to 30 June 2018. The agreement reached is as follows:-

- 2015/16 Financial Year – 7 per cent
- 2016/17 Financial Year- average CPI (Feb 2015-Jan 2016) + 1 per cent
- 2017/18 Financial Year – average CPI (Feb 2016-Jan 2017) + 1 per cent

8.3 Municipalities are advised to structure their 2016/17 electricity tariffs based on the 9.4 per cent guideline. Any changes to these guidelines will be communicated to municipalities in a further Budget Circular for the 2016/17 financial year.

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 75% 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 2016/2017 capital budget amounts to R59 146 893, and for the two outer years its R63 371 044, and R64 035 807. 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 2016. 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 R5,6 million for the current year, and for two outer years is R6 million and 6,3million.

The income received in the form of the Equitable Share Grant is R213 million and for the two outer years is R226 million and R237 million.

Other Grants and subsidies are as follows:

Grant Name	Financial Year	Amount
FMG	2016/17	R1 625 000
INEP	2016/17	R9 000 000
EPWP	2016/17	R1 261 000
LIBRARY SUBSIDIES	2016/17	R 400 000
DEDEAT	2016/17	R 500 000
CoGTA (Local Government Elections)	2016/17	R1 000 000

10 Annual budgets and service delivery and budget implementation plans
– Internal departments

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

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

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

The SDBIP gives effect to the Integrated Development Plan and the Budget of the municipality. It is an expression of the objectives of the Council in quantifiable outcomes which will be implemented by the administration for the financial period from 1 July 2016 to 30 June 2017 (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 2016/2017 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 will be finalised after approval of the 2016/17 MTREF in May 2016 directly aligned and informed by the 2016/17 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

PROGRESS ON SCOA IMPLEMENTATION

- SCOA Gazette no.37577 dated 22 April 2014 was tabled to the Council on 02nd July 2014
- SCOA implementation was prepared and tabled to the Council on the 11 December 2014.
- Terms of reference were also tabled to the council on 25 January 2016 with the names of the appointed committee members.
- Steering Committee and Implementation Team committee established and members were appointed.
- First awareness session was held in August 2015 where we invited the EXCO members, Section 79 Committee chairpersons and the management team and the presentation was done by our system vendor and Provincial Treasury.
- The SCOA workshop was held on the 22 October 2015 for the Management team and BTO officials and was facilitated by our system vendor.
- Another awareness session was held in April 2016 for the Steering committee members and Implementation team members as well the BTO Officials and was facilitated by National Treasury.
- In terms of budget the municipality has budgeted R2 million, of which R1,5 million will be funded from Equitable share and R500,000 will be funded from FMG.
- The MOU/SLA has been drafted for the current system vendor (Rdata-Promun) which will be considered by the SCOA Steering Committee.

14 Municipal Manager's Quality Certificate

I Mrs N Nomandela, Municipal Manager of the Nyandeni Local Municipality hereby certify that the 2016/2017 Final budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act 56 of 2003 and the regulations made under the Act, and that the final annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

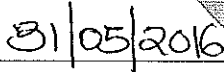
Signature



N. Nomandela

Mrs N. Nomandela
Municipal Manager
Nyandeni Local Municipality

Date



31/05/2016