

NYANDENI LOCAL MUNICIPALITY



Annual Budget

3 Year Plan: 2017/18 to 2020

TABLE OF CONTENTS

No	Description	Page
1	Table of Contents	2
2	Mayor's Report	3-5
3	Budget Related Resolutions	6-11
4	The Budget	12
4.1	Executive Summary	12-13
4.2	Operating Revenue Framework	14-21
4.3	Operating Expenditure Framework	22-26
4.4	Capital Expenditure	27-28
4.5	Annual Budget Schedules	29-50
	Supporting Documentation	51
5	Budget Process Overview	51-59
6	Alignment of Budget with Integrated Development Plan	60
7	Budget Related Policies Overview and Amendments	60
8	Budget Assumptions	61
9	Funding the Budget	62-63
10	Annual budgets and service delivery and budget implementation plans – internal departments	64
11	Contracts having future budgetary implications	64
12	Legislation compliance	65-66
13	Other supporting documents	67-72
14	Municipal Manager's quality certification	73

2. MAYOR'S REPORT

As we engross the five year strategic planning, we continue to dream and live. It is the dream that, we have conceptualized into a vision that will continue to inform and guide our strategy, the ultimate state which we seek to realize. We do so knowing that our institution is a Local Municipality still imbued with suffering from most social ills confronting our society.

This IDP is guided by the vigorous consultative process where the people of Nyandeni have spoken. A point must be restated, that as a collective, (those who must pay and those who must collect) are not doing sufficiently in the area of revenue enhancement. Our planning is prefaced on the following challenges:

- Fundamental amongst these challenges is the scourge of unemployment characterized by dismal performance on the employment of both the skilled and semi-skilled in the area. The majority of our people, both skilled and unskilled migrate to other areas to seek employment opportunities.
- There is absolutely no investment on land and property development.
- There are serious financial leakages owing to the fact that the large scale of trade is conducted by people from outside Nyandeni.
- There is no congruence between infrastructural and economic development to enhance and cause major dent to poverty.
- The state of our bulk infrastructure is still below acceptable standards and far from the realisation of quality services over and above the massive efforts to provide access.
- We do not have facilities to house manufacturing, production and processing and thus seeing us having to import even the simplest of consumables.
- Our tourist destinations are not sufficiently marketed and developed, and further that there is not systematic tourist cosmos to complete the life of a tourist in the area.
- We still lack on enforcement of existing bye-laws.
- The capacity of the finance department on the collections section

It is in this context that our efforts for this term will target achieving the following amongst our priorities and key interventions:

- Intensify crusade of clean towns
- Reinforce our capacity with EPWP to give opportunity to our youth.
- Youth cooperatives must be supported so that we can create work for the youth.
- Renewable Energy.
- Enforcement of existing bye-laws.
- Intensify our interventions in the assistance of farmers to compliment the work of the Agrarian Reform Department.

- Provisioning of sufficient social amenities as an effort to provide access to services like Banking, post services, police stations, and community halls.
- Poor state of infrastructure, including roads and sewerage system. Vigour on the part of maintenance for better quality of services.
- Local Economic Development will be one of our key focal

This year as we mark the 100 years since the legend OR Tambo first saw the African sun. It is proper to draw inspiration from the wise words of this African stalwart:

"We have...striven for seven decades to build one, common nationhood, with one destiny. Our shared experience of collective sacrifices in the struggle for a common goal has knit us together as one solid block of liberation. The comradeship that we have formed in the trenches of freedom, transcending the barriers that the enemy sought to create, is a guarantee and a precondition for our victory. But we need still to build on this achievement. All of us - workers, peasants, students, priests, chiefs, traders, teachers, civil servants, poets, writers, men, women and youth, black and white - must take our common destiny in our own hands."

Below is the summarized **Revenue & Expenditure MTERF 2017/2018**

DESCRIPTION	REVENUE & EXPENDITURE MTERF 2017/2018-2020			
	2016/2017	2017/2018	2018/2019	2019/2020
Own Revenue	R 19 459 000	R 18 235 000	R 23 773 000	R 23 981 000
Transfer from Reserves	R 40 097 000	R 67 301 000	R 67 439 000	R 73 219 000
Transfer Grants (Operational Grants)	R226 856 000	R247 723 000	R255 430 000	R267 816 000
TOTAL OPERATING REVENUE	R286 412 000	R333 259 000	R346 642 000	R365 016 000
Transfer Grants (Capital Grants)	R 58 050 000	R 94 813 000	R 74 232 000	R 98 812 000
TOTAL REVENUE	R344 462 000	R428 072 000	R420 874 000	R463 828 000
Salaries & Wages	R136 385 000	R151 750 000	R162 735 000	R174 777 000
General Expenses	R 82 370 000	R100 535 000	R105 525 000	R109 967 000
Repairs & Maintenance	R 20 507 000	R 11 789 000	R 12 535 000	R 13 327 000
Transfers and grants (Indigent subsidies)	R 5 300 000	R 5 792 000	R 6 163 000	R 6 557 000
Depreciation and Provisions for bad debts	R 40 753 000	R 44 815 000	R 50 867 000	R 54 823 000
Capital Expenditure	R 59 147 000	R113 391 000	R 83 049 000	R104 377 000
TOTAL EXPENDITURE	R344 462 000	R428 072 000	R420 874 000	R463 828 000
SURPLUS / (DEFICIT)	(R0)	(R0)	(R 0)	(R0)

An amount of R113 391 000 is budgeted for capital expenditure. There are projects currently funded by Small Town Revitalization Grant at an amount of R32,9 million, and such projects are as follows:

- Transport Hub Phase 2,
- High Must
- Internal Roads (Libode & Ngqeleni)
- Landfill Site

Also, the capital projects funded internally are worth R21 672 700. The construction of access roads has been dominantly funded through MIG and as a result of that, an amount of R58 799 300 is budgeted for, to continuously construct the access roads.

3. BUDGET RELATED RESOLUTIONS

Annual Budget for 2017/18

3.1 Council resolves that the multi-year annual budget of capital and operating expenditure for 2017/2018 and the indicated two outer years of 2018/2019 and 2019/2020 which has been 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 2017 to 30 June 2018, provided that rebates, as indicated, on application be allowed:

Tariffs and Charges

3.4 Council resolves that the following tariffs and charges be applied in 2017-18.

<u>CATEGORY</u>	<u>2017/2018</u>	<u>2018/2019</u>	<u>2019/2020</u>
<u>1. HALL HIRE CHARGES</u>			
Refundable security fee	R 800.00	R 844.80	R 892.11
Hourly rate Ngqeleni (Day)	R 70.00	R 73.92	R 78.00
Hourly rate Ngqeleni (Night)	R 70.00	R 75.00	R 78.00
Hourly rate Libode (Day)	R 80.00	R 85.00	R 88.00
Hourly rate Libode (Night)	R 70.00	R 75.00	R 78.00
<u>2. POUND FEES</u>			
Driving fee	R 60.00	R 63.36	R 66.91
Daily fee	R 90.00	R 90.00	R 94.79
Cattle, horse basic charge	R 220.00	R 232.32	R 245.33
Sheep & Goat basic charge	R 110.00	R 116.16	R 122.66
<u>5. REFUSE REMOVAL</u>			
Residential	R 35.00	R 28.00	R 30.00
General business	R 160.00	R 160.00	R 169.00
Commercial	R 420.00	R 420.00	R 445.00
Government	R 151.00	R 160.00	R 169.00
<u>6. CEMETERY</u>			
Living in town	R 310.00	R 330.00	R 350.00
Outside town	R 440.00	R 464.00	R 492.00
<u>7. TENDER FEES</u>			
R 50 000.00-R200 000.0	R 230.00	R 238.00	R 252.00
R200 000.00-R500 000.00	R 300.00	R 319.00	R 338.00
R500 000.00-R800 000.00	R 380.00	R 399.00	R 423.00
R800 000.00-R1000 000.00 Or More	R 450.00	R 479.00	R 507.00
<u>8. BUSINESS LICENCE</u>			
Supermarket & General Dealer	R 710.00	R 752.93	R 795.09
Hawker	R 120.00	R 125.66	R 132.70
Caravan (Restaurant & Telephone) p/y	R 120.00	R 126.72	R 133.82
Salon (p/y)	R 120.00	R 126.72	R 133.82

Funeral Parlor (p/y)	R 710.00	R 749.76	R 791.75
Hardware (p/y)	R 710.00	R 752.93	R 795.09
Accommodation establishment	R 510.00	R 539.62	R 569.83
9. MARKET SITE			
Hawkers (p/m)	R 30.00	R 33.00	R 35.00
Caravan Site(p/m)	R 70.00	R 79.00	R 83.00
10. CHAIR HIRE			
Around town (chair per day)	R 8.00	R 8.45	R 8.92
Indemnity fee (per chair)	R 20.00	R 21.12	R 22.30
11. Application for special consent			
Erven 0-2500m2	R 1 350.00	R 1 425.60	R 1 505.43
Erven 2501-5000m2	R 2 800.00	R 2 956.80	R 3 122.38
Erven5001-1000m2	R 6 100.00	R 6 441.60	R 6 802.33
Erven 1 ha – 5ha	R 8 200.00	R 8 659.20	R 9 144.12
Erven over 5ha	R 11 100.00	R 11 721.60	R 12 378.01
12. Application Fees for rezoning			
Erven from 0sqm-2500sqm	R 1 700.00	R 1 795.20	R 1 895.73
Erven from 2501sqm-5000sqm	R 3 200.00	R 3 379.20	R 3 568.44
Erven from 5001sqm- 10000sqm	R 6 400.00	R 6 758.40	R 7 136.87
Erven from 1 ha - 5ha	R 8 100.00	R 8 553.60	R 9 032.60
Erven over 5 ha	R 11 200.00	R 11 827.20	R 12 489.52
13. Subdivision and Township Application			
• Erven 1-2	R 1 700.00	R 1 795.20	R 1 895.73
• Erven 1-3	R 2 300.00	R 2 428.80	R 2 564.81
• Erven 1-4	R 2 800.00	R 2 956.80	R 3 122.38
• Erven 1-5	R 3 400.00	R 3 590.40	R 3 791.46
• Erven 1-6	R 4 100.00	R 4 329.60	R 4 572.06
• Erven 1-7	R 4 500.00	R 4 752.00	R 5 018.11
• Erven 1-8	R 5 200.00	R 5 491.20	R 5 798.71
• Erven 1-9	R 5 700.00	R 6 019.20	R 6 356.28
• Erven 1-10	R 6 200.00	R 6 547.20	R 6 913.84
• Erven more than 10	R 8 500.00	R 8 976.00	R 9 478.66
14. Application for departure from building lines			
Erven 0 – 5000m2	R 1 100.00	R 1 161.60	R 1 226.65
Erven 5001 –more	R 1 600.00	R 1 689.60	R 1 784.22
Application for Removal of Restrictions	R 7 900.00	R 8 342.40	R 8 809.57
Zoning Certificates	120	R 126.72	R 133.82
Extension of time	R 410.00	R 432.96	R 457.21

Town Planning Scheme CD	R 220.00	R 232.32	R 245.33
Amendments to Existing subdivision	R 1 700.00	R 1 795.20	R 1 895.73
Application for consolidation of Erven	R 1 700.00	R 1 795.20	R 1 895.73
SG Diagram	R 40.00	R 42.24	R 44.61
15. Building plans			
Building Approval Fees per m2	R 30.00	R 31.68	R 33.45
Building plan fees:			
A3	R 12.00	R 12.67	R 13.38
A2	R 17.00	R 17.95	R 18.96
A1	R 28.00	R 29.57	R 31.22
Approval fee for minor works(0-10m2): Internal alterations per m2	R 17.00	R 17.95	R 18.96
External alteration per m2	R 13.00	R 13.73	R 14.50
Boundary walls	R 600.00	R 633.60	R 669.08
Shelter: Carport per m2	R 18.00	R 19.01	R 20.07
Car wash per m2	R 13.00	R 13.73	R 14.50
Braai area per m2	R 18.00	R 19.01	R 20.07
Temporary structure: Wendy flats per m2	R 18.00	R 19.01	R 20.07
Prefab per m2	R 18.00	R 19.01	R 20.07
Container p.a	R 1 200.00	R 1 267.20	R 1 338.16
Caravans per p.a.	R 600.00	R 633.60	R 669.08
Storage Facility p.a.	R 1 200.00	R 1 267.20	R 1 338.16
Builders Shelter p.a.	R 600.00	R 633.60	R 669.08
16. Libode eco park			
Entrance fee per person	R 10.00	R 10.56	R 11.15
Company events per day or night (06:00 - 18:00 or 18:01 - 06:00)	R 1 500.00	R 1 584.00	R 1 672.70
Church events per day or night (06:00 - 18:00 or 18:01 - 06:00)	R 1 200.00	R 1 267.20	R 1 338.16
Entertainment shows per day or night (06:00 - 18:00 or 18:01 - 06:00)	R 2 000.00	R 2 112.00	R 2 230.27
Educational tours per day	R 300.00	R 316.80	R 334.54
Photoshoot per day	R 250.00	R 264.00	R 278.78
Toilet entrance fees	R 2.00	R 2.11	R 2.23
17. Property rates			
Residential Property	0.0078	R 0.0082	R 0.0087
Businesses	0.0116	R 0.0122	R 0.0129
Government1	0.0116	R 0.0122	R 0.0129
government2	0.0116	R 0.0122	R 0.0129
Agriculture1	0.00193	R 0.0022	R 0.0024

Agriculture2	0.00193	R 0.0022	R 0.0108
Institutions	0.0116	R 0.0122	R 0.0129
Clinics	0.0116	R 0.0122	R 0.0129
Hospital	0.0116	R 0.0122	R 0.0129
Schools	0.0116	R 0.0122	R 0.0129
Trading Stations	0.0116	R 0.0122	R 0.0129
R 61 Road	0.0019	R 0.0020	R 0.0021
N2 Road	0.0019	R 0.0020	R 0.0021
18. Rates and services clearance certificate			
Rates and refuse clearance certificate	R60.00	R70.00	R80.00
19. Sports field			
Commercial & Professional use per day	R 700.00	R 739.20	R 780.60
Amateur bodies, welfare and religious organizations per day	R 400.00	R 422.40	R 446.05
Professional practice per day	R 900.00	R 950.40	R 1 003.62
Amateur practice per day	R 400.00	R 422.40	R 446.05
Special letting – music concerts/festival flairs etc	R 1 700.00	R 1 795.20	R 1 895.73

Measurable Performance Objectives

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

Integrated Development Plan

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

Budget Related Polices

3.7 Council resolves that the following budget related polices be approved

- Supply Chain Management
- 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, Small Town Revitalisation Programme, EPWP Greenest Municipal Town Competition.

FINANCIAL

4. THE BUDGET

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

4.1 Executive Summary

Overview

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

In terms of Section 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 2017/18 MTREF:

- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals;
- Tariff and property rate considerations 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, 79, 82,85,and 86 were used to guide the compilation of the 2017/18 MTREF.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2017/18 Medium-term Revenue and Expenditure Framework:

TABLE 1 CONSOLIDATED OVERVIEW OF 2017/18 MTERF

R thousand	Adjustment Budget 2016/17	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Total Operating Revenue	319 030 000	333 259 000	346 642 000	365 016 000
Total Operating Expenditure	302 797 000	314 681 000	337 825 000	359 451 000
Surplus /(deficit) for the year	16 233 000	18 578 000	8 817	5 565
Capital Expenditure	58 050 000	94 813 000	74 232 000	98 812 000
Total Capital Expenditure	74 830 000	113 391 000	83 049 000	104 377 000

Total operating revenue is R333 259 000 million for the 2017/18 financial year. For the two outer years, operational revenue will increase by R13 383 000, and by R18 374 000.

Total operating expenditure for the 2017/18 financial year has been appropriated at R314 681 000 million and translates into a balancing budget with no either surplus or deficit where total expenditure equals to the total revenue. For the two outer years, expenditure has been appropriated at R337 825 000 and R359 451 000. 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 for 2017-18 has been appropriated at R113 391 000, for two outer years at R83 049 000 and R104 377 000. In the current year, MIG revenue has increased by 6.6% as compared to the previous year. There is a new grant i.e. Small Town Revitalization which worth R32 919 000, and is included to fund the capital expenditure. An amount of R10 000 000 has been funded from the Reserves, and R11 672 400 funded from the Equitable share. 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 Integrated 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 policy of the NLM.
- Implementation of its Credit Control and Debt Collection policy and by-laws

FINAL

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)

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1										
Revenue By Source											
Property rates	2	5 259	5 690	5 605	5 690	5 690	5 690	5 690	6 054	6 399	6 757
Service charges - electricity revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	178	188	200	245	245	245	245	260	277	295
Service charges - other											
Rental of facilities and equipment		144	86	61	185	185	185	185	126	133	141
Interest earned - external investments		4 743	4 931	7 231	5 618	5 618	5 618	5 618	5 978	8 300	8 831
Interest earned - outstanding debtors				204							
Dividends received											
Fines, penalties and forfeits		59	45	39	56	56	56	56	310	400	426
Licences and permits		3 252	3 274	2 357	5 618	5 618	5 618	5 618	4 000	4 256	4 528
Agency services				61	500	500	500	500	400	426	453
Transfers and subsidies		157 576	186 230	245 981	226 856	228 474	228 474	228 474	247 723	255 429	267 816
Other revenue	2	1 451	1 928	12 469	41 644	72 644	72 644	72 644	68 408	71 022	75 769
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		172 663	202 372	274 209	286 412	319 030	319 030	319 030	333 259	346 642	365 016

TABLE 3 Percentage growth in revenue by main revenue source

Description R thousand	Ref	Current Year 2016-17		2017/18-2020 Medium Term Revenue & Expenditure Framework					
		Adjusted Budget	Increase/(decrease %)	Budget Year 2017/18	Increase/(decrease %)	Budget Year +1 2018/19	Increase/(decrease %)	Budget Year +2 2019/20	Increase/(decrease %)
Revenue By Source									
Property rates	2	5 690		6 054	6%	6 399	6%	6 757	6%
Property rates - penalties & collection charges									
Service charges - electricity revenue	2	–		–		–		–	0%
Service charges - water revenue	2	–		–		–		–	0%
Service charges - sanitation revenue	2	–		–		–		–	0%
Service charges - refuse revenue	2	245		260	6%	277	6.5%	295	6.5%
Service charges - other									
Rental of facilities and equipment		185		126	(32%)	133	5.6%	141	6%
Interest earned - external investments		5 618		5 977	6%	8 300	38%	8 831	6%
Interest earned - outstanding debtors									
Dividends received									
Fines		56		310	6%	400	6%	426	6%
Licences and permits		5 618		4 000	-29%	4 256	9%	4 528	6%
Agency services		500		310	-38%	329	6%	453	38%
Transfers recognised - operational		228 474		247 723	8%	255 429	3%	267 816	5%
Other revenue	2	72 644		68 499	-6%	71 022	4%	75 769	7%
Gains on disposal of PPE									
Total Revenue (excluding capital transfers and contributions)		319 030		333 259		346 642		365 016	

FINAL

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 2017/18 financial year, revenue from rates and taxes total R6 054 000 million or 2 per cent, and the figure exclude the revenue forgone.

In 2018/19 it shows an amount of R6 399 000, and in 2019/20 year shows an amount of R6 757 000 million. The revenue generated from rates and taxes has increased by 6 per cent in 2017/18, for two outer years increased by 6 per constantly. The above mentioned rates and taxes revenue for the 2017/18 -19 MTERF exclude revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. The revenue forgone for each year shows an amount of R1 014 091, R1 071 894 and R1 131 920.

The municipality has updated the Supplementary Valuation Roll for implementation as from the 1st of July 2017. A thorough reconciliation of both the Supplementary Valuation roll and General Valuation roll will be performed to ensure that the revenue generated from rates and taxes is realistic. 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.

Transfers and Grants receipts

EC155 Nyandeni - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		163 004	185 930	-	224 956	224 956	224 956	241 239	255 007	267 369
Local Government Equitable Share		140 564	169 496		213 070	213 070	213 070	223 248	233 307	239 669
Finance Management		1 550	1 791		1 625	1 625	1 625	1 700	1 700	1 700
Municipal Systems Improvement		890	934							1 000
Integrated National Electrification Programme		19 000	12 537		9 000	9 000	9 000	15 000	20 000	25 000
EPWP Incentive		1 000	1 172		1 261	1 261	1 261	1 291		
Other transfers/grants [insert description]										
Provincial Government:		300	300	-	1 400	1 400	1 400	400	423	447
Sport and Recreation		300	300		400	400	400	400	423	447
Other transfers/grants [insert description]					1 000	1 000	1 000			
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	500	2 118	2 118	6 084	-	-
Small town revitalisation (OTP)										
DEDEAT					500	2 118	2 118	6 084	-	-
Total Operating Transfers and Grants	5	163 304	186 230	-	226 856	228 474	228 474	247 723	255 430	267 816
Capital Transfers and Grants										
National Government:		48 566	61 324	-	58 050	58 050	58 050	61 894	65 421	69 143
Municipal Infrastructure Grant (MIG)		48 566	61 324		58 050	58 050	58 050	61 894	65 421	69 143
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	-	-	-
Other capital transfers/grants [insert description]										
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	32 919	8 811	29 669
Small town revitalisat								32 919	8 811	29 669
Total Capital Transfers and Grants	5	48 566	61 324	-	58 050	58 050	58 050	94 813	74 232	98 812
TOTAL RECEIPTS OF TRANSFERS & GRANTS		211 870	247 554	-	284 906	286 524	286 524	342 536	329 662	366 628

In 2017/18 financial year, the operational grants show an amount of R247 723 000. For the two outer years, the operational grants have increased by R7 707 000, and R12 386 000. The increase is due to the Integrated National Electrification Programme, which consistently increase by R5 million each year i.e. 2018-19 and 2019-20. Also the Equitable Share shows an increase in 2018-19 by R 10 million but a decrease in 2019-20 by R6 million

Table 5 Proposed rates to be levied for the 2017/18 financial year

RATES TARRIF

DETERMINATION OF TARIF AS PER CATERGORY AS FROM 1 JULY 2017-30 JUNE 2018

PROPERTY RATES	2017/2018
Residential Property	0.0078
Businesses	0.0116
Government1	0.0116
government2	0.0116
Agriculture1	0.0097
Agriculture2	0.0097
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

4.3 OPERATING EXPENDITURE FRAMEWORK

The NLM's expenditure framework for the 2017/18 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.
- Also, there is a new reform i.e. MSCOA, which indicates that each line item, for each to be budgeted, such a project should be in the Integrated Development Plan.

The following table is a high level summary of the 2017/18 budget and MTREF (classified per main type of operating expenditure):

EC155 Nyandeni - Table A1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Employee costs	79 836	92 149	104 244	116 929	116 929	116 929	116 929	131 883	140 293	150 675
Remuneration of councillors	15 983	17 014	18 041	19 456	19 456	19 456	19 456	19 867	22 442	24 102
Depreciation & asset impairment	30 481	33 632	31 783	33 753	33 753	33 753	33 753	41 815	47 696	51 474
Finance charges	140	117	140	117	117	117	117	117	124	131
Materials and bulk purchases	4 463	4 938	4 964	20 507	27 787	27 787	27 787	11 789	12 535	13 327
Transfers and grants	-	-	-	5 300	5 300	5 300	5 300	5 639	6 163	6 556
Other expenditure	79 434	85 857	93 200	89 253	99 455	99 455	99 455	103 571	108 573	113 186
Total Expenditure	210 336	233 708	252 373	285 315	302 797	302 797	302 797	314 681	337 826	359 451

FINAL

(i) 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. The preparation of the 2017/18 MTERF constitutes implementation of the last year of the agreement which municipalities must implement as follows:

2017/18 Financial year – average CPI (Feb 2016 –Jan 2016 which is 6.4%) + 1 percent, that makes 7.4%

For the outer years the inflation rate based on average CPI plus 1per cent for 2019 and 2020 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 R151 750 000, and for two outer years, its R162 735 000 (5.7%) and R174 777 000 (5.6%).

(ii) Depreciation,:

Depreciation has been provided for at R41,8 million in 2017/18, R47,6 million in 2018/19 and R51,4 million in 2019/20.

(iii) Other Expenditures:

Included in the total amount (R103 418 000) of other expenditures, are the expenditures for Accounting and Audit Fees worth R4,2 million for the audit fees, mSCOA worth R1,5 million, and General Expenditure worth R93,1 million as well as Contracted (**photocopying and printing machinery**) services of R1,6 million, and debtors impairment of R3 million as a non-cash item.

(iv) Transfers & Grants:

An amount of R5, 7 million has been provided for free basic services in the form of Eskom coupons and alternative energy.

(v) Materials and Other Bulk Purchases:

This includes the repairs and maintenance. An amount of R11 789 000 is budgeted for in 2017-18. The budget has increased for two outer years to R12,5 million i.e. 5.8% and R13,3 million i.e. 5.8%. The repairs and maintenance expenditure has decreased as compared to previous year. The reason being the projects that were originally identified as for maintenance, are currently regarded as "projects for rehabilitation which means they will be capitalized". Such projects are worth R10 million and budgeted for under capital projects that are funded internally hence the decrease from previous year.

The following table gives a breakdown of the main expenditure categories of the total operating budget for the 2017/18 financial year.

PERCENTAGE ALLOCATION FOR 2017/2018 FINANCIAL YEAR.

EXPENDITURE ITEM	EXPENDITURE PERCENTAGE %
Personnel expenditure	47%
General expenditure	34%
Repairs and Maintenance	4%
Provisions	15%
TOTAL %	100 %

F E M N A

FINAL

4.4 CAPITAL EXPENDITURE

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand	1										
Single-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE & COUNCIL		-	-	1 139	-	-	-	-	-	-	-
Vote 2 - FINANCE & ADMINISTRATION- CORPORATE SERVICES		2 456	2 955	4 293	750	4 627	4 627	4 627	6 672	7 088	4 022
Vote 3 - FINANCE & ADMINISTRATION - BUDGET & TREASURY		2 481	6 324	-	-	1 003	1 003	1 003	-	-	-
Vote 4 - PLANNING & DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY & SOCIAL SERVICES		-	488	8 799	-	-	-	-	-	-	-
Vote 6 - HOUSING		-	-	-	-	-	-	-	-	-	-
Vote 7 - ROAD TRANSPORT		60 723	64 654	68 015	58 148	68 403	68 403	68 403	95 118	75 961	100 355
Vote 8 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-
Vote 9 - HEALTH		-	-	-	-	-	-	-	-	-	-
Vote 10 - SPORT AND RECREATION		-	-	-	-	-	-	-	-	-	-
Vote 11 - ELECTRICITY		-	-	-	-	-	-	-	-	-	-
Vote 12 - WASTE MANAGEMENT		-	-	696	249	249	249	249	11 600	-	-
Vote 13 - OTHER		-	-	-	-	-	-	-	-	-	-
Vote 14 - INTERNAL AUDIT		-	-	-	-	-	-	-	-	-	-
Vote 15 - OTHER		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		65 660	74 421	82 942	59 147	74 283	74 283	74 283	113 391	83 049	104 377
Total Capital Expenditure - Vote		65 660	74 421	82 942	59 147	74 283	74 283	74 283	113 391	83 049	104 377

When comparing the previous budget of R74,2 million, there is an decrease of R39,1 million which is 53%. In a total budget of R113,3 million for the budget year 2017/18, an amount of R101,7 million is allocated to the infrastructure assets, R11,6 million to the landfill site, R5 million to the upgrade of offices, R6 million to the plant& machinery, R1,8 million to other assets and R800 000 to the intangibles assets.

For the two outer years the there is a decrease to R83 million and increase to R104,3 million.

FINAL

4.5 ANNUAL BUDGET TABLES

4.5.1 Table A1 : Budget summary

EC155 Nyandeni - Table A1 Budget Summary

Description	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousands										
Financial Performance										
Property rates	5 259	5 690	5 605	5 690	5 690	5 690	5 690	6 054	6 399	6 757
Service charges	178	188	200	245	245	245	245	260	277	295
Investment revenue	4 743	4 931	7 231	5 618	5 618	5 618	5 618	5 978	8 300	8 831
Transfers recognised - operational	157 576	186 230	245 981	226 856	228 474	228 474	228 474	247 723	255 430	267 816
Other own revenue	4 906	5 333	15 191	48 003	79 003	79 003	79 003	73 244	76 236	81 317
Total Revenue (excluding capital transfers and contributions)	172 663	202 372	274 209	286 412	319 030	319 030	319 030	333 259	346 642	365 016
Employee costs	79 836	92 149	104 244	116 929	116 929	116 929	116 929	131 883	140 293	150 675
Remuneration of councillors	15 983	17 014	18 041	19 456	19 456	19 456	19 456	19 867	22 442	24 102
Depreciation & asset impairment	30 481	33 632	31 783	33 753	33 753	33 753	33 753	41 815	47 696	51 474
Finance charges	140	117	140	117	117	117	117	117	124	131
Materials and bulk purchases	4 463	4 938	4 964	20 507	27 787	27 787	27 787	11 789	12 535	13 327
Transfers and grants	-	-	-	5 300	5 300	5 300	5 300	5 792	6 163	6 557
Other expenditure	79 434	85 857	93 200	89 253	99 455	99 455	99 455	103 418	108 573	113 186
Total Expenditure	210 336	233 708	252 373	285 315	302 797	302 797	302 797	314 681	337 826	359 451
Surplus/(Deficit)	(37 674)	(31 336)	21 836	1 097	16 233	16 233	16 233	18 578	8 817	5 565
Transfers and subsidies - capital (monetary allocations)	48 566	61 324	58 809	58 050	58 050	58 050	58 050	94 813	74 232	98 812
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	10 892	29 988	80 645	59 147	74 283	74 283	74 283	113 391	83 049	104 377
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	10 892	29 988	80 645	59 147	74 283	74 283	74 283	113 391	83 049	104 377
Capital expenditure & funds sources										
Capital expenditure	65 660	74 421	82 942	59 147	74 283	74 283	74 283	113 391	83 049	104 377
Transfers recognised - capital	65 660	74 421	77 318	59 147	58 050	58 050	58 050	113 391	83 049	104 377
Public contributions & donations	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	5 624	-	16 233	16 233	16 233	-	-	-
Total sources of capital funds	65 660	74 421	82 942	59 147	74 283	74 283	74 283	113 391	83 049	104 377
Financial position										
Total current assets	82 922	75 685	109 071	75 685	75 685	75 685	75 685	107 786	129 875	136 789
Total non current assets	320 035	355 809	406 635	416 441	416 441	416 441	416 441	499 748	566 398	410 518
Total current liabilities	20 539	17 662	20 740	17 396	17 396	17 396	17 396	12 514	10 011	8 009
Total non current liabilities	4 003	4 221	4 711	4 470	4 470	4 470	4 470	16 862	5 364	5 473
Community wealth/Equity	378 414	409 612	490 256	470 260	470 260	470 260	470 260	578 159	680 897	533 825
Cash flows										
Net cash from (used) operating	48 050	64 354	106 775	95 267	95 267	95 267	95 267	158 206	133 916	159 200
Net cash from (used) investing	(56 728)	(73 100)	(71 559)	(59 147)	(74 283)	(74 283)	(74 283)	(113 391)	(83 049)	(104 377)
Net cash from (used) financing	1 431	(1 000)	1 036	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	75 440	65 694	101 947	111 560	96 424	96 424	96 424	146 761	197 629	252 451
Cash backing/surplus reconciliation										
Cash and investments available	75 440	65 694	101 947	65 694	65 694	65 694	65 694	101 947	116 947	126 947
Application of cash and investments	1 962	6 946	16 141	7 783	11 032	11 032	11 032	7 261	(2 330)	(1 247)
Balance - surplus (shortfall)	73 478	58 749	85 806	57 912	54 663	54 663	54 663	94 686	119 276	128 194
Asset management										
Asset register summary (WDV)	320 035	355 809	406 635	375 448	385 704	385 704	439 544	439 544	505 791	352 686
Depreciation	-	-	-	-	-	-	41 815	41 815	47 696	51 474
Renewal of Existing Assets	-	-	-	-	-	-	-	-	-	-
Repairs and Maintenance	-	4 938	4 964	20 507	27 787	27 787	11 789	11 789	12 535	13 327
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	908	953	953	953	953	953	1 014	1 014	1 072	1 132
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

Explanatory Notes

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

FUNDING

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

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

Functional Classification Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue - Functional	1									
Governance and administration		155 389	184 809	244 702	267 587	298 587	298 587	305 344	320 750	333 751
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		155 389	184 809	244 702	267 587	298 587	298 587	305 344	320 750	333 751
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		309	3 627	2 801	6 780	6 780	6 780	456	482	510
Community and social services		309	300	344	606	606	606	456	482	510
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	3 327	2 457	6 174	6 174	6 174	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		51 890	75 071	60 133	60 350	60 350	60 350	100 928	79 365	104 273
Planning and development		13	38	105	39	39	39	42	45	47
Road transport		51 877	75 033	60 028	60 311	60 311	60 311	100 886	79 320	104 225
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		13 641	188	25 382	9 745	11 362	11 362	21 344	20 277	25 295
Energy sources		13 463	-	25 000	9 000	9 000	9 000	15 000	20 000	25 000
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		178	188	382	745	2 362	2 362	6 344	277	295
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	221 229	263 696	333 018	344 462	377 080	377 080	428 072	420 874	463 828
Expenditure - Functional										
Governance and administration		210 336	228 769	225 201	166 596	170 019	170 019	200 717	220 007	229 715
Executive and council		15 983	17 014	18 041	62 899	62 899	62 899	56 325	60 309	64 576
Finance and administration		194 353	211 755	207 160	103 697	107 120	107 120	141 126	156 199	161 390
Internal audit		-	-	-	-	-	-	3 266	3 499	3 748
Community and public safety		-	-	-	56 115	56 005	56 005	22 478	24 073	25 781
Community and social services		-	-	-	52 845	52 835	52 835	14 316	15 330	16 416
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	1 624	1 624	1 624	3 246	3 479	3 728
Housing		-	-	-	1 646	1 546	1 546	4 379	4 692	5 028
Health		-	-	-	-	-	-	537	572	608
Economic and environmental services		-	4 938	4 964	51 877	59 105	59 105	54 168	56 354	60 321
Planning and development		-	-	-	16 202	16 297	16 297	19 958	21 100	22 610
Road transport		-	4 938	4 964	35 676	42 808	42 808	34 210	35 253	37 711
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	-	22 207	10 726	17 662	17 662	34 659	34 555	40 605
Energy sources		-	-	22 207	9 000	14 318	14 318	17 511	22 688	27 878
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	1 726	3 344	3 344	17 148	11 867	12 727
Other	4	-	-	-	-	5	5	2 658	2 838	3 030
Total Expenditure - Functional	3	210 336	233 708	252 373	285 315	302 797	302 797	314 681	337 826	359 451
Surplus/(Deficit) for the year		10 892	29 988	80 645	59 147	74 283	74 283	113 391	83 049	104 377

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	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue by Vote										
Vote 1 - EXECUTIVE & COUNCIL	1	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE & ADMINISTRATION- CORPORATE SE		398	958	441	795	795	795	400	426	453
Vote 3 - FINANCE & ADMINISTRATION - BUDGET & TRE		154 990	183 852	244 260	266 792	297 792	297 792	304 944	320 325	333 298
Vote 4 - PLANNING & DEVELOPMENT		13	38	105	39	39	39	42	45	47
Vote 5 - COMMUNITY & SOCIAL SERVICES		309	300	344	606	606	606	456	482	510
Vote 6 - HOUSING		-	-	-	-	-	-	-	-	-
Vote 7 - ROAD TRANSPORT		51 877	75 033	60 028	60 311	60 311	60 311	100 886	79 320	104 225
Vote 8 - PUBLIC SAFETY		-	3 327	2 457	6 174	6 174	6 174	-	-	-
Vote 9 - HEALTH		-	-	-	-	-	-	-	-	-
Vote 10 - SPORT AND RECREATION		-	-	-	-	-	-	-	-	-
Vote 11 - ELECTRICITY		13 463	-	25 000	9 000	9 000	9 000	15 000	20 000	25 000
Vote 12 - WASTE MANAGEMENT		178	188	382	745	2 362	2 362	6 344	277	295
Vote 13 - OTHER		-	-	-	-	-	-	-	-	-
Vote 14 - INTERNAL AUDIT		-	-	-	-	-	-	-	-	-
Vote 15 - OTHER		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	221 229	263 696	333 018	344 462	377 080	377 080	428 072	420 874	463 828
Expenditure by Vote to be appropriated										
Vote 1 - EXECUTIVE & COUNCIL	1	15 983	17 014	18 041	62 899	62 899	62 899	56 325	60 309	64 576
Vote 2 - FINANCE & ADMINISTRATION- CORPORATE SE		79 836	92 149	104 244	30 590	30 490	30 490	38 060	41 369	44 222
Vote 3 - FINANCE & ADMINISTRATION - BUDGET & TRE		114 517	119 606	102 916	73 108	76 631	76 631	103 067	114 829	117 169
Vote 4 - PLANNING & DEVELOPMENT		-	-	-	16 202	16 297	16 297	19 958	21 100	22 610
Vote 5 - COMMUNITY & SOCIAL SERVICES		309	-	-	52 845	52 835	52 835	14 316	15 330	16 416
Vote 6 - HOUSING		-	-	-	1 646	1 546	1 546	4 379	4 692	5 028
Vote 7 - ROAD TRANSPORT		-	4 938	4 964	35 676	42 808	42 808	34 210	35 253	37 711
Vote 8 - PUBLIC SAFETY		-	-	-	1 624	1 624	1 624	3 246	3 479	3 728
Vote 9 - HEALTH		-	-	-	-	-	-	537	572	608
Vote 10 - SPORT AND RECREATION		-	-	-	-	-	-	-	-	-
Vote 11 - ELECTRICITY		-	-	22 207	9 000	14 318	14 318	17 511	22 688	27 878
Vote 12 - WASTE MANAGEMENT		-	-	-	1 726	3 344	3 344	17 148	11 867	12 727
Vote 13 - OTHER		-	-	-	-	5	5	2 658	2 838	3 030
Vote 14 - INTERNAL AUDIT		-	-	-	-	-	-	3 266	3 499	3 748
Vote 15 - OTHER		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	210 645	233 708	252 373	285 315	302 797	302 797	314 681	337 826	359 451
Surplus/(Deficit) for the year	2	10 583	29 988	80 645	59 147	74 283	74 283	113 391	83 049	104 377

Explanatory Notes

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

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

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

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Revenue By Source											
Property rates	2	5 259	5 690	5 605	5 690	5 690	5 690	5 690	6 054	6 399	6 757
Service charges - electricity revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	178	188	200	245	245	245	245	260	277	295
Service charges - other											
Rental of facilities and equipment		144	86	61	185	185	185	185	126	133	141
Interest earned - external investments		4 743	4 931	7 231	5 618	5 618	5 618	5 618	5 978	8 300	8 831
Interest earned - outstanding debtors				204							
Dividends received											
Fines, penalties and forfeits		59	45	39	56	56	56	56	310	400	426
Licences and permits		3 252	3 274	2 357	5 618	5 618	5 618	5 618	4 000	4 256	4 528
Agency services				61	500	500	500	500	400	426	453
Transfers and subsidies		157 576	186 230	245 981	226 856	228 474	228 474	228 474	247 723	255 430	267 816
Other revenue	2	1 451	1 928	12 469	41 644	72 644	72 644	72 644	68 409	71 022	75 769
Gains on disposal of PPE											
Total Revenue (excluding capital transfers and contributions)		172 663	202 372	274 209	286 412	319 030	319 030	319 030	333 259	346 642	365 016
Expenditure By Type											
Employee related costs	2	79 836	92 149	104 244	116 929	116 929	116 929	116 929	131 883	140 293	150 675
Remuneration of councillors		15 983	17 014	18 041	19 456	19 456	19 456	19 456	19 867	22 442	24 102
Debt impairment	3	2 418	2 836	5 107	7 000	7 000	7 000	7 000	3 000	3 171	3 349
Depreciation & asset impairment	2	30 481	33 632	31 783	33 753	33 753	33 753	33 753	41 815	47 696	51 474
Finance charges		140	117	140	117	117	117	117	117	124	131
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	4 463	4 938	4 964	20 507	27 787	27 787	27 787	11 789	12 535	13 327
Contracted services		-	497	684	1 096	1 096	1 096	1 096	1 600	1 702	1 811
Transfers and subsidies		-	-	-	5 300	5 300	5 300	5 300	5 792	6 163	6 557
Other expenditure	4, 5	66 692	77 621	87 075	81 157	91 358	91 358	91 358	98 818	103 700	108 026
Loss on disposal of PPE		10 324	4 903	334							
Total Expenditure		210 336	233 708	252 373	285 315	302 797	302 797	302 797	314 681	337 826	359 451
Surplus/(Deficit)		(37 674)	(31 336)	21 836	1 097	16 233	16 233	16 233	18 578	8 817	5 565
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		48 566	61 324	58 809	58 050	58 050	58 050	58 050	94 813	74 232	98 812
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)	6	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (in-kind - all)											
Surplus/(Deficit) after capital transfers & contributions		10 892	29 988	80 645	59 147	74 283	74 283	74 283	113 391	83 049	104 377
Taxation											
Surplus/(Deficit) after taxation		10 892	29 988	80 645	59 147	74 283	74 283	74 283	113 391	83 049	104 377
Attributable to minorities											
Surplus/(Deficit) attributable to municipality		10 892	29 988	80 645	59 147	74 283	74 283	74 283	113 391	83 049	104 377
Share of surplus/ (deficit) of associate	7										
Surplus/(Deficit) for the year		10 892	29 988	80 645	59 147	74 283	74 283	74 283	113 391	83 049	104 377

Explanatory Notes:

Total revenue (excluding capital transfers and contributions) is R333,2 million in 2017/18 and escalates to R346,6 million by 2018/19 and to R365 million in 2019/20.

4.5.5 Table A5 : Budgeted capital expenditure by vote and funding

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

Vote Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE & COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE & ADMINISTRATION- CORPORATE SE		-	-	-	-	-	-	-	-	-	-
Vote 3 - FINANCE & ADMINISTRATION - BUDGET & TRE		-	-	-	-	-	-	-	-	-	-
Vote 4 - PLANNING & DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY & SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - HOUSING		-	-	-	-	-	-	-	-	-	-
Vote 7 - ROAD TRANSPORT		-	-	-	-	-	-	-	-	-	-
Vote 8 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-
Vote 9 - HEALTH		-	-	-	-	-	-	-	-	-	-
Vote 10 - SPORT AND RECREATION		-	-	-	-	-	-	-	-	-	-
Vote 11 - ELECTRICITY		-	-	-	-	-	-	-	-	-	-
Vote 12 - WASTE MANAGEMENT		-	-	-	-	-	-	-	-	-	-
Vote 13 - OTHER		-	-	-	-	-	-	-	-	-	-
Vote 14 - INTERNAL AUDIT		-	-	-	-	-	-	-	-	-	-
Vote 15 - OTHER		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - EXECUTIVE & COUNCIL		-	-	1 139	-	-	-	-	-	-	-
Vote 2 - FINANCE & ADMINISTRATION- CORPORATE SE		2 456	2 955	4 293	750	4 627	4 627	4 627	6 672	6 088	1 157
Vote 3 - FINANCE & ADMINISTRATION - BUDGET & TRE		2 481	6 324	-	-	1 003	1 003	1 003	-	1 000	2 865
Vote 4 - PLANNING & DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY & SOCIAL SERVICES		-	488	8 799	-	-	-	-	-	-	-
Vote 6 - HOUSING		-	-	-	-	-	-	-	-	-	-
Vote 7 - ROAD TRANSPORT		60 723	64 654	68 015	58 148	68 403	68 403	68 403	95 118	75 961	100 355
Vote 8 - PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-
Vote 9 - HEALTH		-	-	-	-	-	-	-	-	-	-
Vote 10 - SPORT AND RECREATION		-	-	-	-	-	-	-	-	-	-
Vote 11 - ELECTRICITY		-	-	-	-	-	-	-	-	-	-
Vote 12 - WASTE MANAGEMENT		-	-	696	249	249	249	249	11 600	-	-
Vote 13 - OTHER		-	-	-	-	-	-	-	-	-	-
Vote 14 - INTERNAL AUDIT		-	-	-	-	-	-	-	-	-	-
Vote 15 - OTHER		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		65 660	74 421	82 942	59 147	74 283	74 283	74 283	113 391	83 049	104 377
Total Capital Expenditure - Vote		65 660	74 421	82 942	59 147	74 283	74 283	74 283	113 391	83 049	104 377
Capital Expenditure - Functional											
Governance and administration		4 937	9 279	5 432	750	5 630	5 630	5 630	6 672	7 088	4 022
Executive and council		-	-	1 139	-	-	-	-	-	-	-
Finance and administration		4 937	9 279	4 293	750	5 630	5 630	5 630	6 672	7 088	4 022
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		-	488	8 799	-	-	-	-	-	-	-
Community and social services		-	488	8 799	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		60 723	64 654	68 015	58 148	68 403	68 403	68 403	95 118	75 961	100 355
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		60 723	64 654	68 015	58 148	68 403	68 403	68 403	95 118	75 961	100 355
Environmental protection		-	-	696	249	249	249	249	11 600	-	-
Trading services		-	-	696	249	249	249	249	11 600	-	-
Energy sources		-	-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	696	249	249	249	249	11 600	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	65 660	74 421	82 942	59 147	74 283	74 283	74 283	113 391	83 049	104 377
Funded by:											
National Government		48 566	68 749	55 869	58 050	58 050	58 050	58 050	80 472	74 238	74 708
Provincial Government		-	-	-	-	-	-	-	32 919	8 811	29 669
District/Municipality		-	-	-	-	-	-	-	-	-	-
Other transfers and grants		17 094	5 672	21 449	1 097	-	-	-	-	-	-
Transfers recognised - capital	4	65 660	74 421	77 318	59 147	58 050	58 050	58 050	113 391	83 049	104 377
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	5 624	-	16 233	16 233	16 233	-	-	-
Total Capital Funding	7	65 660	74 421	82 942	59 147	74 283	74 283	74 283	113 391	83 049	104 377

Explanatory Notes

When comparing the previous budget of R74,2 million, there is an decrease of R39 million which is 53%. For the two outer years the there is a decrease to R83 million and increase to R104,3 million.

4.5.6 Table A6 : Budgeted financial position

EC155 Nyandeni - Table A6 Budgeted Financial Position

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
ASSETS											
Current assets											
Cash		25 991	18 103	36 028	18 103	18 103	18 103	18 103	36 028	36 028	36 028
Call investment deposits	1	49 448	47 591	65 919	47 591	47 591	47 591	47 591	65 919	80 919	90 919
Consumer debtors	1	3 399	4 978	1 398	4 978	4 978	4 978	4 978	1 398	9 450	7 088
Other debtors		3 923	4 761	5 140	4 761	4 761	4 761	4 761	3 855	2 891	2 168
Current portion of long-term receivables			227						227	227	227
Inventory	2	159	252	360	252	252	252	252	360	360	360
Total current assets		82 922	75 685	109 071	75 685	75 685	75 685	75 685	107 786	129 875	136 789
Non current assets											
Long-term receivables											
Investments											
Investment property		60 473	61 683	61 683	61 683	61 683	61 683	61 683	61 683	61 683	61 683
Investment in Associate											
Property, plant and equipment	3	259 137	293 162	344 293	353 794	353 794	353 794	353 794	436 605	503 096	347 046
Agricultural											
Biological											
Intangible		424	964	659	964	964	964	964	1 459	1 619	1 789
Other non-current assets											
Total non current assets		320 035	355 809	406 635	416 441	416 441	416 441	416 441	499 748	566 398	410 518
TOTAL ASSETS		402 956	431 494	515 706	492 125	492 125	492 125	492 125	607 534	696 273	547 307
LIABILITIES											
Current liabilities											
Bank overdraft	1										
Borrowing	4	375	368	479	-	-	-	-	-	-	-
Consumer deposits		10 446	267	269							
Trade and other payables	4	9 284	16 685	19 228	16 685	16 685	16 685	16 685	12 514	10 011	8 009
Provisions		434	343	764	711	711	711	711			
Total current liabilities		20 539	17 662	20 740	17 396	17 396	17 396	17 396	12 514	10 011	8 009
Non current liabilities											
Borrowing		920	552	477	4 221	4 221	4 221	4 221	1 600	1 702	1 811
Provisions		3 082	3 669	4 233	249	249	249	249	15 262	3 662	3 662
Total non current liabilities		4 003	4 221	4 711	4 470	4 470	4 470	4 470	16 862	5 364	5 473
TOTAL LIABILITIES		24 542	21 883	25 450	21 866	21 866	21 866	21 866	29 375	15 375	13 482
NET ASSETS	5	378 414	409 612	490 256	470 260	470 260	470 260	470 260	578 159	680 897	533 825
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		378 414	409 612	490 256	470 260	470 260	470 260	470 260	578 159	680 897	533 825
Reserves	4	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	378 414	409 612	490 256	470 260	470 260	470 260	470 260	578 159	680 897	533 825

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 2017/18 where current assets reflect an amount of R107,7 million.

Short term call investments increased from R47,5 to R65,9 million in 2017/18. The total assets increased from R492 million in 2016/17 to R607,5 for 2017/18 budget year.

4.5.7 Table A7 : Budgeted cash flows

EC155 Nyandeni - Table A7 Budgeted Cash Flows

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		5 259	5 690	5 605	4 836	4 836	4 836	4 836	6 054	6 399	6 757
Service charges		178	188	200	208	208	208	208	260	277	295
Other revenue		4 906	5 333	4 108	44 261	44 261	44 261	44 261	73 244	76 236	81 317
Government - operating	1	157 576	186 230	245 981	226 856	232 474	232 474	232 474	247 723	255 430	267 816
Government - capital	1	48 566	61 324	58 809	58 050	58 050	58 050	58 050	94 813	74 232	98 812
Interest		4 743	4 931	7 231	5 618	5 618	5 618	5 618	5 978	8 300	8 831
Dividends									-	-	-
Payments											
Suppliers and employees		(173 165)	(199 336)	(215 154)	(244 445)	(250 063)	(250 063)	(250 063)	(263 957)	(280 672)	(297 941)
Finance charges		(14)	(6)	(5)	(117)	(117)	(117)	(117)	(117)	(124)	(131)
Transfers and Grants	1								(5 792)	(6 163)	(6 557)
NET CASH FROM/(USED) OPERATING ACTIVITIES		48 050	64 354	106 775	95 267	95 267	95 267	95 267	158 206	133 916	159 200
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE			1 316						-	-	-
Decrease (Increase) in non-current debtors									-	-	-
Decrease (increase) other non-current receivables									-	-	-
Decrease (increase) in non-current investments									-	-	-
Payments											
Capital assets		(56 728)	(74 416)	(71 559)	(59 147)	(74 283)	(74 283)	(74 283)	(113 391)	(83 049)	(104 377)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(56 728)	(73 100)	(71 559)	(59 147)	(74 283)	(74 283)	(74 283)	(113 391)	(83 049)	(104 377)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans									-	-	-
Borrowing long term/refinancing									-	-	-
Increase (decrease) in consumer deposits		1 611	(513)	1 615					-	-	-
Payments											
Repayment of borrowing		(180)	(486)	(578)					-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		1 431	(1 000)	1 036	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		(7 247)	(9 746)	36 252	36 120	20 984	20 984	20 984	44 815	50 867	54 823
Cash/cash equivalents at the year begin:	2	82 687	75 440	65 694	75 440	75 440	75 440	75 440	101 947	146 761	197 629
Cash/cash equivalents at the year end:	2	75 440	65 694	101 947	111 560	96 424	96 424	96 424	146 761	197 629	252 451

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 2017/18 MTERF.

4.5.8 Table A8 : Cash backed reserves / accumulated surplus reconciliation

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

Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
Cash and investments available											
Cash/cash equivalents at the year end	1	75 440	65 694	101 947	111 560	96 424	96 424	96 424	146 761	197 629	252 451
Other current investments > 90 days		-	-	-	(45 866)	(30 730)	(30 730)	(30 730)	(44 815)	(80 682)	(125 505)
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		75 440	65 694	101 947	65 694	65 694	65 694	65 694	101 947	116 947	126 947
Application of cash and investments											
Unspent conditional transfers		-	-	2 618	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	1 962	6 946	13 523	7 783	11 032	11 032	11 032	7 261	(2 330)	(1 247)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		1 962	6 946	16 141	7 783	11 032	11 032	11 032	7 261	(2 330)	(1 247)
Surplus(shortfall)		73 478	58 749	85 806	57 912	54 663	54 663	54 663	94 686	119 276	128 194

Explanatory Notes.

The municipality have the reserves that are cash backed for 2017/18 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.

FINAL

4.5.9 Table A9 : Asset management

EC155 Nyandeni - Table A9 Asset Management										
Description	Ref	2013/14	2014/15	2015/16	Current Year 2016/17			2017/18 Revenue & Expenditure Framework		
R thousand		Audited Outcom e	Audited Outcom e	Audited Outcom e	Original Budget	Adjuste d Budget	Full Year Forecast	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
CAPITAL EXPENDITURE										
Total New Assets	1	65 413	–	–	59 147	74 283	74 283	103 391	83 049	104 377
<i>Roads Infrastructure</i>		60 234	–	–	55 148	65 403	65 403	57 099	70 961	95 355
<i>Storm water Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Electrical Infrastructure</i>		–	–	–	–	–	–	4 119	–	–
<i>Water Supply Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Sanitation Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Solid Waste Infrastructure</i>		–	–	–	249	249	249	11 600	–	–
<i>Rail Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Coastal Infrastructure</i>		–	–	–	–	–	–	–	–	–
<i>Information and Communication Infrastructure</i>		–	–	–	–	–	–	–	–	–
Infrastructure										

		60 234	-	-	55 397	65 652	65 652	72 818	70 961	95 355
Community Facilities										
		-	-	-	-	-	-	18 900	-	-
Sport and Recreation Facilities										
		-	-	-	-	-	-	-	-	-
Community Assets										
		-	-	-	-	-	-	18 900	-	-
Heritage Assets										
		-	-	-	-	-	-	-	-	-
Revenue Generating										
		-	-	-	-	-	-	-	-	-
Non-revenue Generating										
		-	-	-	-	-	-	-	-	-
Investment properties										
		-	-	-	-	-	-	-	-	-
Operational Buildings										
		813	-	-	-	3 777	3 777	5 000	5 000	-
Housing										
		-	-	-	-	-	-	-	-	-
Other Assets										
		813	-	-	-	3 777	3 777	5 000	5 000	-
Biological or Cultivated Assets										
		-	-	-	-	-	-	-	-	-
Servitudes										
		-	-	-	-	-	-	-	-	-
Licences and Rights										
		284	-	-	150	150	150	800	160	170
Intangible Assets										
		284	-	-	150	150	150	800	160	170
Computer Equipment										
		-	-	-	250	350	350	500	532	566
Furniture and Office Equipment										
		1 396	-	-	350	350	350	372	396	422
Machinery and Equipment										
		205	-	-	3 000	2 127	2 127	5 000	5 000	5 000

Transport Assets		2 481	-	-	-	1 876	1 876	-	1 000	2 865
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	-	-	-	-	-	-	10 000	-	-
Roads Infrastructure		-	-	-	-	-	-	10 000	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	10 000	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-

Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-

Total Upgrading of Existing Assets	6	-	-	-	-	-	-	-	-	-
<i>Roads Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Community Facilities</i>		-	-	-	-	-	-	-	-	-
<i>Sport and Recreation Facilities</i>		-	-	-	-	-	-	-	-	-
<i>Community Assets</i>		-	-	-	-	-	-	-	-	-
<i>Heritage Assets</i>		-	-	-	-	-	-	-	-	-
<i>Revenue Generating</i>		-	-	-	-	-	-	-	-	-
<i>Non-revenue Generating</i>		-	-	-	-	-	-	-	-	-
<i>Investment properties</i>		-	-	-	-	-	-	-	-	-

		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4									
Roads Infrastructure		60 234	-	-	55 148	65 403	65 403	67 099	70 961	95 355
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	4 119	-	-

Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	249	249	249	11 600	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		60 234	-	-	55 397	65 652	65 652	82 818	70 961	95 355
Community Facilities		-	-	-	-	-	-	18 900	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	18 900	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		813	-	-	-	3 777	3 777	5 000	5 000	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		813	-	-	-	3 777	3 777	5 000	5 000	-
Biological or Cultivated										

Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		284	-	-	150	150	150	800	160	170
Intangible Assets		284	-	-	150	150	150	800	160	170
Computer Equipment		-	-	-	250	350	350	500	532	566
Furniture and Office Equipment		1 396	-	-	350	350	350	372	396	422
Machinery and Equipment		205	-	-	3 000	2 127	2 127	5 000	5 000	5 000
Transport Assets		2 481	-	-	-	1 876	1 876	-	1 000	2 865
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		65 413	-	-	59 147	74 283	74 283	113 391	83 049	104 377
ASSET REGISTER SUMMARY - PPE (WDV)	5									
Roads Infrastructure		221 333	251 867	289 316	309 649	319 904	319 904	359 239	409 639	263 244
Storm water Infrastructure								4 119	3 295	2 636
Electrical Infrastructure										
Water Supply Infrastructure										
Sanitation Infrastructure										
Solid Waste Infrastructure					249	249	249	11 600	11 600	9 280
Rail Infrastructure										

Coastal Infrastructure										
Information and Communication Infrastructure										
Infrastructure		221 333	251 867	289 316	309 898	320 154	320 154	374 958	424 534	275 160
Community Facilities		2 539	2 903	11 179	2 903	2 903	2 903	2 903	8 003	8 000
Sport and Recreation Facilities										
Community Assets		2 539	2 903	11 179	2 903	2 903	2 903	2 903	8 003	8 000
Heritage Assets										
Revenue Generating										
Non-revenue Generating		60 473	61 683	61 683	61 683	61 683	61 683	61 683	61 683	61 683
Investment properties		60 473	61 683	61 683	61 683	61 683	61 683	61 683	61 683	61 683
Operational Buildings		21 589	20 951	22 383				26 025	31 025	27 000
Housing										
Other Assets		21 589	20 951	22 383	–	–	–	26 025	31 025	27 000
Biological or Cultivated Assets										
Servitudes										
Licences and Rights		424	964	659	964	964	964	1 459	1 619	1 698
Intangible Assets		424	964	659	964	964	964	1 459	1 619	1 698
Computer Equipment		1 290	2 007	2 645				3 145	3 677	3 977
Furniture and Office Equipment		3 295	3 103	2 913	40 992	45 873	45 873	8 718	9 001	9 000
Machinery and Equipment		4 736	4 088	7 405				12 404	17 404	15 000

Transport Assets		4 354	8 243	8 452				8 452	9 452	9 000
Libraries										
Zoo's, Marine and Non-biological Animals										
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	320 035	355 809	406 635	416 441	431 577	431 577	499 748	566 398	410 518
EXPENDITURE OTHER ITEMS										
<u>Depreciation</u>	7	-	-	-	-	-	-	41 815	47 696	51 474
<u>Repairs and Maintenance by Asset Class</u>	3	-	4 938	4 964	20 507	27 787	27 787	11 789	12 535	13 327
<i>Roads Infrastructure</i>		-	4 938	4 964	17 693	24 825	24 825	7 761	8 258	8 786
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		-	-	-	765	813	813	814	866	922
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Community Facilities</i>		-	4 938	4 964	18 458	25 638	25 638	8 575	9 124	9 708
		-	-	-	134	134	134	143	152	162

Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	134	134	134	143	152	162	
Heritage Assets	-	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	500	508	508	591	629	669	
Housing	-	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	500	508	508	591	629	669	
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-	-
Licences and Rights	-	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	111	111	111	118	126	134	
Furniture and Office Equipment	-	-	-	344	336	336	241	257	273	
Machinery and Equipment	-	-	-	848	948	948	902	960	1 021	
Transport Assets	-	-	-	111	111	111	1 218	1 288	1 360	
Libraries										

		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		-	4 938	4 964	20 507	27 787	27 787	53 604	60 231	64 801

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 27% is allocated to capital expenditure and 3% 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 2017-2018 IDP 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 municipality adhered to the process plan for the development of the draft IDP and preparation of the multi-year budget for 2017/18 to 2022. The IDP development and Budget preparation has been done as per MSCOA requirements, which indicates that the municipality should capture each projects with its objectives in the IDP and budget for those projects for a period of five years.

FINAL

IDP AND BUDGET PROCESS PLAN

PHASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLTATIVE FRAMEWORK
	<p>Table IDP, PMS and Annual Budget Process Plan for 2016/17 to the Executive Committee adoption including the following documents</p> <ul style="list-style-type: none"> ✓ Annual Financial Statements for 2015/2016 ✓ Performance Information report (MSA-s46) ✓ Draft Annual Report for 2014/2015 	Municipal Manager	24 August 2016	MFMA 21(1)(b) & 53 (1) (b)
	Audit Committee Meeting to consider Draft AFS		24 August 2016	
	<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 2015/2016 	Mayor	29 August 2016	MFMA 21(1)(b) & 53 (1) (b)

PHASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLTATIVE FRAMEWORK
	<ul style="list-style-type: none"> ✓ Performance Information report (MSA-s46) ✓ Draft Annual Report for 2015/16 			
	Submit Annual Financial Statements and Annual Performance Assessment Information Report and Draft Annual Report for the year Ending 30 June 2014 to Auditor General	Chief Financial Officer, MM	31 August 2016	MFMA 126 (1) (a)
	IDP REP FORUM	Municipal Manager	29 SEPTEMBER 2016	
	Advertise budget & IDP time schedule	SM: Operations	September 2016	
	Ordinary Audit, Risk & Performance Committee	SM: Operations	23 September 2016	
	Stakeholder Engagements with Mayor	SM: Operations	September 2016	
	Mayors Inauguration of the Mayor	SM: Operations	30 September 2016	MSA s18
	Collate information relevant for inclusion in reviewed IDP, taking into account MEC comments	IDP Manager	24 October 2016	Chapter 3 of the Constitution of the

PHASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLTATIVE FRAMEWORK
				RSA, 1996
	IDP & Budget Steering Committee	Municipal Manager	5 October 2016	IDP Guide
	All Departments to embark on Organizational structure review		October 2016	
	Risk Committee Meeting		October 2016	
	Table first quarter performance report including financial performance analysis report (s52(d) to Council	Mayor	27 October 2016	MFMA s52(d)
	Management Retreat	Municipal Manager	07 -08 November 2016	
	Executive Committee Planning Workshop		10-11 November 2016	MSA s34 & s16
	Audit, Risk & Performance Committee	Municipal Manager	November 2016	
	Council Lekgotla (setting of institutional indicators aligned with national and provincial programmes, organizational	Mayor	17-18 November 2016	

PHASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLTATIVE FRAMEWORK
	structure delegation framework and governance framework			
	Executive Committee Strategic Planning	MM & Mayor	6-7 Dec 2016	Constitution of RSA s153
	IDP Representative Forum	Mayor	6 December 2016	MSA s34
	Special Exco		8 December 2016	
	Special Council Meeting		15 December 2016	
	Convene Management Retreat to compile and finalize Mid-year report, adjustment budget and Revised SDBIP	Municipal Manager & Senior Managers	10-11 January 2017	MFMA s72 (1) & 11
	BTO Special Standing Committee Meeting	CFO	13 January 2017	
	Convene Exco Workshop on Midyear report, adjustment budget and Revised SDBIP, followed by the Special Executive Committee Meeting	Mayor & MM	17 January 2017	MFMA s72 (1) & 11
	Table Mid-year Report, revised SDBIP and Adjustment Budget for approval to the Special Council Meeting	Mayor & MM	24 January 2017	MFMA s72 (1) & 11

PHASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLTATIVE FRAMEWORK
	Risk Management Committee		05 February 2017	
	Mid-year budget and performance assessments by Provincial Treasury	CFO & MM	February 2017	MFMA s72 (1) & 11
	Ordinary Audit, Risk & Performance Committee		February 2017	
	IDP and Budget Steering Committee	Mayor	13 March 2017	
COUNCIL SITTING	Presentation of Draft IDP, Annual Budget, Draft SDBIP, Tariffs and budget related policies to the Executive Committee	Municipal Manager & CFO	24 March 2017	
	Tabling of Draft IDP, Annual Budget, Draft SDBIP, Tariffs and budget related policies to Council	Mayor	30 March 2017	MFMA s16 (2)
	Adoption of the Oversight report	Speaker, MPAC	01 Feb 2017	MFMA s129)1)
	Conduct IDP & Budget Public Hearings	Mayor	13-20 March 2017	MFMA
	Special Executive Committee Meeting		21 April 2017	
	Table third quarter performance report including financial	Mayor	28 April 2017	MFMA s52(d)

PHASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLTATIVE FRAMEWORK
	performance analysis report to Council			
	IDP Representative Forum	Mayor	09 May 2017	
	Ordinary Exco Meeting		16 May 2017	
	Table Reviewed IDP, Annual Budget, Tariffs, Organizational Structure and budget related policies for approval by Council	Mayor	26 May 2017	MFMA s24 (1)
	Approval of the SDBIP by the Mayor	Municipal Manager	June 2017	
	Ordinary Audit, Risk & Performance Committee		22 June 2017	
	Ordinary Council Meeting		29 June 2017	
	Table fourth quarter performance report including financial performance analysis report to Council	Municipal Manage	July 2017	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
- 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. 86 issued in terms of Municipal Finance Management Act No. 56 of 2003 regarding inflation:-

Fiscal Year	2016/2017	2017/2018	2018/2019	2019/2020
	Estimate	Forecast		
CPI Inflation	6.4	6.4%	5.7%	5.6%

8.2 The inflation rate to be used for calculating wage increases

The South African Local Government Bargaining Council entered into a three-year *Salary and Wage Collective Agreement* for the period 01 July 2015 to 30 June 2018. The preparation of the 2017/18 MTREF constitutes implementation of the last year of the agreement which municipalities must implement as follows:

2017/18 Financial Year – average CPI (Feb 2016 – Jan 2017) + 1 per cent

The previous years were:

2015/16 Financial Year – 7 per cent

2016/17 Financial Year – average CPI (Feb 2015 – Jan 2016) + 1 per cent

8.3 Municipalities are advised to structure their 2016/17 electricity tariffs based on the 9.4 per cent guideline.

8.4 Collection rates

In accordance with relevant legislation and national directives, revenue recovery rates are based on realistic and sustainable trends. Nyandeni Local Municipality's collection rate analytical review shows that the municipality has been collecting at an average of 38%. However, the municipality has employed mechanism to improve collection rates, in this instance, the municipality has budgeted to collect 86% of the billed amount each year. Also, the debt collector has been sourced to further assist the municipality to improve the collection of rates.

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

9.1 FUNDING OF THE CAPITAL BUDGET

The 2017/2018 capital budget amounts to R113,3 million, and for the two outer years its R83 million and R104,3 million. It is predominantly funded through the MIG funding and Small town revitalization program.

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 2017. 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 R6 million for the current year, and for two outer years is R6,3 million and 6,7 million.

The income received in the form of the Equitable Share Grant is R223 million and for the two outer years is R233 million and R239 million.

Other Grants and subsidies are as follows:

Grant Name	Financial Year	Amount
FMG	2017/18	R 1 700 000
INEP	2017/18	R15 000 000
EPWP	2017/18	R 1 291 000
LIBRARY SUBSIDIES	2017/18	R 400 000
EPWP Greenest Towns	2017/18	R 6 084 000

Capital Grants are as follows:

Grant Name	Financial Year	Amount
MIG	2017/18	R61 894 000
SMALL TOWN REVITALISATION	2017/18	R32 919 000

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 2017 to 30 June 2018 (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 2017/2018 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. MSCOA

The municipality will comply with the deadline of implementation of mSCOA as from the 1st of July 2017. MSCOA is one of the reforms to enhance the uniformity of reporting, it comprises of the change in business processes. The municipality has not changed its vendor for implementation of mSCOA.

2. 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.

3. Supply Chain Management

The procurement plans have been compiled for the projects that are above R200 000, and will form part of the submissions to National Treasury. The measures will be put into place to ensure that the Departments adhere to such procurement plans as to enhance service delivery. Supply Chain Management Practitioners will be capacitated to ensure that they comprehend with all the necessary compliance matters as enshrined in the SCM Regulations and any relevant Circulars.

4. Cost Containment Measures

With reference to circular 82, the municipality will apply the stringent measures to ensure that it complies with the circular, in order to minimise the costs in relation to non-core functions, travel and accommodation, catering , and meetings.

5. Budget and Treasury Office

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

6. Audit Committee

An Audit Committee has been established and is fully functional.

7. Service Delivery and Implementation Plan

The detailed SDBIP document has been finalised after adoption and approval of the 2017/18 MTREF in May 2017. It will be submitted to National Treasury.

8. Annual Report

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

9. MFMA Training

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

F E M A

13. Other Supporting Documents

EC155 Nyandeni - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'											
Description	R e f	2013/ 14	2014/ 15	2015/ 16	Current Year 2016/17				2017/18 Medium Term Revenue & Expenditure Framework		
		Audit ed Outco me	Audit ed Outco me	Audit ed Outco me	Origin al Budg et	Adjus ted Budg et	Full Year Forec ast	Pre- audit outco me	Budg et Year 2017/ 18	Budg et Year +1 2018/ 19	Budg et Year +2 2019/ 20
R thousand											
REVENUE ITEMS:											
Property rates	6										
Total Property Rates		6 168	6 643	6 558	6 643	6 643	6 643	6 643	7 068	7 471	7 889
<i>less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)</i>		908	953	953	953	953	953	953	1 014	1 072	1 132
Net Property Rates		5 259	5 690	5 605	5 690	5 690	5 690	5 690	6 054	6 399	6 757
Service charges - electricity revenue	6										
Total Service charges - electricity revenue											
<i>less Revenue Foregone (in excess of 50 kwh per indigent household per month)</i>											
<i>less Cost of Free Basis Services (50 kwh per indigent household per month)</i>		-	-	-	-	-	-	-	-	-	-
Net Service charges - electricity revenue		-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	6										
Total Service charges - water revenue											
<i>less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)</i>											
<i>less Cost of Free Basis Services (6 kilolitres per indigent household per month)</i>		-	-	-	-	-	-	-	-	-	-
Net Service charges - water revenue		-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue											

Total Service charges - sanitation revenue											
<i>less Revenue Foregone (in excess of free sanitation service to indigent households)</i>											
<i>less Cost of Free Basis Services (free sanitation service to indigent households)</i>		-	-	-	-	-	-	-	-	-	-
Net Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-
<u>Service charges - refuse revenue</u>	6										
Total refuse removal revenue		178	188	200	245	245	245	245	260	277	295
Total landfill revenue											
<i>less Revenue Foregone (in excess of one removal a week to indigent households)</i>											
<i>less Cost of Free Basis Services (removed once a week to indigent households)</i>		-	-	-	-	-	-	-	-	-	-
Net Service charges - refuse revenue		178	188	200	245	245	245	245	260	277	295
<u>Other Revenue by source</u>											
<i>Library fees</i>		2	9	-	45	45	45	45	20	21	23
<i>Plan fees</i>		13	3	1	28	28	28	28	30	32	34
Other income(Pound fees; Cemetery fees;Wood sales;transfer from reserves and Eco-park fees)		132	155	0				71 259			
					40 259	71 259	71 259		67 409	69 628	74 637
Tender sales		404	368	541	281	281	281	281	299	318	338
Training-LGSETA		398	958	441	795	795	795	795	400	426	453
Vending & Hawking fees		7	34	69	11	11	11	11	12	13	14
Auction Sale		57	72							330	
Fees earned		44	54	44							
Commissions received		140	156	174	225	225	225	225	239	254	271
Fair value gain on short term investments		254	118	267							
Donations received											
				10 904							

Sundry income	3			28							
Total 'Other' Revenue	1	1 451	1 928	12 469	41 644	72 644	72 644	72 644	68 409	71 022	75 769
EXPENDITURE ITEMS:											
<u>Employee related costs</u>											
Basic Salaries and Wages	2	48 913	92 149	104 244	74 920	74 920	74 920	74 920	84 964	89 902	96 555
Pension and UIF Contributions		4 776			12 139	12 139	12 139	12 139	13 792	14 812	15 909
Medical Aid Contributions		7 864			13 864	13 864	13 864	13 864	14 768	15 861	17 035
Overtime		4 804			5 077	5 077	5 077	5 077	6 007	6 452	6 929
Performance Bonus		–			810	810	810	810	783	841	904
Motor Vehicle Allowance		5 972			4 689	4 689	4 689	4 689	5 160	5 542	5 952
Cellphone Allowance		–								–	–
Housing Allowances		3 116			3 321	3 321	3 321	3 321	3 542	3 804	4 085
Other benefits and allowances		2 613			1 925	1 925	1 925	1 925	2 647	2 843	3 054
Payments in lieu of leave		1 251								–	–
Long service awards		529			185	185	185	185	219	235	252
Post-retirement benefit obligations	4									–	
<i>sub-total</i>	5	79 836	92 149	104 244	116 929	116 929	116 929	116 929	131 883	140 293	150 675
<u>Less: Employees costs capitalised to PPE</u>											
Total Employee related costs	1	79 836	92 149	104 244	116 929	116 929	116 929	116 929	131 883	140 293	150 675
<u>Contributions recognised - capital</u>											
<i>List contributions by contract</i>											

Total Contributions recognised - capital		-	-	-	-	-	-	-	-	-	-
<u>Depreciation & asset impairment</u>											
Depreciation of Property, Plant & Equipment		30 481	33 632	31 783	33 753	33 753	33 753	33 753	41 815	47 696	51 474
Lease amortisation											
Capital asset impairment											
Depreciation resulting from revaluation of PPE	1										
	0										
Total Depreciation & asset impairment	1	30 481	33 632	31 783	33 753	33 753	33 753	33 753	41 815	47 696	51 474
<u>Bulk purchases</u>											
Electricity Bulk Purchases											
Water Bulk Purchases											
Total bulk purchases	1	-	-	-	-	-	-	-	-	-	-
<u>Transfers and grants</u>											
Cash transfers and grants		-	-	-	2 100	2 100	2 100	2 100	2 234	2 377	2 530
Non-cash transfers and grants		-	-	-	3 200	3 200	3 200	3 200	3 558	3 785	4 028
Total transfers and grants	1	-	-	-	5 300	5 300	5 300	5 300	5 792	6 163	6 557
<u>Contracted services</u>											
<i>Nashua</i>			497	684	1 096	1 096	1 096	1 096	1 600	1 702	1 811

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