

NYANDENI LOCAL MUNICIPALITY



Draft Annual Budget

3 Year Plan: 2020/21 to 2023

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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 by-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 by-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 2020/2021**

REVENUE & EXPENDITURE MTERF 2020/2021-2023				
DESCRIPTION	2019/2020	2020/2021	2021/2022	2022/2023
Own Revenue	R 39,057,000	R 41,650,000	R 44,024,000	R 46,754,000
Transfer from Reserves	R 83,361,000	R 87,112,000	R 77,728,000	R 101,372,000
Transfer Grants - Operational	R 284,264,000	R 290,506,000	R 307,778,000	R 309,281,000
TOTAL OPERATING REVENUE	R 406,682,000	R 419,268,000	R 429,530,000	R 457,407,000
Transfer Grants - Capital	R 76,602,000	R 120,142,000	R 72,677,000	R 77,941,000
TOTAL REVENUE	R 483,284,000	R 539,410,000	R 502,207,000	R535,348,000
Salaries & Wages	R 171,404,000	R 181,204,000	R 193,045,000	R 205,570,000
Contracted and operational costs	R 128,635,000	R122,617,000	R 131,155,000	R 140,770,000
Repairs and maintenance	R 18,599,000	R 18,581,000	R 19,890,000	R 21,233,000
Depreciation and Provisions for bad debts	R 54,925,000	R 60,418,000	R 63,983,000	R 67,950,000
Transfers and Grants	R 6,795,000	R 6,971,000	R 6,111,000	R 6,490,000
TOTAL OPERATING EXPENDITURE	R380,358,000	R389,791,000	R414,184,000	R442,238,000
Capital Expenditure	R102,926,000	R149,619,000	R88,024,000	R 93, 335,000
TOTAL EXPENDITURE	R 483,284,000	R 539,410,000	R 502,207,000	R 535,348,000
SURPLUS / (DEFICIT)	R 0	R 0	R 0	R 0

3. BUDGET RELATED RESOLUTIONS

Draft Annual Budget for 2020/21

3.1 Council resolves that the multi-year draft annual budget of capital and operating expenditure for 2020/2021 and the indicated two outer years of 2021/2022 and 2022/2023 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 2020 to 30 June 2021, 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 2020-21.

<u>CATEGORY</u>	<u>2020/2021</u>	<u>2021/2022</u>	<u>2022/2023</u>
<u>1.HALL HIRE CHARGES</u>			
Refundable security fee	R 901	R 955	R 1,012
Hourly rate Ngqeleni (Day)	R 78	R 83	R 88
Hourly rate Ngqeleni (Night)	R 78	R 83	R 88
Hourly rate Libode (Day)	R 90	R 96	R 101
Hourly rate Libode (Night)	R 78	R 83	R 88
<u>2. POUND FEES</u>			
Driving fee	R 68	R 72	R 76
Daily fee	R 101	R 107	R 113
Cattle, horse basic charge	R 246	R 261	R 276
Sheep & Goat basic charge	R 123	R 130	R 138
<u>5. REFUSE REMOVAL</u>			
Residential	R 39	R 42	R 44
General business	R 179	R 190	R 201
Commercial	R 471	R 499	R 529
Government	R 169	R 179	R 189
Special collection	388	411	436
<u>6. CEMETERY</u>			
Living in town	R 347	R 367	R 389
Outside town	R 493	R 522	R 554
<u>7. TENDER FEES</u>			
R50 000.00-R200 000.0	R 258	R 273	R 289
R200 000.00-R500 000.00	R 336	R 356	R 378
R500 000.00-R800 000.00	R 425	R 451	R 478
R800 000.00-R1000 000.00 Or More	R 504	R 534	R 566

CATEGORY	2020/2021	2021/2022	2022/2023
8. BUSINESS LICENCE			
Supermarket & General Dealer	R 795	R 843	R 893
Hawker	R 135	R 143	R 151
Caravan (Restaurant& Telephone) p/y	R 135	R 143	R 151
Salon (p/y)	R 135	R 143	R 151
Funeral Parlor (p/y)	R 795	R 843	R 893
Hardware (p/y)	R 795	R 843	R 893
Accommodation establishment	R 571	R 606	R 642
9. MARKET SITE			
Hawkers (p/m)	R 34	R 36	R 38
Caravan Site(p/m)	R 78	R 83	R 88
10. CHAIR HIRE			
Around town (chair per day)	R 8	R 9	R 10
Indemnity fee (per chair)	R 22	R 24	R 25
11. Application for special consent			
Erven 0-2500m2	R 1,512	R 1,602	R 1,698
Erven 2501-5000m2	R 3,134	R 3,322	R 3,522
Erven5001-1000m2	R 6,829	R 7,238	R 7,673
Erven 1 ha – 5ha	R 9,179	R 9,729	R 10,313
Erven over 5ha	R 12,425	R 13,171	R 13,961
12. Application Fees for rezoning			
Erven from 0sqm-2500sqm	R 1,903	R 2,017	R 2,138
Erven from 2501sqm-5000sqm	R 3,582	R 3,797	R 4,024
Erven from 5001sqm- 10000sqm	R 7,163	R 7,593	R 8,049
Erven from 1 ha - 5ha	R 9,067	R 9,611	R 10,188
Erven over 5 ha	R 12,537	R 13,289	R 14,086

CATEGORY	2020/2021	2021/2022	2022/2023
13. Subdivision and Township Application			
<input type="checkbox"/> Erven 1-2	R 1,903	R 2,017	R 2,138
<input type="checkbox"/> Erven 1-3	R 2,575	R 2,729	R 2,893
<input type="checkbox"/> Erven 1-4	R 3,134	R 3,322	R 3,522
<input type="checkbox"/> Erven 1-5	R 3,805	R 4,034	R 4,276
<input type="checkbox"/> Erven 1-6	R 4,590	R 4,865	R 5,157
<input type="checkbox"/> Erven 1-7	R 5,037	R 5,339	R 5,660
<input type="checkbox"/> Erven 1-8	R 5,820	R 6,170	R 6,540
<input type="checkbox"/> Erven 1-9	R 6,380	R 6,763	R 7,169
<input type="checkbox"/> Erven 1-10	R 6,940	R 7,356	R 7,798
<input type="checkbox"/> Erven more than 10	R 9,515	R 10,085	R 10,691
14. Application for departure from building lines			
Erven 0 – 5000m2	R 1,232	R 1,306	R 1,384
Erven 5001 –more	R 1,791	R 1,899	R 2,013
Application for Removal of Restrictions	R 8,843	R 9,373	R 9,935
Zoning Certificates	R 135	R 143	R 151
Extension of time	R 459	R 487	R 516
Town Planning Scheme CD	R 246	R 261	R 276
Amendments to Existing subdivision	R 1,903	R 2,017	R 2,138
Application for consolidation of Erven	R 1,903	R 2,017	R 2,138
SG Diagram	R 45	R 47	R 50
15. Building plans			
Building Approval Fees per m2	R 34	R 36	R 38
A3	R 14	R 15	R 15
A2	R 19	R 20	R 21
A1	R 32	R 34	R 36
Approval fee for minor works(0-10m2):	R 19	R 20	R 21

<u>CATEGORY</u>	<u>2020/2021</u>	<u>2021/2022</u>	<u>2022/2023</u>
External alteration per m2	R 15	R 16	R 17
Boundary walls	R 672	R 712	R 755
Shelter: Carport per m2	R 20	R 21	R 23
Car wash per m2	R 15	R 16	R 17
Braai area per m2	R 20	R 21	R 23
Temporary structure:	R 20	R 21	R 23
Prefab per m2	R 20	R 21	R 23
Container p.a	R 1,343	R 1,424	R 1,509
Caravans per p.a.	R 672	R 712	R 755
Storage Facility p.a.	R 1,343	R 1,424	R 1,509
Builders Shelter p.a.	R 672	R 712	R 755
<u>16. Libode eco park</u>			
Entrance fee per person	R 11	R 11	R 12
Company events per day or night (06:00 - 18:00 or 18:01 - 06:00)	R 1,590	R 1,685	R 1,787
Church events per day or night (06:00 - 18:00 or 18:01 - 06:00)	R 1,272	R 1,348	R 1,429
Entertainment shows per day or night (06:00 - 18:00 or 18:01 - 06:00)	R 2,120	R 2,247	R 2,382
Educational tours per day	R 318	R 337	R 357

<u>CATEGORY</u>	<u>2020/2021</u>	<u>2021/2022</u>	<u>2022/2023</u>
Photoshoot per day	R 265	R 281	R 298
Toilet entrance fees	R 2	R 2	R 2
<u>17. Property rates</u>			
Residential Property	R 0.0087	R 0.0092	R 0.0098
Businesses	R 0.0129	R 0.0137	R 0.0145
Government1	R 0.0129	R 0.0137	R 0.0145
government2	R 0.0129	R 0.0137	R 0.0145
Agriculture1	R 0.0021	R 0.0022	R 0.0024
Agriculture2	R 0.0021	R 0.0022	R 0.0024
Institutions	R 0.0129	R 0.0137	R 0.0145
Clinics	R 0.0129	R 0.0137	R 0.0145
Hospital	R 0.0129	R 0.0137	R 0.0145
Schools	R 0.0129	R 0.0137	R 0.0145
Trading Stations	R 0.0129	R 0.0137	R 0.0145
R 61 Road	R 0.0021	R 0.0022	R 0.0024
N2 Road	R 0.0021	R 0.0022	R 0.0024
<u>18. Rates and services clearance certificate</u>			
Rates and refuse clearance certificate	R 74	R 79	R 83
<u>19. Sports field</u>			
Commercial & Professional use per day	R 742	R 787	R 834
Amateur bodies, welfare and religious organizations per day	R 424	R 449	R 476
Professional practice per day	R 954	R 1,011	R 1,072
Amateur practice per day	R 424	R 449	R 476
Special letting – music concerts/festival flairs etc	R 1,802	R 1,910	R 2,025

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
- Virement Policy

Cashflow

3.8 Council resolves that the projects identified for implementation are subject to funds available from grants in respect of Equitable share; Integrated National Electrification Programme; Finance Management Grant; Expanded Public Works Programme Incentive Grant; Small Towns Revitalisation Programme grant; Municipal Infrastructure Grant; Animal Feed Processing Grant; Neighbourhood development partnership grant and Public Transport network grant.

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

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 2019/20 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, 82,85,86,93,94, 98 and 99 were used to guide the compilation of the 2019/20 MTREF.

In view of the aforementioned, the following table is a consolidated overview of the proposed 2020/21 Medium-term Revenue and Expenditure Framework:

TABLE 1: CONSOLIDATED OVERVIEW OF 2020/21 MTERF

Description	Adjustment Budget	Budget Year	Budget Year +1	Budget Year +2
	2019/20	2020/21	2021/22	2022/23
Total Operating Revenue	R406,682,000	419,268,000	429,530,000	457,407,000
Total Operating Expenditure	-380,358,000	-389,791,000	-414,184,000	-442,238,000
Capital grant	76,602,000	120,142,000	72,677,000	77,941,000
Capital expenditure	-102,926,000	-149,619,000	-88,023,000	-93,110,000
SURPLUS/DEFICIT	0	0	0	0

Total operating revenue is R419,268,000 for the 2020/21 financial year. For the two outer years, operational revenue will increase to R429,530,000 and R457,407,000 respectively.

Total operating expenditure for the 2020/21 financial year has been appropriated at R390,382,000 and for the two outer years, will increase to R407,802,000 and R431,842,000 respectively. Depreciation and provision for bad debts, which are non-cash items have been budgeted for, and these have been funded through transfer from the municipal reserves.

The capital grants for 2020/21 has been appropriated at R120,142,000 for two outer years at R72,677,000 and R77,941,000 respectively

Capital expenditure is budgeted for 2020/21 at R149, 028,000 and for two outer year at R94, 405,000 and R103, 506,000 respectively

This translates into a balanced budget with no surplus or deficit for the MTERF.

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.

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
-

The following table is a summary of the 2020/21 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

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

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue By Source											
Property rates	2	-	-	-	14,844	14,944	-	-	15,751	16,681	17,715
Service charges - electricity revenue	2	-	(677)	-	-	-	-	-	-	-	-
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	-	-	-	215	285	-	-	301	319	338
Rental of facilities and equipment		-	42	293	67	67	-	-	71	75	80
Interest earned - external investments		-	12,280	11,270	12,371	15,371	-	-	16,201	17,157	18,221
Interest earned - outstanding debtors		-	214	1,015	1,371	1,371	-	-	1,445	1,530	1,625
Dividends received		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	572	757	456	456	-	-	461	489	519
Licences and permits		-	2,961	2,962	4,617	4,617	-	-	4,924	5,215	5,538
Agency services		-	731	1,351	775	775	-	-	775	820	871
Transfers and subsidies		-	242,025	234,558	284,264	284,264	-	-	290,506	307,778	309,281
Other revenue	2	-	-	-	1,541	1,800	-	-	1,720	1,739	1,847
Gains		-	2,302	152	83,361	83,361	-	-	87,112	77,728	101,372
Total Revenue (excluding capital transfers and contributions)		-	260,450	252,359	403,882	407,312	-	-	419,268	429,530	457,407

The Municipality implemented a new General Valuation roll from 1 July 2018. The new General Valuation roll will be valid for a period of 5 years and it will be updated with supplementary valuation rolls each year as per the requirements of Municipal Property Rates Act. 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.

Property Rates: Comparing 2019/20 with 2020/21 there is an increase from R14,9 million to R15,7 million because the municipality has identified sites to be sold. Therefore in 2020/21 property rates increased by 8%.

TABLE 4: Transfers and Grants Receipts

EC155 Nyandeni - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
RECEIPTS:										
Operating Transfers and Grants										
National Government:		230,206	244,334	258,723	283,141	283,141	283,141	289,506	306,748	308,218
Local Government Equitable Share		213,070	223,248	234,532	262,068	262,068	262,068	277,790	295,066	295,066
Finance Management		1,625	1,700	1,700	1,700	1,700	1,700	1,700	1,700	1,700
Integrated National Electrification Programme		11,250	15,000	18,189	15,010	15,010	15,010	3,150	6,700	7,980
EPWP Incentive		3,261	1,291	1,321	1,321	1,321	1,321	1,444	-	-
MIG Operational & COGTA		1,000	3,095	2,981	3,042	3,042	3,042	5,422	3,282	3,472
Provincial Government:		400	400	650	700	700	700	700	700	700
MIG Operational & COGTA		400	400	650	700	700	700	700	700	700
District Municipality: <i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Other grant providers:		1,901	6,084	400	300	300	300	300	330	363
LG SETA		1,901	6,084	400	300	300	300	300	330	363
DEDEA		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	232,507	250,818	259,773	284,141	284,141	284,141	290,506	307,778	309,281
Capital Transfers and Grants										
National Government:		58,050	58,799	65,644	57,802	57,802	57,802	97,142	72,677	77,941
Municipal Infrastructure Grant (MIG)		58,050	58,799	65,644	57,802	57,802	57,802	55,019	62,356	65,968
Public Transport and Systems		-	-	-	-	-	-	1,699	-	-
Neighbourhood Development Partnership		-	-	-	-	-	-	-	750	2,000
Animal Feed Processing Plant		-	-	-	-	-	-	40,424	9,571	9,973
Provincial Government:		-	27,919	39,625	12,000	18,800	18,800	23,000	-	-
Small Town Revitalisation Grant		-	27,919	39,625	12,000	18,800	18,800	23,000	-	-
District Municipality: <i>[insert description]</i>		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
LG SETA		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	58,050	86,718	105,269	69,802	76,602	76,602	120,142	72,677	77,941
TOTAL RECEIPTS OF TRANSFERS & GRANTS		290,557	337,536	365,042	353,943	360,743	360,743	410,648	380,455	387,222

In 2020/21 financial year, the operational grants show an amount of R290, 506,000. For the two outer years, the operational grants have increased to R307, 778,000, and R309, 281,000 respectively.

In 2020/21 financial year, the capital grants show an amount of R120,142 million and for the two outer years is R72,677 million and R77,941 million respectively.

Table 5 Proposed rates to be levied for the 2020/21 financial year

RATES TARRIF

DETERMINATION OF TARIF AS PER CATERGORY AS FROM 1 JULY 2020-30 JUNE 2021

Property rates for 2020/21			
Residential Property	R 0.0087	R 0.0092	R 0.0098
Businesses	R 0.0129	R 0.0137	R 0.0145
Government1	R 0.0129	R 0.0137	R 0.0145
government2	R 0.0129	R 0.0137	R 0.0145
Agriculture1	R 0.0021	R 0.0022	R 0.0024
Agriculture2	R 0.0021	R 0.0022	R 0.0024
Institutions	R 0.0129	R 0.0137	R 0.0145
Clinics	R 0.0129	R 0.0137	R 0.0145
Hospital	R 0.0129	R 0.0137	R 0.0145
Schools	R 0.0129	R 0.0137	R 0.0145
Trading Stations	R 0.0129	R 0.0137	R 0.0145
R 61 Road	R 0.0021	R 0.0022	R 0.0024
N2 Road	R 0.0021	R 0.0022	R 0.0024

4.3 OPERATING EXPENDITURE FRAMEWORK

The NLM's expenditure framework for the 2020/21 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 2020/21 budget and MTREF (classified per main type of operating expenditure):

Expenditure By Type											
Employee related costs	2	-	-	-	146,798	145,743	-	-	154,999	165,137	175,848
Remuneration of councillors		-	21,628	22,624	24,606	24,606	-	-	26,205	27,908	29,722
Debt impairment	3	-	(8,477)	4,491	3,361	3,361	-	-	3,697	3,916	4,158
Depreciation & asset impairment	2	-	-	-	51,564	51,564	-	-	56,721	60,067	63,791
Finance charges		-	130	92	-	-	-	-	-	-	-
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-
Other materials	8	-	167,493	8,016	13,726	12,745	-	-	13,331	13,941	14,862
Contracted services		-	-	-	67,252	79,841	-	-	67,926	72,674	78,455
Transfers and subsidies		-	3,819	5,136	7,285	6,795	-	-	6,971	6,111	6,490
Other expenditure	4, 5	-	-	-	57,482	56,165	-	-	59,941	64,430	68,912
Losses		-	2	-	-	-	-	-	-	-	-
Total Expenditure		-	184,596	40,359	372,075	380,821	-	-	389,791	414,184	442,238

(i) Employee Related Costs

A Salary and Wage Collective Agreement for the period 1 July 2020 to 30 June 2021 used for the calculation of the budgeted employee cost.

The increment of salaries estimated at 6.5% for the 2020/21 financial year as well as the two outer years determined as per the CPIX which is 5.9% and 6.2% respectively.

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 and Councillors remuneration is R181,204,000, and for two outer years, its R193,045,000 and R205,570,000 respectively.

(ii) Depreciation,:

Depreciation has been provided for at R56,7 million in 2020/21, R60 million in 2021/22 and R63,8 million in 2022/23.

Transfers & Grants:

An amount of R6,9 million has been provided for free basic services in the form of Eskom coupons , alternative energy, food parcels and vegetable seeds for HIV/AIDS support groups.

(iii) Materials and Other Bulk Purchases:

This includes the materials and supplies for repairs and maintenance, fuel and inventory additions. An amount of R13,3 million is budgeted for in 2020-21 and for the two outer year it is budgeted at R13,9 million and R14,9 million respectively.

(iv) Contracted Services & Other expenditures

The overall amount has been provided for at R127,9 million in 2020-21, and for the outer years, it is budgeted at R137 million and R147 million.

The following table gives a breakdown of the main expenditure categories of the total operating budget for the 2020/21 financial year.

PERCENTAGE ALLOCATION FOR 2020/2021 FINANCIAL YEAR.

EXPENDITURE ITEM	EXPENDITURE PERCENTAGE %
Personnel expenditure	46%
General expenditure	33%
Repairs and Maintenance	4,8%
Provisions	16,2%
TOTAL %	100 %

4.4 CAPITAL EXPENDITURE

When comparing the previous budget of R102 782 000 to the current year (2020/21) budget of R149,619,000, there is a drastic increase because of the new grants that the municipality will receive, which are Neighbourhood partnership development grant, Animal Feed Processing Plant grant and Public transport network grant. These new grants will only be implemented for three years as multi-year projects. In 2021/22 there is a decrease of R61,595 million which is caused by the decrease in the new grants and also the small town revitalisation grant was the last allocation to be received in 2020/21.

For the two outer years the capital expenditure budget is R88 million and R93 million respectively.

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 12 - HRS AND Admin (32: CS)		-	-	-	-	-	-	-	-	-	-
Vote 13 - Community Services (34: CS)		-	-	-	-	-	-	-	-	-	-
Vote 14 - Finance (36: CS)		-	-	-	-	-	-	-	-	-	-
Vote 15 - Road Transport (38: CS)		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 12 - HRS AND Admin (32: CS)		-	286	313	15,030	11,075	-	-	4,130	7,238	7,443
Vote 13 - Community Services (34: CS)		-	257	257	5,000	7,698	-	-	250	-	-
Vote 14 - Finance (36: CS)		-	0	-	-	-	-	-	-	-	-
Vote 15 - Road Transport (38: CS)		-	(192,737)	(37,236)	57,702	83,703	-	-	104,815	71,214	75,919
Capital single-year expenditure sub-total		-	(192,195)	(36,666)	77,732	102,477	-	-	109,195	78,452	83,361
Total Capital Expenditure - Vote		-	(192,195)	(36,666)	77,732	102,477	-	-	109,195	78,452	83,361
Capital Expenditure - Functional											
Governance and administration		-	427,730	242,970	14,430	10,475	-	-	3,560	7,238	7,443
Executive and council		-	0	844	-	-	-	-	-	-	-
Finance and administration		-	427,730	242,125	14,430	10,475	-	-	3,560	7,238	7,443
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	-	-	-	-	670	-	-
Community and social services		-	-	-	-	-	-	-	250	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	420	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		-	(192,563)	(37,236)	58,652	84,653	-	-	145,239	80,786	85,892
Planning and development		-	-	-	950	950	-	-	40,424	9,571	9,973
Road transport		-	(192,563)	(37,236)	57,702	83,703	-	-	104,815	71,214	75,919
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	(473)	257	5,000	7,698	-	-	150	-	-
Energy sources		-	76	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	(548)	257	5,000	7,698	-	-	150	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	-	234,695	205,991	78,082	102,827	-	-	149,619	88,024	93,335
Funded by:											
National Government		-	(33,586)	(35,477)	35,902	57,802	-	-	110,592	73,586	80,692
Provincial Government		-	-	-	12,000	18,800	-	-	23,000	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	-	(33,586)	(35,477)	47,902	76,602	-	-	133,592	73,586	80,692
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	2,732	(6,214)	30,180	26,225	-	-	16,027	14,437	12,643
Total Capital Funding	7	-	(30,855)	(41,691)	78,082	102,827	-	-	149,619	88,024	93,335

4.5 ANNUAL BUDGET TABLES

4.5.1 Table A1 : Budget summary

EC155 Nyandeni - Table A1 Budget Summary

Description	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousands										
Financial Performance										
Property rates	-	-	-	14,844	14,944	-	-	15,751	16,681	17,715
Service charges	-	(677)	-	215	285	-	-	301	319	338
Investment revenue	-	12,280	11,270	12,371	15,371	-	-	16,201	17,157	18,221
Transfers recognised - operational	-	242,025	234,558	284,264	284,264	-	-	290,506	307,778	309,281
Other own revenue	-	6,822	6,531	92,187	92,447	-	-	96,508	87,596	111,852
Total Revenue (excluding capital transfers and contributions)	-	260,450	252,359	403,882	407,312	-	-	419,268	429,530	457,407
Employee costs	-	-	-	146,798	145,743	-	-	154,999	165,137	175,848
Remuneration of councillors	-	21,628	22,624	24,606	24,606	-	-	26,205	27,908	29,722
Depreciation & asset impairment	-	-	-	51,564	51,564	-	-	56,721	60,067	63,791
Finance charges	-	130	92	-	-	-	-	-	-	-
Materials and bulk purchases	-	167,493	8,016	13,726	12,745	-	-	13,331	13,941	14,862
Transfers and grants	-	3,819	5,136	7,285	6,795	-	-	6,971	6,111	6,490
Other expenditure	-	(8,475)	4,491	128,095	139,368	-	-	131,565	141,019	151,525
Total Expenditure	-	184,596	40,359	372,075	380,821	-	-	389,791	414,184	442,238
Surplus/(Deficit)	-	75,854	211,999	31,807	26,491	-	-	29,477	15,347	15,169
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	-	45,473	90,046	69,802	76,602	-	-	120,142	72,677	77,941
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions) & Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	-	121,327	302,046	101,609	103,093	-	-	149,619	88,024	93,110
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	-	121,327	302,046	101,609	103,093	-	-	149,619	88,024	93,110
Capital expenditure & funds sources										
Capital expenditure	-	234,695	205,991	78,082	102,827	-	-	149,619	88,024	93,335
Transfers recognised - capital	-	(33,586)	(35,477)	47,902	76,602	-	-	133,592	73,586	80,692
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	2,732	(6,214)	30,180	26,225	-	-	16,027	14,437	12,643
Total sources of capital funds	-	(30,855)	(41,691)	78,082	102,827	-	-	149,619	88,024	93,335
Financial position										
Total current assets	-	294,089	197,486	197,031	203,831	-	-	199,337	202,993	388,069
Total non current assets	-	282,702	571,515	523,623	527,768	-	-	576,151	594,887	635,020
Total current liabilities	-	39,544	39,765	27,409	27,409	-	-	29,402	34,017	(5,979)
Total non current liabilities	-	5,412	1,436	6,724	6,724	-	-	7,929	8,433	6,584
Community wealth/Equity	-	-	5,394	796,230	806,343	-	-	738,158	843,454	1,115,593
Cash flows										
Net cash from (used) operating	-	(402,042)	(260,008)	69,911	71,924	-	-	123,128	72,620	60,095
Net cash from (used) investing	-	-	(16,559)	(98,081)	(98,081)	-	-	(149,619)	(88,024)	(93,335)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	-	(239,603)	(78,202)	(28,170)	6,176	-	-	(54,661)	(70,064)	(103,304)
Cash backing/surplus reconciliation										
Cash and investments available	-	282,396	188,063	184,455	191,255	-	-	185,747	197,462	368,874
Application of cash and investments	-	25,532	15,089	6,400	6,328	-	-	3,640	11,856	(16,121)
Balance - surplus (shortfall)	-	256,864	172,974	178,055	184,927	-	-	182,107	185,607	384,995
Asset management										
Asset register summary (WDV)	-	(68,795)	(24,680)	465,181	459,776	-	-	482,751	584,238	627,069
Depreciation	-	4,507	40,711	51,564	51,564	-	-	56,721	60,067	63,791
Renewal and Upgrading of Existing Assets	-	241,579	230,285	-	-	-	-	23,349	11,400	9,951
Repairs and Maintenance	-	18,567	19,776	18,566	18,599	-	-	18,581	19,890	21,233
Free services										
Cost of Free Basic Services provided	-	677	-	78	8	-	8	8	9	9
Revenue cost of free services provided	-	-	-	345	245	-	258	258	273	290
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

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	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Revenue - Functional	1									
Governance and administration		-	246,133	250,994	377,405	381,035	-	398,838	411,821	437,792
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		-	246,133	250,994	377,405	381,035	-	398,838	411,821	437,792
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		-	33,585	32,958	6,484	6,284	-	29,592	6,857	7,239
Community and social services		-	409	659	742	721	-	722	736	738
Sport and recreation		-	2	-	-	(179)	-	(178)	(282)	(300)
Public safety		-	-	-	5,742	5,742	-	6,047	6,404	6,801
Housing		-	33,173	32,300	-	-	-	23,000	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		-	49,572	86,479	74,428	81,228	-	107,453	76,430	81,914
Planning and development		-	808	112	140	140	-	45,568	10,792	12,474
Road transport		-	48,764	86,367	74,288	81,088	-	61,885	65,638	69,440
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	21,116	18,596	15,367	15,367	-	3,526	7,099	8,403
Energy sources		-	15,000	18,189	15,010	15,010	-	3,150	6,700	7,980
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	6,116	407	357	357	-	376	399	423
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	-	350,406	389,027	473,684	483,914	-	539,409	502,208	535,348
Expenditure - Functional										
Governance and administration		-	339,605	192,054	242,641	246,424	-	259,261	275,637	294,024
Executive and council		-	61,734	64,997	72,924	72,732	-	75,709	80,462	85,604
Finance and administration		-	277,067	126,330	165,721	169,796	-	179,484	190,850	203,817
Internal audit		-	804	727	3,997	3,897	-	4,068	4,325	4,602
Community and public safety		-	15,188	15,485	40,303	40,646	-	43,091	46,242	49,214
Community and social services		-	9,239	10,524	16,326	16,653	-	17,117	18,200	19,367
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	1,826	1,641	17,949	17,766	-	18,848	20,472	21,795
Housing		-	3,198	2,854	5,130	5,130	-	6,028	6,407	6,818
Health		-	925	467	898	1,098	-	1,098	1,162	1,235
Economic and environmental services		-	39,849	45,065	55,468	55,407	-	59,789	59,570	63,324
Planning and development		-	18,945	17,286	22,837	21,821	-	23,308	23,969	25,469
Road transport		-	20,904	27,779	32,631	33,585	-	36,481	35,602	37,855
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		-	28,251	31,904	30,803	35,492	-	24,617	29,516	32,254
Energy sources		-	15,031	22,194	17,723	19,622	-	7,688	11,518	13,103
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	13,220	9,711	13,079	15,869	-	16,929	17,998	19,151
Other	4	-	2,292	1,935	2,860	2,851	-	3,033	3,219	3,423
Total Expenditure - Functional	3	-	425,185	286,444	372,075	380,821	-	389,791	414,184	442,238
Surplus/(Deficit) for the year		-	(74,779)	102,584	101,609	103,093	-	149,619	88,024	93,110

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	2016/17	2017/18	2018/19	Current Year 2019/20			2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand										
Revenue by Vote	1									
Vote 1 - EXECUTIVE AND COUNCIL (11: IE)		-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE AND ADMIN (12: IE)		-	247,891	254,359	377,697	381,156	-	398,966	411,957	437,936
Vote 3 - PLANNING AND DEVELOPMENT (13: IE)		-	808	112	140	140	-	43,869	10,042	10,474
Vote 4 - HOUSING (14: IE)		-	33,173	32,300	-	-	-	23,000	-	-
Vote 5 - COMMUNITY AND SOCIAL SERVICES (15: IE)		-	(159)	744	620	590	-	595	507	495
Vote 6 - PUBLIC SAFETY (16: IE)		-	4,068	4,873	5,636	5,636	-	5,936	6,286	6,676
Vote 7 - WASTE MANAGEMENT (17: IE)		-	5,911	357	293	293	-	309	328	348
Vote 8 - ROAD TRANSPORT (20: IE)		-	63,764	104,556	77,298	77,298	-	66,734	73,088	79,420
Vote 9 - PROJECT MANAGEMENT UNIT (21: IE)		-	-	-	-	-	-	-	-	-
Vote 10 - ELECTRICITY (22: IE)		-	-	-	-	-	-	-	-	-
Vote 11 - OTHER (25: IE)		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	-	355,456	397,301	461,684	465,114	-	539,409	502,208	535,348
Expenditure by Vote to be appropriated	1									
Vote 1 - EXECUTIVE AND COUNCIL (11: IE)		-	67,593	72,474	89,629	89,594	-	92,743	98,518	104,788
Vote 2 - FINANCE AND ADMIN (12: IE)		-	108,557	120,119	152,939	157,101	-	166,955	177,581	189,726
Vote 3 - PLANNING AND DEVELOPMENT (13: IE)		-	12,399	11,111	17,617	17,617	-	19,226	19,564	20,804
Vote 4 - HOUSING (14: IE)		-	2,706	2,854	5,130	5,130	-	6,028	6,407	6,818
Vote 5 - COMMUNITY AND SOCIAL SERVICES (15: IE)		-	13,254	13,697	22,105	22,535	-	23,592	25,467	27,085
Vote 6 - PUBLIC SAFETY (16: IE)		-	22,288	24,624	11,204	11,204	-	11,805	12,564	13,377
Vote 7 - WASTE MANAGEMENT (17: IE)		-	13,244	9,469	12,891	15,681	-	16,629	17,680	18,813
Vote 8 - ROAD TRANSPORT (20: IE)		-	34,646	44,742	49,068	50,467	-	40,793	43,536	47,148
Vote 9 - PROJECT MANAGEMENT UNIT (21: IE)		-	5,278	5,454	8,489	8,489	-	8,823	9,460	10,051
Vote 10 - ELECTRICITY (22: IE)		-	357	429	1,907	1,907	-	2,031	2,163	2,304
Vote 11 - OTHER (25: IE)		-	633	643	1,095	1,095	-	1,166	1,242	1,323
Total Expenditure by Vote	2	-	280,954	305,616	372,075	380,821	-	389,791	414,184	442,238
Surplus/(Deficit) for the year	2	-	74,502	91,685	89,609	84,293	-	149,619	88,024	93,110

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

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

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework			
					Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21
R thousand	1											
Revenue By Source												
Property rates	2	-	-	-	14,844	14,944	-	-	15,751	16,681	17,715	
Service charges - electricity revenue	2	-	(677)	-	-	-	-	-	-	-	-	
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-	-	
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-	-	
Service charges - refuse revenue	2	-	-	-	215	285	-	-	301	319	338	
Rental of facilities and equipment		-	42	293	67	67	-	-	71	75	80	
Interest earned - external investments		-	12,280	11,270	12,371	15,371	-	-	16,201	17,157	18,221	
Interest earned - outstanding debtors		-	214	1,015	1,371	1,371	-	-	1,445	1,530	1,625	
Dividends received		-	-	-	-	-	-	-	-	-	-	
Fines, penalties and forfeits		-	572	757	456	456	-	-	461	489	519	
Licences and permits		-	2,961	2,962	4,617	4,617	-	-	4,924	5,215	5,538	
Agency services		-	731	1,351	775	775	-	-	775	820	871	
Transfers and subsidies		-	242,025	234,558	284,264	284,264	-	-	290,506	307,778	309,281	
Other revenue	2	-	-	-	1,541	1,800	-	-	1,720	1,739	1,847	
Gains		-	2,302	152	83,361	83,361	-	-	87,112	77,728	101,372	
Total Revenue (excluding capital transfers and contributions)		-	260,450	252,359	403,882	407,312	-	-	419,268	429,530	457,407	
Expenditure By Type												
Employee related costs	2	-	-	-	146,798	145,743	-	-	154,999	165,137	175,848	
Remuneration of councillors		-	21,628	22,624	24,606	24,606	-	-	26,205	27,908	29,722	
Debt impairment	3	-	(8,477)	4,491	3,361	3,361	-	-	3,697	3,916	4,158	
Depreciation & asset impairment	2	-	-	-	51,564	51,564	-	-	56,721	60,067	63,791	
Finance charges		-	130	92	-	-	-	-	-	-	-	
Bulk purchases	2	-	-	-	-	-	-	-	-	-	-	
Other materials	8	-	167,493	8,016	13,726	12,745	-	-	13,331	13,941	14,862	
Contracted services		-	-	-	67,252	79,841	-	-	67,926	72,674	78,455	
Transfers and subsidies		-	3,819	5,136	7,285	6,795	-	-	6,971	6,111	6,490	
Other expenditure	4, 5	-	-	-	57,482	56,165	-	-	59,941	64,430	68,912	
Losses		-	2	-	-	-	-	-	-	-	-	
Total Expenditure		-	184,596	40,359	372,075	380,821	-	-	389,791	414,184	442,238	
Surplus/(Deficit)		-	75,854	211,999	31,807	26,491	-	-	29,477	15,347	15,169	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)		-	45,473	90,046	69,802	76,602	-	-	120,142	72,677	77,941	
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		-	121,327	302,046	101,609	103,093	-	-	149,619	88,024	93,110	
Taxation		-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after taxation		-	121,327	302,046	101,609	103,093	-	-	149,619	88,024	93,110	
Attributable to minorities		-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) attributable to municipality		-	121,327	302,046	101,609	103,093	-	-	149,619	88,024	93,110	
Share of surplus/ (deficit) of associate	7	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) for the year		-	121,327	302,046	101,609	103,093	-	-	149,619	88,024	93,110	

4.5.5 Table A5 : Budgeted capital expenditure by vote and funding

Vote Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 12 - HRS AND Admin (32: CS)		-	-	-	-	-	-	-	-	-	-
Vote 13 - Community Services (34: CS)		-	-	-	-	-	-	-	-	-	-
Vote 14 - Finance (36: CS)		-	-	-	-	-	-	-	-	-	-
Vote 15 - Road Transport (38: CS)		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 12 - HRS AND Admin (32: CS)		-	286	313	15,030	11,075	-	-	4,130	7,238	7,443
Vote 13 - Community Services (34: CS)		-	257	257	5,000	7,698	-	-	250	-	-
Vote 14 - Finance (36: CS)		-	0	-	-	-	-	-	-	-	-
Vote 15 - Road Transport (38: CS)		-	(192,737)	(37,236)	57,702	83,703	-	-	104,815	71,214	75,919
Capital single-year expenditure sub-total		-	(192,195)	(36,666)	77,732	102,477	-	-	109,195	78,452	83,361
Total Capital Expenditure - Vote		-	(192,195)	(36,666)	77,732	102,477	-	-	109,195	78,452	83,361
Capital Expenditure - Functional											
Governance and administration		-	427,730	242,970	14,430	10,475	-	-	3,560	7,238	7,443
Executive and council		-	0	844	-	-	-	-	-	-	-
Finance and administration		-	427,730	242,125	14,430	10,475	-	-	3,560	7,238	7,443
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	-	-	-	-	670	-	-
Community and social services		-	-	-	-	-	-	-	250	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	420	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		-	(192,663)	(37,236)	58,652	84,653	-	-	145,239	80,786	85,892
Planning and development		-	-	-	950	950	-	-	40,424	9,571	9,973
Road transport		-	(192,563)	(37,236)	57,702	83,703	-	-	104,815	71,214	75,919
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	(473)	257	5,000	7,698	-	-	150	-	-
Energy sources		-	76	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	(548)	257	5,000	7,698	-	-	150	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	-	234,695	205,991	78,082	102,827	-	-	149,619	88,024	93,335
Funded by:											
National Government		-	(33,586)	(35,477)	35,902	57,802	-	-	110,592	73,586	80,692
Provincial Government		-	-	-	12,000	18,800	-	-	23,000	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National / Provincial Departmental Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educational Institutions)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	-	(33,586)	(35,477)	47,902	76,602	-	-	133,592	73,586	80,692
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	2,732	(6,214)	30,180	26,225	-	-	16,027	14,437	12,643
Total Capital Funding	7	-	(30,855)	(41,691)	78,082	102,827	-	-	149,619	88,024	93,335

4.5.6 Table A6: Budgeted financial position

EC155 Nyandeni - Table A6 Budgeted Financial Position

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand											
ASSETS											
Current assets											
Cash		-	241,217	117,893	35,000	44,800	-	-	25,892	37,607	356,901
Call investment deposits	1	-	41,179	70,169	149,455	146,455	-	-	159,855	159,855	11,973
Consumer debtors	1	-	11,424	2,418	12,069	12,069	-	-	12,688	3,998	18,741
Other debtors		-	269	7,300	-	-	-	-	-	-	-
Current portion of long-term receivables		-	-	(549)	242	242	-	-	549	579	-
Inventory	2	-	-	253	266	266	-	-	353	953	453
Total current assets		-	294,089	197,486	197,031	203,831	-	-	199,337	202,993	388,069
Non current assets											
Long-term receivables		-	-	-	-	-	-	-	-	-	-
Investments		-	-	-	-	-	-	-	-	-	-
Investment property		-	2,801	70,946	61,683	61,683	-	-	68,146	68,146	68,146
Investment in Associate		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	-	300,103	520,631	455,024	463,169	-	-	507,641	525,374	565,812
Biological		-	-	-	-	-	-	-	-	-	-
Intangible		-	(20,202)	(20,062)	6,916	2,916	-	-	363	1,388	1,062
Other non-current assets		-	-	-	-	-	-	-	-	-	-
Total non current assets		-	282,702	571,515	523,623	527,768	-	-	576,161	594,887	635,020
TOTAL ASSETS		-	576,791	769,001	720,654	731,599	-	-	775,488	797,880	1,023,089
LIABILITIES											
Current liabilities											
Bank overdraft	1	-	-	-	-	-	-	-	-	-	-
Borrowing	4	-	-	504	-	-	-	-	-	-	-
Consumer deposits		-	-	-	-	-	-	-	-	-	-
Trade and other payables	4	-	25,532	17,511	15,200	15,200	-	-	19,868	20,633	(5,979)
Provisions		-	14,012	21,750	12,209	12,209	-	-	9,533	13,384	-
Total current liabilities		-	39,544	39,765	27,409	27,409	-	-	29,402	34,017	(5,979)
Non current liabilities											
Borrowing		-	438	326	1,750	1,750	-	-	1,845	1,953	500
Provisions		-	4,974	1,110	4,974	4,974	-	-	6,084	6,480	6,084
Total non current liabilities		-	5,412	1,436	6,724	6,724	-	-	7,929	8,433	6,584
TOTAL LIABILITIES		-	44,957	41,201	34,133	34,133	-	-	37,331	42,450	605
NET ASSETS	5	-	531,835	727,800	686,521	697,466	-	-	738,158	755,430	1,022,484
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)		-	-	-	796,230	806,343	-	-	738,158	843,454	1,115,593
Reserves	4	-	-	5,394	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	5	-	-	5,394	796,230	806,343	-	-	738,158	843,454	1,115,593

4.5.7 Table A7: Budgeted cash flows

EC155 Nyandeni - Table A7 Budgeted Cash Flows

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		-	-	33	11,958	11,958	-	-	12,807	13,808	16,204
Service charges		-	-	-	192	192	-	-	247	278	313
Other revenue		-	-	2	5,266	5,726	-	-	8,832	7,258	8,026
Transfers and Subsidies - Operational	1	-	(0)	-	284,264	284,264	-	-	290,506	307,778	309,281
Transfers and Subsidies - Capital	1	-	-	-	69,802	76,602	-	-	120,142	72,677	77,941
Interest		-	2,299	3,369	13,468	16,468	-	-	17,357	18,458	19,683
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		-	(402,287)	(259,165)	(309,864)	(319,101)	-	-	(322,402)	(344,090)	(367,799)
Finance charges		-	(130)	(92)	-	-	-	-	-	-	-
Transfers and Grants	1	-	(1,924)	(4,155)	(5,176)	(4,185)	-	-	(4,361)	(3,347)	(3,555)
NET CASH FROM/(USED) OPERATING ACTIVITIES		-	(402,042)	(260,008)	69,911	71,924	-	-	123,128	72,620	60,095
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		-	-	(16,559)	(98,081)	(98,081)	-	-	(149,619)	(88,024)	(93,335)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	-	(16,559)	(98,081)	(98,081)	-	-	(149,619)	(88,024)	(93,335)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		-	(402,042)	(276,567)	(28,170)	(26,157)	-	-	(26,490)	(15,404)	(33,240)
Cash/cash equivalents at the year begin:	2	-	162,439	198,365	-	32,333	-	-	(28,170)	(54,661)	(70,064)
Cash/cash equivalents at the year end:	2	-	(239,603)	(78,202)	(28,170)	6,176	-	-	(54,661)	(70,064)	(103,304)

Cash Flow:

Cash inflow of the municipality is dominated of Operational grants, Capital grants, interest on investment and bank account, service charges, property rates and other own revenue. The municipality has budgeted to collect 80% on its own revenue and debtors in 2020/21 and for the outer two years 85% and 90% respectively.

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 that the municipality will be able to meet its obligations in 2020/21 financial year.

The municipality has budgeted to spend fully all the grants allocated.

Cash outflow: The municipality has budgeted to pay all it's suppliers, salaries and wages, councilors remuneration and cash transfers and grants. The municipality does not have loans.

4.5.8 Table A8 : Cash backed reserves / accumulated surplus reconciliation

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

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
Cash and investments available											
Cash/cash equivalents at the year end	1	-	(239,603)	(78,202)	(28,170)	6,176	-	-	(54,661)	(70,064)	(103,304)
Other current investments > 90 days		-	521,999	266,264	212,625	185,079	-	-	240,408	267,527	472,178
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		-	282,396	188,063	184,455	191,255	-	-	185,747	197,462	368,874
Application of cash and investments											
Unspent conditional transfers		-	25,532	0	-	-	-	-	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	-	-	15,089	6,400	6,328	-	-	3,640	11,856	(16,121)
Other provisions		-	-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		-	25,532	15,089	6,400	6,328	-	-	3,640	11,856	(16,121)
Surplus(shortfall)		-	256,864	172,974	178,055	184,927	-	-	182,107	185,607	384,995

Cash backed reserves:

The municipality assets are cash backed and the municipality can be able to pay for its assets. The budget of the municipality is funded because the reconciliation reflects the surplus of R182,107 million in 2020/21 and for the two outer years R185,607 million and R384,995 respectively. The cash flows regarding cash and cash equivalents indicates that the municipality has positive balances on investments.

Table A9 : Asset management

SUPPORTING DOCUMENTS

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 2018-2019 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 2020/21 to 2023. 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.

2020-21 IDP AND BUDGET PROCESS PLAN

HASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLATIVE FRAMEWORK
AUGUST 2019				
	Conclude performance agreements for the 2019-2020	Mayor & Municipal Manager	August 2019	MFMA Sec 53(1)c & MSA sec 56
	Make public the annual performance agreements and place copies to the municipal website	Office of the Municipal Manager	11 August 2019	MFMA 53(3)(a)
	Place the annual performance agreements on the municipal website	Office of the Municipal Manager	16 August 2019	MFMA 75 (1)(d)

	<p>Table IDP, PMS and Annual Budget Process Plan for 2020/2021 to the Executive Committee including the following documents</p> <ul style="list-style-type: none"> ✓ Annual Financial Statements for 2018/2019 FY ✓ Performance Information report (MSA-s46) 2018-2019 ✓ Draft Annual Report for 2018/2019 	Municipal Manager	22 August 2019	MFMA 21(1)(b) & 53 (1) (b)
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PHASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLATIVE FRAMEWORK
	<p>Audit Committee Meeting to consider the review the:</p> <ul style="list-style-type: none"> ✓ Annual Financial Statements for 2018/2019 ✓ Performance Information report (MSA-s46) 2018-2019 ✓ Draft Annual Report for 2018/2019 	Office of the MM	23 August 2019	MFMA s65 & 66

	<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 2017/2018 ✓ Performance Information report (MSA-s46) ✓ Annual Report for 2017/2018 	Mayor	29 August 2019	MFMA 21(1)(b) & 53 (1) (b)
	<p>Printing of Annual Financial Statements and Annual Performance Assessment Information Report and Draft Annual Report for the year ending 30 June 2019</p>	MM	29-30 August 2019	MFMA 126 (1) (a)

HASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLATIVE FRAMEWORK
	<p>Submit Annual Financial Statements and Annual Performance Assessment Information Report and Draft Annual Report for the year ending 30 June 2018 to Auditor General Office</p>	<p>Chief Financial Officer, MM</p>	30 August 2019	MFMA 126 (1) (a)

SEPTEMBER 2019				
	Advertise and Publish approved 2020/2021 IDP, PMS and Budget Process Plan on website and newspaper	SM: Operations	06 September 2019	MSA S16 & 21
	Submit approved 2020/2021 IDP, PMS and Budget Process Plan and Framework to CoGTA, and Provincial Treasury, Auditor General (within 10 days of approval)	SM: Operations	06 September 2019	MFMA Sec 75 (2)
	Intergovernmental Engagements (IGR FORUM)	Mayor	10 September 2019	Constitution of RSA, s41 & MSA s24
	Conduct initial consultation and review, conduct primary data analysis including financial outlook to identify need to review financial fiscal strategies	Manager IDP	September 2019	Chapter 3, Constitution of the RSA, 1996

HASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLATIVE FRAMEWORK
OCTOBER 2019				
	Prepare socio-economic profile	IDP Manager	October 2019	
	ICT Governance Committee Meeting		3 October 2019	

	District Planning Forum sitting to share socio-economic data	ORTAMBO DM	October 2019	
	Consultation and inclusion of Sector Department information to the IDP		October 2019	
	Audit Committee Meeting	Municipal Audit Unit	23 October 2019	
	Table first quarter performance report including financial performance analysis report (s52(d) to Executive Committee		24 October 2019	
	Table first quarter performance report including financial performance analysis report (s52(d) to Council	Mayor	31 October 2019	MFMA s52(d)
NOVEMBER 2019				
	Convene IDP Pre Council Strategic Planning Session	MM	05 November 2019	IDP Guidelines
HASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLTATIVE FRAMEWORK
	Place quarterly performance report on the municipal website	Office of the Municipal Manager	05 November 2019	MFMA 75 (1)K & 52(d)

	IDP Representative Forum	Senior Manager Operations	08 November 2019	
	Mayoral Imbizo's to give service delivery feedback and get community priority needs		12-21 November 2019	MSA s34 & s16
DECEMBER 2019				
	District Cluster Forums (to present situational analysis and project identification for 2020/21)		December 2019	
	Special Exco Meeting		10 December 2019	
	Special Council Meeting		13 December 2019	
JANUARY 2020				
	ICT Governance Committee Meeting	SM: Corporate Services	8 January 2020	
	Convene Management Retreat to compile and	Municipal Manager	15-17 January 2020	MFMA s72 (1) &

PHASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLTATIVE FRAMEWORK
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	finalize Mid-year report, adjustment budget and Revised SDBIP	& Senior Managers		11
	Special Exco Meeting to Table Mid-year Report, revised SDBIP and Adjustment Budget for approval and Annual Report		17 January 2020	
	Ordinary Audit, Risk & Performance Committee (Assessment of Mid-year performance)	Internal Audit Unit	22 January 2020	
	Table Mid-year Report, revised SDBIP and Annual Report to the Special Council Meeting	Mayor & MM	24 January 2020	MFMA s72 (1) & 11
FEBRUARY 2020				
	Place the Annual Report for 2018-2019 on the municipal website	Office of the Municipal Manager	February 2020	MFMA 75 (1)©
	Place the quarterly performance report (s52(d)) on the municipal website			
	Provincial Treasury Mid-year assessment		17 February 2020	

HASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLTATIVE FRAMEWORK
	Table 2019/20 Adjustment Budget to Council for approval. (Possibly Amend IDP and Top Layer SDBIP).	CFO & MM	27 February 2020	MFMA s72 (1) & 11
	Convene Strategic Planning Session to review municipal high level overarching strategies and short term development objectives	Council	03 – 06 March 2020	
MARCH 2020				
COUN CIL SITTING	Presentation of Draft IDP, Annual Budget, Draft SDBIP, Tariffs and budget related policies to the Executive Committee	Municipal Manager & CFO	19 March 2020	
	Convene IDP Rep Forum to present Draft IDP 2020/21 Review and Draft budget 2020/21	MM	17 March 2020	
	Tabling of Draft IDP, Annual Budget, Draft SDBIP, Tariffs and budget related policies to Council	Mayor	26 March 2020	MFMA s16 (2)
APRIL 2020				

	ICT Governance Committee Meeting		02 April 2020	
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HASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLTATIVE FRAMEWORK
	Risk Committee		16 April 2020	
	Policy review consultations by Departments		April 2020	
	IDP and Budget Public Hearings		14-24 April 2020	
	Audit Committee Meeting		21 April 2020	
	Special Executive Committee Meeting		23 April 2020	
	Table third quarter performance report including financial performance analysis report to Council	Mayor	30 April 2020	MFMA s52(d)
MAY 2020				
	MTREF Engagement and Benchmarking(Conducted by Provincial Treasury)	MM, BTO & SDF	5 May 2020	
	Council Policy Consultative Workshop	Operations	19 – 21 May 2020	

	Special Exco Meeting	Operations	22 May 2020	
	Table Reviewed IDP, Annual Budget, Tariffs, Organizational Structure and budget related policies	Mayor	29 May 2020	MFMA s24 (1)

HASE	ACTIVITIES	COORDINATING DEPARTMENT	TIMEFRAME	LEGISLATIVE FRAMEWORK
	for approval by Council			
JUNE 2020				
	Ordinary Audit, Risk & Performance Committee		21 June 2020	
	Submit approved annual budget and IDP to NT & PT		10 June 2020	MFMA 24 (3)
	Publish the IDP and Budget for 2020-2021 FY		05 June 2020	
	Special Exco Meeting to consider End of the Year Road Map and Financial Related Reports		18 June 2020	
	Special Council Meeting		25 June 2020	
END				

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
- Virement Policy

8 Budget Assumptions

8.1 National Treasury provided guidance in MFMA Circular No. 99 issued in terms of Municipal Finance Management Act No. 56 of 2003 regarding inflation:-

Fiscal Year	2019/20	2020/2021	2021/2022	2022/2033
	Estimate	Forecast		
CPI Inflation	0.3%	0.9%	1.3%	1.6%
Real GDP Growth	4.1%	4.5%	4.6%	4.6%

8.2 The inflation rate to be used for calculating wage increases

The South African Local Government Bargaining Council has issued a Wage Collective Agreement for the period 01 July 2020 to 30 June 2021. The municipality has budgeted 6.5% as per the agreement, therefore in 2020/21 salaries have been increased by that percentage.

For the remuneration of Councillors, the municipality has budget based on actual costs approved in accordance with the Government Gazette No. 20 of 1998 on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually between December and January by the Department of Cooperative Governance (DCoG).

8.3 Municipalities are advised to structure their 2020/21 electricity tariffs based on the 8.1 **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 in 2019/20 has budgeted to collect 80.7%. However, the municipality has employed mechanism to improve collection rates, in this instance, the municipality has budgeted to collect 80% in 2020/21; 85% in 2021/22 and 90% in 2022/23 of the billed amount each year.

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

9.1 FUNDING OF THE CAPITAL BUDGET

The 2020/2021 capital budget amounts to R149,619 million, and for the two outer years its R88,024 million and R93,335 million (these figures includes retention amounts). It is predominantly funded through the MIG funding; Small Town Revitalisation; Neighbourhood partnership development grant; Public Transport Network Grant and Internally Generated Funding.

9.2 FUNDING OF THE OPERATING BUDGET

The Operating Budget is funded from the following main sources:

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

Assessment Rates. The Municipal Property Rates Act will be implemented on July 1 2019. 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 R15,6 million for the current year, and for two outer years is R16,7 million and R17,7 million.

The income received in the form of the Equitable Share Grant is R277,790 million and for the two outer years is R295,066 million and R295 million.

Other Grants and subsidies are as follows:

Grant Name	Financial Year	Amount
FMG	2020-21	R1 700 000
INEP	2020-21	R3 150 000
EPWP	2020-21	R1 444 000
LIBRARY SUBSIDY	2020-21	R700 000

Capital Grants are as follows:

Grant Name	Financial Year	Amount
MIG	2020-21	R60 441 000
STR	2020-21	R23 000 000
Animal Feed Processing Plant Grant	2020-21	R40,423,748
Public transport network grant	2020-21	R 1, 699,000

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 2020 to 30 June 2021. It includes the service delivery targets and performance indicators for each quarter, which should be linked to the performance agreements of senior management. It therefore facilitates oversight of financial and non-financial performance of the municipality, and allows the Municipal Manager to monitor the performance of the Section 56 Managers, the Mayor/Council to monitor the performance of the Municipal Manager, and the community to monitor the performance of the Council.

The draft SDBIP for the 2020/2021 financial year has been prepared for submission to Treasury.

11. Contracts having future budgetary implications

In terms of the NLM's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and

Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

12. Legislation Compliance

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

1. In year reporting

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

2. 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.

3. 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. The cost containment measures policy was developed and submitted to the Council for adoption.

4. Budget and Treasury Office

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

5. Audit Committee

An Audit Committee has been established and is fully functional.

6. Service Delivery and Implementation Plan

The detailed SDBIP document will be finalised after adoption and approval of the 2020/2021 MTREF in May 2020. It will be submitted to National Treasury.

7. Annual Report

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

8. MFMA Training

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

13. Other Supporting Documents

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

Description	Ref	2016/17	2017/18	2018/19	Current Year 2019/20				2020/21 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2020/21	Budget Year +1 2021/22	Budget Year +2 2022/23
R thousand											
REVENUE ITEMS:											
Property rates											
Total Property Rates	6				15,189	15,189			16,009	16,954	18,005
less Revenue Foregone (exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA)		-	-	-	345	245	-	-	258	273	290
Net Property Rates		-	-	-	14,844	14,944	-	-	15,751	16,681	17,715
Service charges - electricity revenue											
Total Service charges - electricity revenue	6										
less Revenue Foregone (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-	-
less Cost of Free Basis Services (50 kwh per indigent household per month)		-	677	-	-	-	-	-	-	-	-
Net Service charges - electricity revenue		-	(677)	-	-	-	-	-	-	-	-
Service charges - water revenue											
Total Service charges - water revenue	6										
less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-	-
less Cost of Free Basis Services (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-	-
Net Service charges - water revenue		-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue											
Total Service charges - sanitation revenue											
less Revenue Foregone (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-	-
less Cost of Free Basis Services (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-	-
Net Service charges - sanitation revenue		-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue											
Total refuse removal revenue	6				293	293			309	328	348
Total landfill revenue		-	-	-	-	-	-	-	-	-	-
less Revenue Foregone (in excess of one removal a week to indigent households)		-	-	-	-	-	-	-	-	-	-
less Cost of Free Basis Services (removed once a week to indigent households)		-	-	-	78	8	-	-	8	9	9
Net Service charges - refuse revenue		-	-	-	215	285	-	-	301	319	338
Other Revenue by source											
Fuel Levy		-	-	-	-	-	-	-	-	-	-
Other Revenue		-	-	-	1,541	1,800	-	-	1,720	1,739	1,847
Total 'Other' Revenue	1	-	-	-	1,541	1,800	-	-	1,720	1,739	1,847
EXPENDITURE ITEMS:											
Employee related costs											
Basic Salaries and Wages	2				88,952	87,897			93,392	99,526	105,972
Pension and UIF Contributions		-	-	-	14,539	14,539	-	-	15,484	16,490	17,562
Medical Aid Contributions		-	-	-	16,603	16,603	-	-	17,682	18,831	20,055
Overtime		-	-	-	1,067	1,067	-	-	1,136	1,210	1,289
Performance Bonus		-	-	-	7,128	7,128	-	-	7,591	8,085	8,610
Motor Vehicle Allowance		-	-	-	5,906	5,906	-	-	6,290	6,699	7,134
Cellphone Allowance		-	-	-	-	-	-	-	-	-	-
Housing Allowances		-	-	-	3,803	3,803	-	-	4,050	4,313	4,593
Other benefits and allowances		-	-	-	8,236	8,236	-	-	8,771	9,341	9,948
Payments in lieu of leave		-	-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	565	565	-	-	602	641	683
Post-retirement benefit obligations		-	-	-	-	-	-	-	-	-	-
sub-total	4	-	-	-	146,798	145,743	-	-	154,999	165,137	175,848
Less: Employees costs capitalised to PPE	5	-	-	-	-	-	-	-	-	-	-
Total Employee related costs	1	-	-	-	146,798	145,743	-	-	154,999	165,137	175,848
Depreciation & asset impairment											
Depreciation of Property, Plant & Equipment		-	-	-	51,394	51,394	-	-	56,533	59,869	63,581
Lease amortisation		-	-	-	170	170	-	-	187	198	211
Capital asset impairment		-	-	-	-	-	-	-	-	-	-
Total Depreciation & asset impairment	1	-	-	-	51,564	51,564	-	-	56,721	60,067	63,791
Bulk purchases											
Electricity Bulk Purchases		-	-	-	-	-	-	-	-	-	-
Water Bulk Purchases		-	-	-	-	-	-	-	-	-	-
Total bulk purchases	1	-	-	-	-	-	-	-	-	-	-
Transfers and grants											
Cash transfers and grants		-	1,924	4,155	5,176	4,185	-	-	4,361	3,347	3,555
Non-cash transfers and grants		-	1,896	981	2,110	2,610	-	-	2,610	2,764	2,935
Total transfers and grants	1	-	3,819	5,136	7,285	6,795	-	-	6,971	6,111	6,490
Contracted services											
Outsourced Services		-	-	-	20,220	28,672	-	-	28,102	30,073	31,887
Consultants and Professional Services		-	-	-	23,572	27,654	-	-	27,122	28,956	31,934
Contractors		-	-	-	23,480	23,514	-	-	12,702	13,645	14,634
Total contracted services		-	-	-	67,252	79,841	-	-	67,926	72,674	78,455
Other Expenditure By Type											
Collection costs		-	-	-	-	-	-	-	-	-	-
Contributions to 'other' provisions		-	-	-	-	-	-	-	-	-	-
Audit fees		-	-	-	5,000	5,000	-	-	5,000	5,295	5,623
General expenses		-	-	-	52,482	51,165	-	-	54,941	59,135	63,289
Total 'Other' Expenditure	1	-	-	-	57,482	56,165	-	-	59,941	64,430	68,912
by Expenditure Item											
Employee related costs	8				2,000	2,000			2,000	2,118	2,249
Other materials		-	-	-	2,927	2,927	-	-	3,085	3,267	3,470
Contracted Services		-	-	-	13,340	13,419	-	-	13,247	14,180	15,169
Other Expenditure		-	-	-	298	253	-	-	249	324	345
Total Repairs and Maintenance Expenditure	9	-	-	-	18,566	18,599	-	-	18,581	19,890	21,233