



Budget Medium Term Revenue and Expenditure Forecasts

MFMA Section 16 Report

2024/2025

Govan Mbeki Municipality

Table Of Contents

1. OVERVIEW	3
1.1 Purpose	3
1.2 Background	3
1.3 Long Term Financial Sustainability (LTFS)	3
1.4 2023/2024 MTREF Policy statements and guidelines	4
2. EXECUTIVE SUMMARY	5
2.1 Executive Summary	5
2.2 Consolidated overview	7
3. DETAILED OVERVIEW OF BUDGET	8
3.1 Total Revenue	8
3.2 Revenue	9
3.3 Operating Expenditure	12
4. CONSULTATION PROCESS	23
5. BUDGET RELATED POLICIES AND OVERVIEW OF TARIFF ADJUSTMENTS	24
5.1 Virement Policy (Annexure D)	24
5.2 Accounting policy (Annexure E)	24
5.3 Supply Chain Management Policy (Annexure F)	24
5.4 Credit control and Debt collection policy (Annexure G)	24
5.5 Investment policy (Annexure H)	24
5.6 Property Rates policy (Annexure I)	24
5.7 Tariff policy (Annexure J)	24
5.8 Fixed Asset Management Policy (Annexure K)	25
5.9 Short Term Risk and Liabilities Policy (Annexure L)	25
5.10 Funding and Reserves Policy (Annexure M)	25
5.11 Budget Policy (Annexure N)	25
5.12 Borrowing Policy (Annexure O)	25
5.13 Blacklisting Policy (Annexure P)	25
5.14 Indigent Management Policy (Annexure Q)	25
5.15 Travelling and Subsistence Policy (Annexure R)	25
5.16 Provision for Doubtful Debt and Debt Write-Off Policy (Annexure S)	25
5.17 Unclaimed Deposit Policy (Annexure T)	25
5.18 Retention Policy (Annexure U)	25
5.19 Policy on Levying the Contribution for the Provision of Electricity Services (Annexure V)	25
6. OVERVIEW OF BUDGET ASSUMPTIONS	26

6.1	Key Financial indicators	26
6.2	Credit Rating	26
6.3	Borrowing and Investment of funds	26
6.4	Rates, tariffs, charges and timing of revenue collection.....	26
6.5	Collection rates for each revenue source	26
6.6	Price movements on specifics.....	27
6.7	Average salary increases.....	27
6.8	Changing Demand characteristics.....	27
6.9	Ability to the municipality to spend and deliver on programs	27
7.	ALIGNMENT OF BUDGET TO THE INTEGRATED DEVELOPMENT PLAN.....	28
7.1	IDP Review and stakeholder participation.....	28
7.2	IDP link to the budget	28
8.	BUDGET RECOMMENDATIONS	29

1. OVERVIEW

1.1 Purpose

The purpose of the report is to table the budget 2024/25 Medium-term Revenue and Expenditure Framework (MTREF) before Council in terms of Section 16(2) of the Local Government: Municipal Finance Management Act (MFMA), 2003 (Act 56 of 2003) prior to the community consultation process.

1.2 Background

Section 16(1) of the Municipal Finance Management Act (MFMA) stipulates that the council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year. Section 16(2) stipulates that in order 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.

Section 22 of the MFMA also stipulates that immediately after an annual budget is tabled in a municipal council the accounting officer must make public the annual budget and documents in terms of Section 17 and invite the local community to submit representations in connection with the budget; and submit the annual budget to the National Treasury and the relevant provincial treasury in printed and electronic formats.

Section 23(2) of the MFMA stipulates further that “after considering all budget submissions, the Council must give the Executive Mayor an opportunity –

- a) To respond to the submissions; and
- b) If necessary, to revise the budget and table amendments for consideration by the council”.

The 2024/25 MTREF must be considered for approval by Council by 31 May 2024 after taking into account the outcome of public consultation.

1.3 Long Term Financial Sustainability (LTFS)

The purpose of the long-term financial strategy is to ensure that the municipality is financially sustainable and able to respond to the Municipal Growth and Development Strategy, policies, priorities and infrastructure needs.

The objectives of the LTFS are:

- Prudent and sound medium-term to long-term financial framework.
- Resilience and able to absorb future shocks.
- Ensure sustainability of services.
- Investment in infrastructure.
- Adequate maintenance of infrastructure.
- Identify strategies that will ensure long-term financial sustainability:
- Operational efficiency initiatives,
- Sustainable and alternative revenue streams.
- Respond to the long-term strategy of the municipality.
- Improve the municipality’s credit rating.

Owing to the limited revenue base (municipal rates, user charges and grants/subsidies) the Municipality has to be proactive in the minimization of costs and the maximisation of efficiencies in order to respond to increased service delivery requirements.

The strategies and measures already implemented to ensure sustainability are:

- The Budget Policy;
- The Revenue Enhancement Strategy;
- Budget Principles and guidelines; and
- The Cash-Flow Management Intervention Initiatives.

Long-term Financial Model (LTFM)

The long-term Financial Model essentially informs the compilation of the MTREF with the emphasis on affordability and long-term sustainability. Although the LTFM is predominantly a financial planning tool to ensure long-term financial sustainability for the organisation, the financial planning process and LTFM run parallel to ensure the strategies and direction of the Municipality are at all times informed by best practice. The municipality is in a process of reviewing its plans and developing a long-term financial strategy.

1.4 2024/2025 MTREF Policy statements and guidelines

The IDP is the primary point of reference for preparation of the MTREF. Accordingly, the budget addresses the following strategic objectives:

- Provide basic services, roads and storm water.
- Economic growth and development and job creation.
- Sustainable communities with clean, healthy and safe environments and integrated social services.
- Participatory democracy and Batho Pele.
- Promote sound governance.
- Ensure financial sustainability.
- Organisational development and transformation.

The 2024/25 MTREF reflects the reality of the current budgetary pressures. The following budget guidelines directly informed the compilation of the budget;

- Scale down on baseline allocation as indicated by National Government.
- Approve a balanced budget and create cash surplus over the Medium-term.
- The budget must be funded in accordance with the funding compliance procedure set out in MFMA Circular 126 and the Funding Compliance Guideline.
- Reprioritise competing needs within the allocations.
- Ensure the timely delivery of the capital programmes (eliminate under spending of capital budget).
- Tariff and Property Rate increases should take into account the need to address infrastructure backlogs and other strategies and affordability of services.
- The percentage salary increases according TREASURY guideline
 - *2024/25 Financial Year –4.9%*
- Special attention needs to be given to efficiency gains and the principle of value for money.
- Filling of vacancies should be reviewed within the available budget.

2. EXECUTIVE SUMMARY

2.1 Executive Summary

The preparation of the 2024/2025 Budget and Medium-Term Revenue and Expenditure Framework (MTREF) is based on the guidelines contained in the MFMA Circular No.126 issued by National Treasury. Circular 126 was used to increase expenditure by 4.9%.

The other fundamental principles underlying the preparation of this draft budget is the application of sound Financial Management to ensure Financial Viability, and that municipal services provide sustainable, economically, and equitable to all communities.

The main challenges experienced during compilation of the draft 2024/25 MTREF can be summarized as follows:

- Significant increase in operating expenditure with limited increase in operating revenue resulting in huge deficits.
- Cash flow constraints
- The increased cost of bulk purchases (due to increase from Rand Water and Eskom).
- The need to re-prioritise expenditure within the existing resource given the cash flow realities and declining cash position.
- Unavailability of own-funding for capital budget; and

The following principles and guidelines will directly inform the draft 2024/25 MTREF:

- The budget of 2024/25 budget was used as baseline and was appropriate as upper limits.
- CPI guidelines from National Treasury except where specific sector increases are prescribed.
- Ensuring that drinking water meets the required quality standards at all times
- Identification of inefficiencies and elimination of no-priority spending
- Securing health of the assets by increasing the spending on repairs and maintenance
- Developing strategies in reducing water and electricity losses
- Developing tariffs that are cost reflective
- Maintaining a long financially sustainable environment
- Protect the poor from the worst impacts of the economic downturn at all times
- Job creation and poverty reduction

For the municipality to be able to deliver efficient and effective public services within the existing fiscal purse, tough decisions will have to be taken on the expenditure side. Priority ought to be given to the following areas:

- A performance culture where all the people are held accountable for their actions, accompanied by clear, measurable outcomes related to key developmental priorities.
- Limit outsourcing of work
- Procurement reforms
- Limit wastage and inefficient systems
- Strengthen the collection to reduce the debt book

The budget has been prepared with a vision of sustaining the financial capability of the municipality in the long term. A special effort was taken to improve the credibility of the budget. The tariffs have been set in line with tariff policy and the following factors were considered:

- The current collection rate
- The affordability of the community
- The social package
- The direct cost drivers

The tariffs for service charges have been increased as follows:

- Water 5.9%
- Electricity 9.86%
- Rates 4.9%
- Waste management
 - o Refuse removal 4.9%
- Sewer 5.9%
- Miscellaneous 4.9%

The social package is proposed as follows:

DESCRIPTION	2023/2024 VAT Inclusive	2024/2025 VAT Inclusive	2025/2026 VAT Inclusive	2026/2027 VAT Inclusive
Free Electricity	83.69	91.94	96.45	101.17
Free Water	309.35	321.60	343.65	306.49
Equitable Share	278.00	292.00	306.00	321.00
TOTAL	671.04	711.54	746.10	782.66

The municipality is implementing the inclining block tariffs on electricity and water. The IBT for the electricity is in-line with the NERSA guidelines. The water tariffs are also designed using the inclining block model to promote conservative approach to the domestic consumers.

The municipality will still ensure that the poor are protected through the indigent support scheme as per the indigent policy and debt collection strategy. The threshold for increasing free basic services for a household will be reviewed. The increase on the package indicates the municipality’s commitment to protect the poor and also to ensure that those who cannot afford to pay are not burden with the unpaid accounts.

The council is committed in creating employment and reducing poverty as part of National Initiative, through meaningful local economic developmental initiatives and labour-intensive projects. Furthermore, the municipality will on the continuous basis engage with the service providers to ensure that labour intensive approaches are utilized. The municipality will also ensure that it implements the intern programs to provide the young people with on-the-job training.

A conservative approach in spending will be adopted to ensure financial sustainability. As a municipality we should also all pay serious attention to managing revenue and any cash streams effectively through revenue management processes and procedures.

2.2 Consolidated overview

The budget has been prepared in terms of guidelines as contained in Circular 126 of the MFMA. The contents and format of the budget are in line with the requirements of the Municipal Budget and Reporting Regulations and any applicable legislation.

The 2024/2025 Final budget comprises of R 3 987 billion for operating expenditure and R 273 million for capital investment programs. The total operating income budget is R 3 300 billion resulting in an operating deficit of R 686 million.

Municipal revenues and cash flows are expected to increase with all revenue enhancement intervention in place.

Table 1: Consolidated overview of the 2024/2025 Final Budget

Description	Adjusted Budget 2023/24	Draft Budget 2024/2025	Final Budget 2024/2025	Final Budget 2025/2026	Draft Budget 2026/2027
Total Operating Revenue	3 071 841 848.00	3 260 990 664.86	3 300 377 588.00	3 431 691 367.00	3 615 143 909.00
Total Operating Expenditure	3 140 956 880.00	3 149 437 711.00	3 987 098 398.04	3 247 906 538.00	3 409 919 712.00
Surplus /(Deficit) for year before grants & transfers	-69 115 032.00	111 552 953.86	-686 720 810.04	183 784 829.00	205 224 197.00
Grants and transfer revenue	146 335 955.00	117 651 000.00	117 651 000.00	88 799 000.00	93 886 000.00
Net surplus/(deficit) after grants and transfers	77 220 923.00	229 203 953.86	-569 069 810.04	272 583 829.00	299 110 197.00
Total Capital Expenditure	217 092 505.00	192 253 300.00	273 903 300.00	237 858 935.00	211 555 723.57
Net surplus/(deficit)	-139 871 582.00	36 950 653.86	-842 973 110.04	34 724 894.00	87 554 473.43

Operating budget

The operating budget deals with day-to-day operations of the municipality to ensure that service delivery is sustained.

The operating expenditure budget has increased to R 3 987 billion compared to the current adjusted budget of R 3 141 billion.

The trend is that the operating expenditure has been increasing over the years driven by:

- Salary increments
- The need to repair infrastructure
- The need to adequately budget for debt impairment and depreciation,
- The increases in Bulk purchases from Eskom and Rand Water.
- Inflation

Capital budget

An amount of R273 million has been allocated for the capital investment program for 2024/2025 financial year. This is an increase from the R217 million budget for 2023/2024.

Net surplus/(deficit)

The substantial increase in the deficit from R139,871,582 to R842,973,110 in the 2024/2025 Medium-Term Revenue and Expenditure Framework (MTREF) is primarily due to a significant adjustment in the debt impairment provision. Debt impairment provision is an accounting measure that municipalities use to account for the estimated amount of debt that is unlikely to be collected from debtors. For the 2022/2023 fiscal year, this was budgeted at R210,273,198 but the actual debt impairment incurred was R681,776,447, revealing a considerable underestimation. Similarly, the budgeted amounts for 2023/2024 and 2024/2025 were R220,158,047 and R168,158,048, respectively. These figures were significantly lower than the actual amounts required, indicating that the provision was consistently underestimated in prior years. The accurate estimation of debt impairment should be guided by the municipal collection rate, as specified by Circular 71 formula, which was not adequately considered in previous budgets. This adjustment to reflect a more realistic debt impairment provision has resulted in a substantial increase in the reported deficit for the upcoming fiscal period.

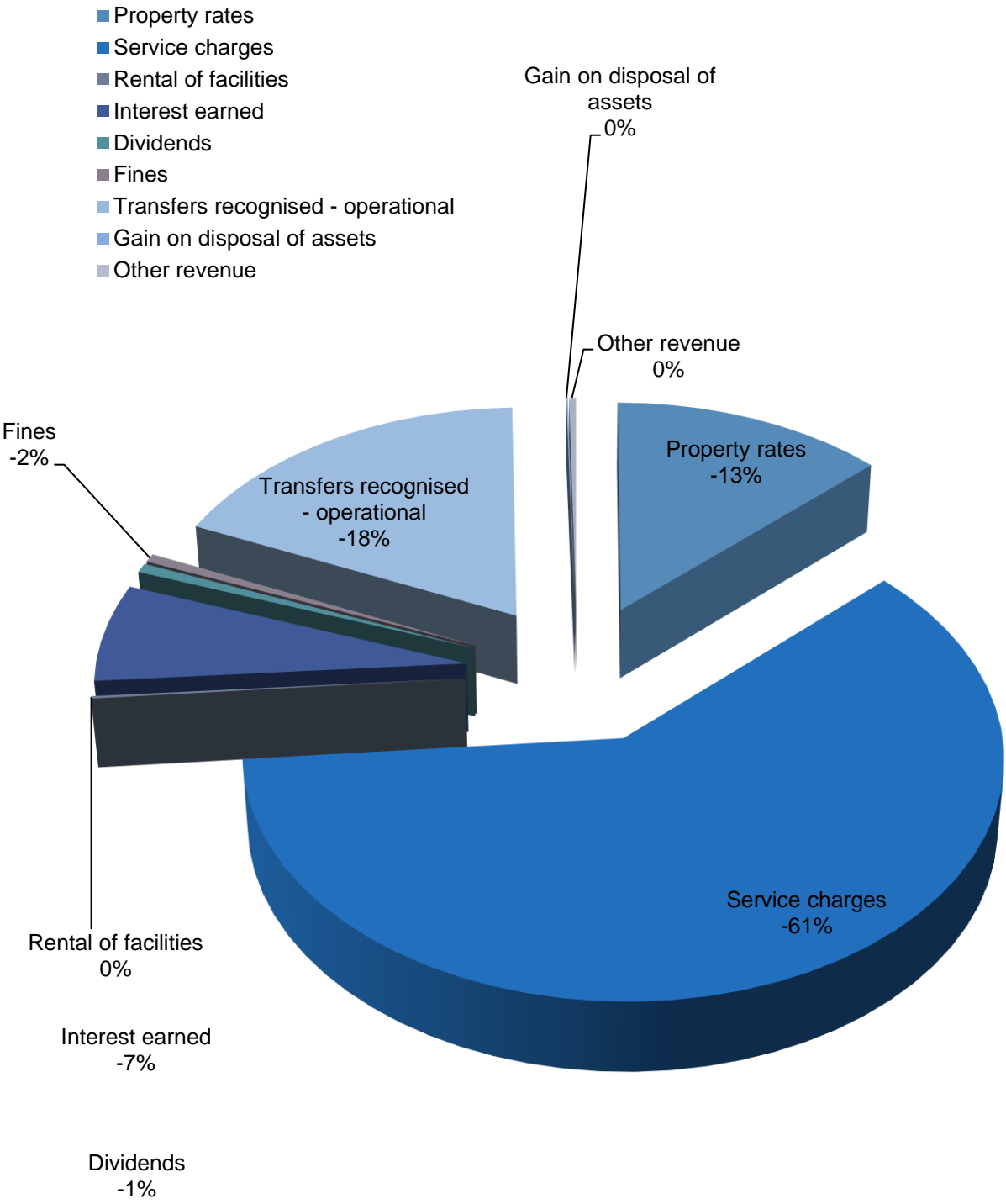
3. DETAILED OVERVIEW OF BUDGET

3.1 Total Revenue

Classification	Adjustment Budget 2023/2024	Draft Budget 2024/25	Final Budget 2024/25	Final Budget 2025/2026	Final Budget 2026/2027
Exchange Revenue	-				
Interest Dividend and Rent on Land	-219 258 989.00	-230 002 656.00	-230 002 675.00	-241 272 810.00	-253 095 178.00
Operational Revenue	-11 643 315.00	-5 850 948.00	-5 850 937.00	-6 137 633.00	-6 438 378.00
Rental from Fixed Assets	-5 431 723.00	-5 697 876.00	-5 697 877.00	-5 977 073.00	-6 269 950.00
Sales of Goods and Rendering of Services	-5 122 616.00	-6 455 472.00	-6 455 478.00	-6 771 794.00	-7 103 616.00
Service Charges	-1 900 536 556.00	-2 052 344 789.00	-2 070 933 544.71	-2 152 909 650.00	-2 258 402 221.00
	- 2 141 993 199.00	-2 300 351 741.00	-2 318 940 511.71	-2 413 068 960.00	-2 531 309 343.00
Non-exchange Revenue					
Fines Penalties and Forfeits	-19 806 725.00	-19 836 384.00	-19 836 386.00	-20 808 369.00	-21 827 979.00
Interest	-21 687 634.00	-21 687 636.00	-21 687 634.00	-22 750 328.00	-23 865 094.00
Property Rates by Usage	-424 451 913.00	-424 451 904.00	-445 250 056.30	-445 250 057.00	-467 067 309.00
Transfers and Subsidies	-579 524 332.00	-609 814 012.00	-609 814 000.00	-639 523 386.00	-670 688 531.00
Gain on sale of asset	-2 500 000.00	-2 500 000.00	-2 500 000.00	-2 622 500.00	-2 751 002.00
	-1 047 970 604.00	-1 078 289 936.00	-1 099 088 076.30	-1 130 954 640.00	-1 186 199 915.00
Total	-3 189 963 803.00	-3 378 641 677.00	-3 418 028 588.01	-3 544 023 600.00	-3 717 509 258.00

3.2 Revenue

Revenue 2024-2025



Comments on Operating Revenue

The property rates

The property rates amount to R 445 million for the 2024/2025 financial year. This revenue stream has been increased by 4.9%. This revenue stream contributes 13% of the total revenue.

Service charges

Service charges include electricity, refuse, sewer and water. The service charges for 2024/2025 amount to R 2 070 billion. The service charges contribute 61% of the operating revenue.

Rental income

The rental income amounts to R 5.6 million. The stream contributes 0.2% of the total revenue.

Fines

The revenue estimates for the fines amounts to R 19.8 million this was done to make a provision as required by iGRAP1.

Grants and Subsidies – operating

The grants subsidies refer to the Division of Revenue Act allocations in the 2024/25 financial year, the operational grants allocations are as follows:

Source of funding	Adjusted Budget 2023/24	Draft Budget 2024/25	Final Budget 2024/25	Budget 2025/26	Budget 2026/27
Equitable Share	426 701 000.00	458 066 000	458 066 000	494 213 000	533 758 000
Expanded Public Works Programme Integrated Grant	2 561 000.00	1 597 000	1 597 000	0	0
Financial Management Grant	2 100 000.00	3 500 000	3 500 000	3 500 000	3 500 000
Infrastructure Skills Development Grant	23 000 000.00	24 400 000	24 400 000	23 500 000	24 500 000
Arts & Culture grant	234 858.00	0	0	0	0
LG Seta	2 805 803.00	0	0	0	0
Local Economic Development Grant	313 901.00	0	0	0	0
Point Duty Officers (Sasol)	3 400 000.00	3 400 000.00	3 400 000.00	0	0
Energy Efficiency and Demand Management	406 149.00	0	0	0	0
Gert Sibande Electrification Grant	274 580.00	0	0	0	0
Pre-capacity Grant	266 086.00	0	0	0	0
TOTAL	462 063 377.00	490 963 000.00	490 963 000.00	521 213 000.00	561 758 000.00

Grants and Subsidies – capital

The grants subsidies refer to the Division of Revenue Act allocations in the 2024/25 financial year, the capital grants allocations are as follows. The grants are allocated to serve specific purpose to the community which is improvement and/or construction of infrastructure.

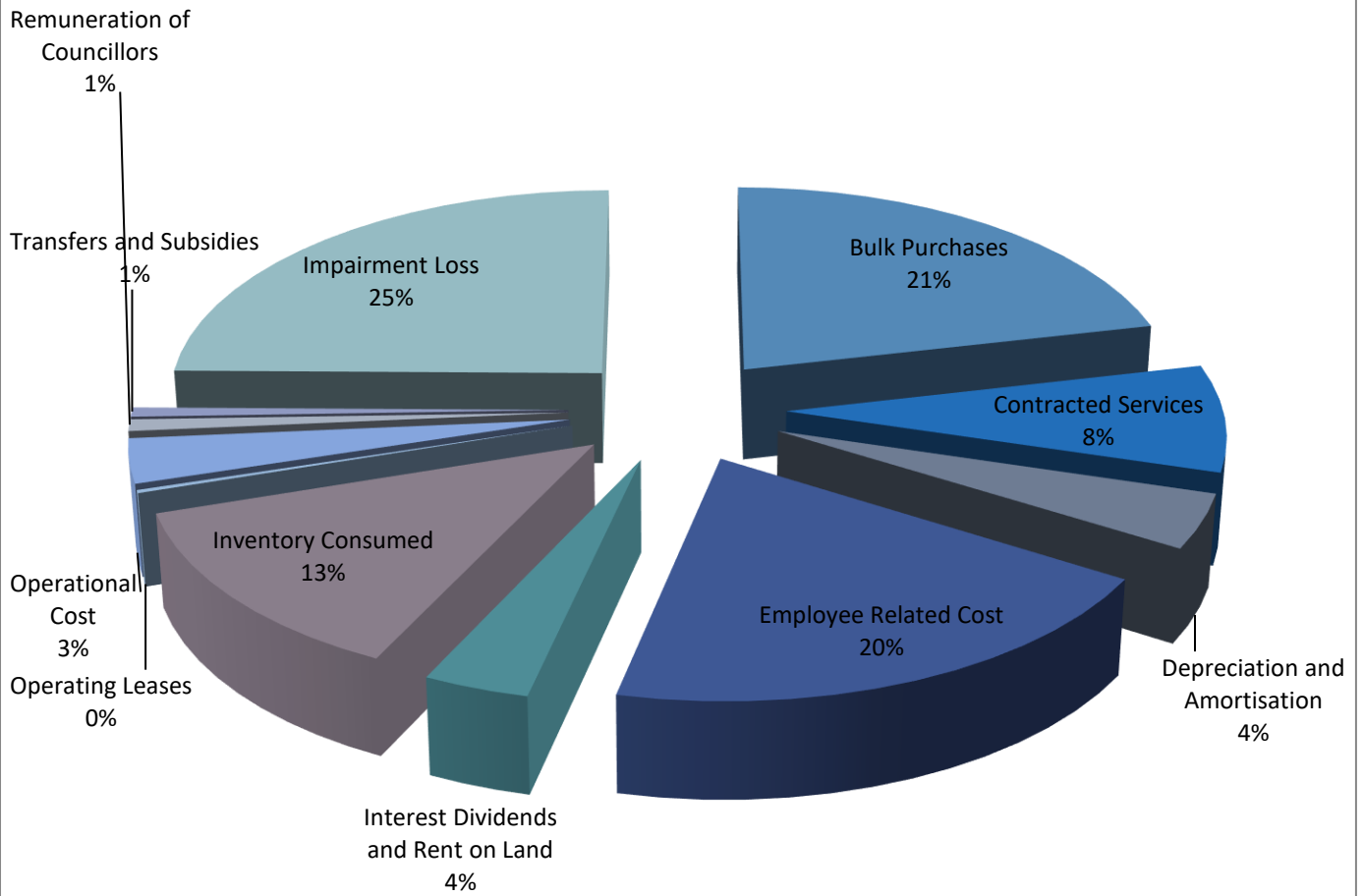
Source of funding	Adjusted Budget 2023/24	Draft Budget 2024/25	Final Budget 2024/25	Budget 2025/26	Budget 2026/27
INEP	40 080 000.00	32 240 000.00	32 240 000.00	33 819 760.00	35 476 928.24
MIG	60 802 550.00	73 930 300.00	73 930 300.00	77 552 884.70	81 352 976.05
Revenue	74 190 000.00	78 200 000.00	159 600 000.00	237 800 000.00	171 948 551.20
WSIG	3 047 401.00	-	-	-	-
Provincial Treasury	10 020 000.00	-	-	-	-
Sasol	77 554.38	-	-	-	-
FMG		-	250 000.00		
Disaster Recovery Grant	7 875 000.00	7 883 000.00	7 883 000.00		-
TOTAL	196 092 505.38	192 253 300.00	273 903 300.00	349 172 644.70	288 778 455.49

3.3 Operating Expenditure

Classification	Adjustment Budget 2023/2024	Draft Budget 2024/2025	Final Budget 2024/2025	Final Budget 2025/2026	Final Budget 2026/2027
Bulk Purchases	757 734 772.00	787 280 000.00	853 967 088.04	825 856 720.00	866 323 699.00
Contracted Services	353 252 646.00	331 864 995.00	327 371 408.00	348 231 301.30	365 299 779.98
Depreciation and Amortisation	205 829 193.00	165 836 853.00	165 836 853.00	173 962 858.00	182 487 037.00
Employee Related Cost	680 419 579.00	844 670 240.75	787 367 697.00	828 756 188.00	872 173 426.00
Interest Dividends and Rent on Land	140 086 694.00	140 086 694.00	140 086 694.00	146 950 942.00	154 151 538.00
Inventory Consumed	564 226 149.00	512 532 477.67	515 279 389.00	537 732 872.28	564 081 783.09
Operating Leases	11 869 161.00	8 309 161.00	9 221 391.00	9 830 589.27	10 312 288.95
Operational Cost	137 758 528.00	134 858 830.00	135 377 467.00	141 610 683.30	148 602 035.06
Remuneration of Councillors	33 822 464.00	35 479 764.59	35 479 763.00	37 218 274.00	39 041 966.00
Transfers and Subsidies	36 460 647.00	28 360 647.00	28 360 647.00	29 750 319.00	31 208 084.00
Impairment Loss	220 158 047.00	160 158 047.00	988 750 001.00	168 005 791.00	176 238 075.00
Total	3 141 617 880.00	3 149 437 711.01	3 987 098 398.04	3 247 906 538.15	3 409 919 712.09

EXPENDITURE 2023-2024

- Bulk Purchases
- Depreciation and Amortisation
- Interest Dividends and Rent on Land
- Operating Leases
- Remuneration of Councillors
- Impairment Loss
- Contracted Services
- Employee Related Cost
- Inventory Consumed
- Operational Cost
- Transfers and Subsidies



Comments on Operating Expenditure:

Employee related costs

The employee related costs and remuneration of councillors indicate a percentage of 20% of the total operating budget. The average salary increases by 4.9%. The overtime will have to be controlled and filling of vacant positions will have to be fast tracked.

General expenditure

In a bid to cut cost and ensure the funding of the overall budget was increased to R 145 million. The transport cost still needs to be controlled. General expenditure takes 3% of the total operating expenditure.

Bulk purchases: Electricity

The bulk purchases for electricity amounts to R 853 million, which contributes 21% of the operating budget. The Eskom will increase the bulk purchases to the municipality by 12%

Depreciation

Depreciation constitutes 4% of the budget. The budget increase was informed by historical trends as well as budgeted and forecasted additions.

Inventory Consumed

Inventory consumed is inclusive of Bulk purchases for water which amounts to R427 million, Rand water will increase bulk purchases to municipality by 5.9%

Contracted services

Contracted services constitute 8% of total operating expenditure. Increase in contracted services is also related to increase of contract values.

Function	Segment Description	Budget 2024-2025	Budget 2025-2026	Budget 2026-2027
Administrative and Corporate Support:Administrative Services (Dept 0203)	Furniture and Office Equipment:Repairs & Maintenance of Office Furniture and Equ	257 079.00	269 676.00	282 890.00
Administrative and Corporate Support:OHS and IR (Dept 0206)	Medical Tests	511 310.00	536 364.00	562 646.00
Administrative and Corporate Support:OHS and IR (Dept 0206)	Labour Cases	2 722 200.00	2 855 588.00	2 995 512.00
Asset Management:Asset Management (Dept 0508)	Business and Advisory - Accounting and A	1 513 554.00	5 783 718.00	6 067 120.00
Cemeteries Funeral Parlours and Crematoriums:Cemeteries (Dept 0407)	Burial Services	284 444.00	298 382.00	313 002.00
Community Halls and Facilities:Community Services Administration (Dept 0401)	Transport Assets:Vehicles Maintenance (Community Services Administration)	4 224 981.00	4 432 005.00	4 649 173.00
Community Halls and Facilities:Facilities (Dept 0403)	Mechanical Equipment:Maintenance of Halls Mechanical Equipment (Community Halls)	2 835 857.00	2 974 814.00	3 120 580.00
Community Halls and Facilities:Facilities Maintenance (0602)	Contracted Services for the Lift (OTIS)	435 552.00	456 894.00	479 282.00
Community Halls and Facilities:Facilities Maintenance (0602)	Electrical Equipment:Maintenance of Electrical Equipment at the Offices (Facilit	997 845.00	1 046 739.00	1 098 030.00
Community Parks (including Nurseries):Parks (Dept 0408)	Pest Control and Fumigation	31 231.00	32 761.00	34 367.00
Community Parks (including Nurseries):Parks (Dept 0408)	Alien Vegetation Control	249 943.00	262 190.00	275 037.00
Core Function:Sewerage	Hiring of plant/equipment (Vacuum VIP & Septic truck)	5 800 000.00	6 084 200.00	6 382 326.00
Cultural Matters:Special Projects Unit (Dept 0102)	Outsourced Services:Professional Staff	69 141.00	72 529.00	76 083.00
Electricity:Energy Operations (Dept 0609)	MV Networks Mini-Substations Repairs and Maintenance: Materials (Energy Operatio	443 055.00	464 765.00	487 538.00
Electricity:Energy Operations (Dept 0609)	MV Substation Equipment:MV Substation Maintenance of Equipment - Region 2 (Energ	723 027.00	758 455.00	795 620.00
Electricity:Energy Operations (Dept 0609)	MV Conductors:MV Networks Conductors Materials (Energy Operations)	1 144 863.00	1 200 961.00	1 259 808.00
Electricity:Energy Operations (Dept 0609)	MV Networks Equipment: Materials (Energy Operations)	1 228 824.00	1 289 036.00	1 352 199.00
Electricity:Energy Operations (Dept 0609)	MV Substation Equipment:MV Substations Maintenance of Equipment - Materials (Ene	1 318 456.00	1 383 060.00	1 450 830.00
Electricity:Energy Operations (Dept 0609)	MV Networks Equipment Repairs and Maintenance: Materials (Energy Operations)	2 459 702.00	2 580 227.00	2 706 658.00
Electricity:Energy Operations (Dept 0609)	MV Mini-substations:MV Networks Mini-Substations Repairs and Maintenance (Energy	3 567 882.00	3 742 708.00	3 926 101.00
Electricity:Energy Operations (Dept 0609)	MV Transformers Repairs and Maintenance: Materials (Energy Operations)	4 035 833.00	4 233 589.00	4 441 035.00
Electricity:Energy Operations (Dept 0609)	Public Lighting:Lights - Materials (Energy Operations)	4 108 934.00	4 310 272.00	4 521 475.00
Electricity:Energy Operations (Dept 0609)	MV Transformers:MV Networks Transformers Repairs (Energy Operations)	4 845 784.00	5 083 227.00	5 332 305.00
Electricity:Energy Operations (Dept 0609)	Outsourced services: Professional Staff	5 235 000.00	5 491 515.00	5 760 599.00
Electricity:Energy Operations (Dept 0609)	DC Systems:DC Systems Maintenance Region 1 (Energy Operations	10 705 000.00	11 229 545.00	11 779 793.00
Electricity:Energy Operations (Dept 0609)	Installation of Smart Meters	10 753 754.00	11 280 688.00	11 833 442.00
Electricity:Energy Operations (Dept 0609)	Bethal Electrical infrastructure	15 705 000.00	16 474 545.00	17 281 798.00
Electricity:Energy Operations (Dept 0609)	Prepaid Electricity Vendors	19 200 000.00	20 140 800.00	21 127 699.00
Finance:Budget and Treasury Office (Dept 0505)	Training for finance Employess	50 000.00	50 000.00	55 020.00
Finance:Budget and Treasury Office (Dept 0505)	Preperation of Annual Financial Statement	867 856.00	910 381.00	954 990.00

Function	Segment Description	Budget 2024-2025	Budget 2025-2026	Budget 2026-2027
Finance:Budget and Treasury Office (Dept 0505)	mSCOA Compliance Alignment &System	1 504 801.00	1 578 536.00	1 655 884.00
Finance:Credit Control (Dept 0506)	Legal Cost - Issue of Summons	144 438.00	151 515.00	158 940.00
Finance:Credit Control (Dept 0506)	Legal Cost – Collection	634 560.00	665 653.00	698 270.00
Finance:Credit Control (Dept 0506)	ConnectionDis-connection - Electricity	846 745.00	888 235.00	931 759.00
Finance:Credit Control (Dept 0506)	Debt Collection and Credit Control	12 000 000.00	12 588 000.00	13 204 812.00
Finance:Financial Services Administration (Dept 0501)	Outsourced Services:Administrative and Support Staff	613 217.00	643 265.00	674 785.00
Finance:Financial Services Administration (Dept 0501)	Security Services - Cash In Transit	2 030 636.00	2 130 137.00	2 234 514.00
Finance:Financial Services Administration (Dept 0501)	VAT Recovery Services	3 000 000.00	3 147 000.00	3 301 203.00
Finance:Financial Services Administration (Dept 0501)	Meter Readings	5 483 124.00	5 751 797.00	6 033 635.00
Finance:Revenue Services Billing and Cash (Dept 0507)	Data Cleansing Project	2 049 272.00	2 149 686.00	2 255 021.00
Fire Fighting and Protection:Fire Fighting (Dept 0404)	Machinery and Equipment:Maintenance of Genarators (Fire)	224 663.00	445 471.00	467 300.00
Fire Fighting and Protection:Fire Fighting (Dept 0404)	Mechanical Equipment:Maintenance of Fire Extinguishers (Fire)	204 157.00	686 211.00	719 835.00
Fleet Management:Fleet Management (Dept 0606)	Mechanical Equipment: Lifting Equipment inspection	-	109 830.00	115 212.00
Governance Function:Internal Audit (Dept 0110)	Disciplinary Commitee Services	26 222.00	27 507.00	28 855.00
Governance Function:Internal Audit (Dept 0110)	Training for Internal Auditing	50 000.00	50 000.00	55 020.00
Governance Function:Internal Audit (Dept 0110)	Business and Advisory:Audit Committee	281 530.00	295 325.00	309 796.00
Housing:Human Settlement (Dept 0305)	Relocation fees	1 033 320.00	1 713 353.00	1 797 307.00
Human Resources:Development and Transformation (Dept 0202)	LG SETA _Expenditure	1 200 000.00	1 258 800.00	1 320 481.00
Human Resources:Development and Transformation (Dept 0202)	Vetting of employees	1 633 320.00	1 713 353.00	1 797 307.00
Human Resources:Development and Transformation (Dept 0202)	1% SDL Trainings	3 449 024.00	3 618 026.00	3 795 309.00
Human Resources:Development and Transformation (Dept 0202)	BDGT 2021	24 400 000.00	25 595 600.00	26 849 784.00
Information Technology:ICT (Dept 0205)	Computer Equipment:Repairing Computers & Computer Equipment (ICT)	213 914.00	224 396.00	235 391.00
Legal Services:Legal (Dept 0204)	Legal Cost - Legal Advice and Litigation	17 000 000.00	16 784 000.00	17 606 416.00
Mayor and Council:Council Administration (Dept 0101)	Transport Assets:Vehicles Maintenance (Council Administration)	21 926.00	23 000.00	24 127.00
Police Forces Traffic and Street Parking Control:Traffic (Dept 0405)	Maintenance	1 045 000.00	2 098 000.00	2 200 802.00
Police Forces Traffic and Street Parking Control:Traffic (Dept 0405)	Point Duty Officers (Expenditure)	3 400 000.00	3 566 600.00	3 741 363.00
Property Services:Property Services (Dept 0306)	Assessment Services	6 073 375.00	7 629 770.00	8 003 629.00
Recreational Facilities:Sports Recreation Arts and Culture(0406)	Maintanance of Theatre and Museums	108 888.00	114 223.00	119 820.00
Risk Management:Risk Management(0111)	Risk Commitee Fees	110 227.00	115 628.00	121 294.00

Function	Segment Description	Budget 2024-2025	Budget 2025-2026	Budget 2026-2027
Roads:Roads (Dept 0608)	Pavements:Roads Speed Humps Maintenance (Roads)	544 440.00	571 118.00	599 102.00
Roads:Roads (Dept 0608)	Pavements:Roads Patching and Resealing (Roads)	5 603 844.00	5 878 432.00	6 166 476.00
Roads:Roads (Dept 0608)	Earthworks:Roads Maintenance (Roads)	6 680 827.00	7 008 187.00	7 351 589.00
Roads:Technical Services Administration (Dept 0601)	EPWP Expenditure	1 577 000.00	1 654 273.00	1 735 332.00
Roads:Technical Services Administration (Dept 0601)	Transport Assets:Vehicles Maintenance (Technical Services Administration)	3 355 228.00	3 519 634.00	3 692 096.00
Security Services:Security and Compliance (Dept 0410)	Professional Staff -Investigations	450 766.00	472 854.00	496 023.00
Security Services:Security and Compliance (Dept 0410)	Security Services	45 000 000.00	39 862 000.00	41 815 238.00
Sewerage:Sewerage (Dept 0608)	Buildings:Sewerage Buildings Maintenance (Sewerage)	113 348.00	118 902.00	124 728.00
Sewerage:Sewerage (Dept 0608)	Municipal Service Connection:Repairing of Service Points (Sewerage)	322 533.00	338 337.00	354 916.00
Sewerage:Sewerage (Dept 0608)	Civil Structures:Maintenance of Civil Sewerage Equipment (Sewerage)	366 683.00	384 650.00	403 498.00
Sewerage:Sewerage (Dept 0608)	Pipe Work:Pipe Work Materials (Sewerage)	639 984.00	671 343.00	704 239.00
Sewerage:Sewerage (Dept 0608)	Pipe Work:Repairs of Damaged Newtwork System (Sewerage)	1 092 935.00	1 146 489.00	1 202 667.00
Sewerage:Sewerage (Dept 0608)	Pipe Work:Hiring of Septic Tank Trucks (Sewerage)	8 200 000.00	8 601 800.00	9 023 288.00
Sewerage:Sewerage (Dept 0608)	Mechanical Equipment:Maintanance of Pump Station Mechanical Equipment (Sewerage)	8 902 009.00	9 338 207.00	9 795 780.00
Sewerage:Sewerage (Dept 0608)	Sewerage Purification	17 148 055.00	16 624 610.00	17 439 216.00
Solid Waste Disposal (Landfill Sites):Waste Disposal Landfill Sites (Dept 0409)	Removal of Hazardous Waste	13 153.00	13 797.00	14 474.00
Solid Waste Disposal (Landfill Sites):Waste Disposal Landfill Sites (Dept 0409)	Business and Advisory: Business and Financial Management	102 466.00	107 487.00	112 754.00
Solid Waste Disposal (Landfill Sites):Waste Disposal Landfill Sites (Dept 0409)	Landfill Valuation	124 965.00	131 088.00	137 512.00
Solid Waste Disposal (Landfill Sites):Waste Disposal Landfill Sites (Dept 0409)	Financial landfill audit	566 766.00	594 537.00	623 670.00
Solid Waste Disposal (Landfill Sites):Waste Disposal Landfill Sites (Dept 0409)	Transfer stations and Landfill Sites	2 500 000.00	2 622 500.00	2 751 002.00
Solid Waste Disposal (Landfill Sites):Waste Disposal Landfill Sites (Dept 0409)	Land:Landfill Site Maintenance Contract (landfill)	14 000 000.00	18 882 000.00	19 807 218.00
Sports Grounds and Stadiums:Sports Grounds and Facilities (Dept 0408)	Arts and Culture Grant	-	518 087.00	543 474.00
Storm Water Management:Storm Water Management (Dept 0608)	Maintenance of Unspecified Assets	87 281.00	91 558.00	96 044.00
Storm Water Management:Storm Water Management (Dept 0608)	Drainage:Strom Water Drainange Maintenance (Storm Water Management)	1 400 572.00	1 469 200.00	1 541 191.00
Town Planning Building Regulations and Enforcement and City Engineer:Building Control (Dept 0307)	BDGT 2021	1 199 801.00	1 258 591.00	1 320 262.00
Town Planning Building Regulations and Enforcement and City Engineer:Building Control (Dept 0307)	Urban design	2 250 590.00	2 360 869.00	2 476 551.00
Town Planning Building Regulations and Enforcement and City Engineer:Building Control (Dept 0307)	Township Establishment	1 456 435.00	3 520 900.00	3 693 424.00

Function	Segment Description	Budget 2024-2025	Budget 2025-2026	Budget 2026-2027
Town Planning Building Regulations and Enforcement and City Engineer:GIS (Dept 0308)	Professional fees_GIS	54 444.00	57 112.00	59 910.00
Waste Water Treatment:Waste Water Treatment (Dept 0603)	Mechanical Equipment:Repairs of Waste Water Treatment Mechanical Equipment (Wast	54 444.00	57 112.00	59 910.00
Waste Water Treatment:Waste Water Treatment (Dept 0603)	Professional fees _Waste Water	575 850.00	604 067.00	633 666.00
Waste Water Treatment:Waste Water Treatment (Dept 0603)	Pipe Work:Repairs (Waste Water Treatment)	1 471 933.00	1 544 058.00	1 619 716.00
Waste Water Treatment:Waste Water Treatment (Dept 0603)	Cleaning Services	2 185 906.00	2 293 015.00	2 405 373.00
Water Distribution:Water Distribution (Dept 0604)	Cleaning of Reservoirs (Water Distribution)	46 455.00	48 731.00	51 119.00
Water Distribution:Water Distribution (Dept 0604)	Mechanical Equipment:Mechanical Equipment Maintenance Reservoirs (Water Distri	130 810.00	137 220.00	143 943.00
Water Distribution:Water Distribution (Dept 0604)	Mechanical Equipment:Reservoirs Maintenance (Water Distribution)	155 561.00	163 183.00	171 179.00
Water Distribution:Water Distribution (Dept 0604)	Communal Standpipes:Communal Standpoint Maintenance (Water Distribution)	300 963.00	315 710.00	331 180.00
Water Distribution:Water Distribution (Dept 0604)	Buildings:Water Treatment Plant Building Maintenance (Water Distribution)	482 398.00	506 035.00	530 831.00
Water Distribution:Water Distribution (Dept 0604)	Pipe Work:PVR Stations Maintenance (Water Distribution)	756 981.00	794 073.00	832 983.00
Water Distribution:Water Distribution (Dept 0604)	Land:Water Treatment Plant Maintenance Hiring of Plant (Water Distribution)	913 009.00	957 746.00	1 004 676.00
Water Distribution:Water Distribution (Dept 0604)	Mechanical Equipment:Mechanical Equipment Maintenance (Water Distribution)	1 324 507.00	1 389 408.00	1 457 489.00
Mechanical workshop	Mechanical Equipment: Lifting Equipment inspection	110 000.00	109 830.30	115 211.98
Total		327 371 408.00	348 231 301.30	365 299 779.98

Repairs and Maintenance

Function	Segment Description	Budget 2024-2025	Budget 2025-2026	Budget 2026-2027
Administrative and Corporate Support:Administrative Services (Dept 0203)	Furniture and Office Equipment:Repairs & Maintenance of Office Furniture and Equ	257 079.00	269 676.00	282 890.00
Administrative and Corporate Support:Corporate Services Administration (Dept 0201)	Transport Assets:Repairs of Vehicles (Corporate Services Administration)	26 175.00	27 458.00	28 803.00
Cemeteries Funeral Parlours and Crematoriums:Cemeteries (Dept 0407)	Land:Mowing & Pruning of Cemeteries' Land (Cemeteries)	104 700.00	109 830.00	115 212.00
Cemeteries Funeral Parlours and Crematoriums:Cemeteries (Dept 0407)	Earthworks:Maintaining of Cemeteries (Cemeteries)	374 906.00	393 276.00	412 547.00
Cemeteries Funeral Parlours and Crematoriums:Cemeteries (Dept 0407)	Buildings:Cemeteries Buildings (Cemeteries)	533 110.00	559 232.00	586 635.00
Community Halls and Facilities:Community Services Administration (Dept 0401)	Transport Assets:Vehicles Maintenance (Community Services Administration)	4 224 981.00	4 432 005.00	4 649 173.00
Community Halls and Facilities:Community Services Administration (Dept 0401)	Transport Assets:Repairs of Vehicles (Community Services Administration)	5 568 006.00	5 840 838.00	6 127 039.00
Community Halls and Facilities:Facilities (Dept 0403)	Electrical Equipment:Replacement & Fixing of Electrical Equipments	274 592.00	288 047.00	302 161.00
Community Halls and Facilities:Facilities (Dept 0403)	Buildings:Maintenance of Halls Buildings - Materials & Supplies (Community Halls)	397 296.00	416 763.00	437 185.00
Community Halls and Facilities:Facilities (Dept 0403)	Mechanical Equipment:Maintenance of Halls Mechanical Equipment	2 835 857.00	2 974 814.00	3 120 580.00
Community Halls and Facilities:Facilities Maintenance (0602)	Electrical Equipment:Maintenance of Electrical Equipment at the Offices	997 845.00	1 046 739.00	1 098 030.00

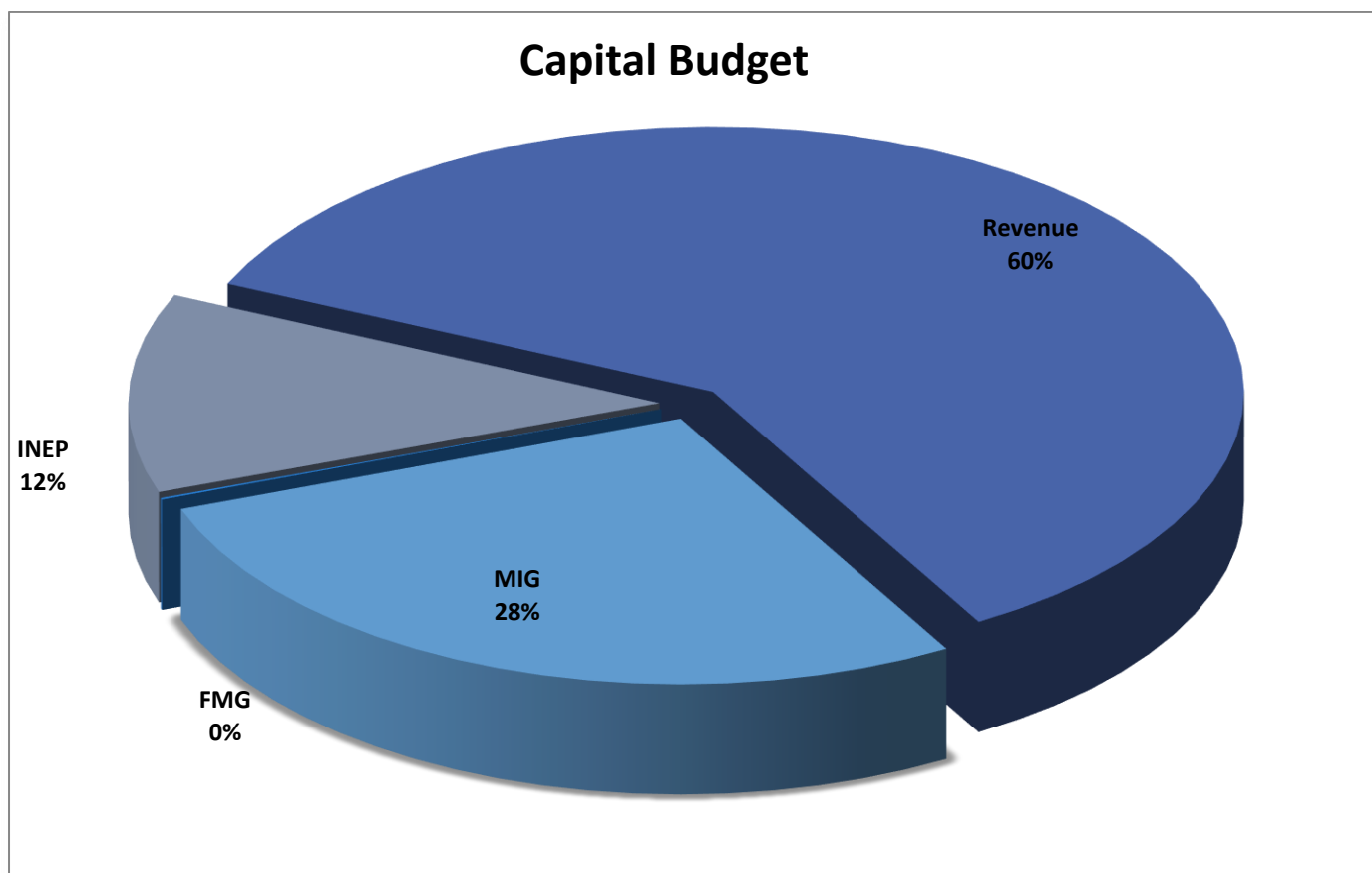
Function	Segment Description	Budget 2024-2025	Budget 2025-2026	Budget 2026-2027
Community Halls and Facilities:Facilities Maintenance (0602)	Buildings:Maintenance of Office Building (Facilities Maintenance)	4 941 089.00	5 183 202.00	5 437 179.00
Community Parks (including Nurseries):Parks (Dept 0408)	Land:Parks Maintenance (Parks)	2 014 806.00	540 031.00	566 493.00
Core Function:Sewerage	Hiring of plant/equipment (Vacuum VIP & Septic truck)	5 800 000.00	6 084 200.00	6 382 326.00
Development Facilitation:Planning and Development Administration (Dept 0301)	Transport Assets:Repairs of Vehicles (Planning and Development Administration)	50 682.00	53 165.00	55 770.00
Electricity:Energy Operations (Dept 0609)	MV Networks Mini-Substations Repairs and Maintenance: Materials	443 055.00	464 765.00	487 538.00
Electricity:Energy Operations (Dept 0609)	MV Substation Equipment:MV Substation Maintenance of Equipment - Region 2	723 027.00	758 455.00	795 620.00
Electricity:Energy Operations (Dept 0609)	MV Conductors:MV Networks Conductors Materials (Energy Operations)	1 144 863.00	1 200 961.00	1 259 808.00
Electricity:Energy Operations (Dept 0609)	MV Networks Equipment: Materials (Energy Operations)	1 228 824.00	1 289 036.00	1 352 199.00
Electricity:Energy Operations (Dept 0609)	MV Substation Equipment:MV Substations Maintenance of Equipment - Materials	1 318 456.00	1 383 060.00	1 450 830.00
Electricity:Energy Operations (Dept 0609)	MV Networks Equipment Repairs and Maintenance: Materials (Energy Operations)	2 459 702.00	2 580 227.00	2 706 658.00
Electricity:Energy Operations (Dept 0609)	MV Mini-substations:MV Networks Mini-Substations Repairs and Maintenance	3 567 882.00	3 742 708.00	3 926 101.00
Electricity:Energy Operations (Dept 0609)	MV Transformers Repairs and Maintenance: Materials (Energy Operations)	4 035 833.00	4 233 589.00	4 441 035.00
Electricity:Energy Operations (Dept 0609)	Public Lighting:Lights - Materials (Energy Operations)	4 108 934.00	4 310 272.00	4 521 475.00
Electricity:Energy Operations (Dept 0609)	MV Transformers:MV Networks Transformers Repairs (Energy Operations)	4 845 784.00	5 083 227.00	5 332 305.00
Electricity:Energy Operations (Dept 0609)	DC Systems:DC Systems Maintenance Region 1 (Energy Operations)	10 705 000.00	11 229 545.00	11 779 793.00
Finance:Financial Services Administration (Dept 0501)	Transport Assets:Repairs of Vehicles (Financial Administration)	6 311.00	6 620.00	6 945.00
Fire Fighting and Protection:Fire Fighting (Dept 0404)	Machinery and Equipment:Maintenance of Generators (Fire)	224 663.00	445 471.00	467 300.00
Fire Fighting and Protection:Fire Fighting (Dept 0404)	Mechanical Equipment:Maintenance of Fire Extinguishers (Fire)	204 157.00	686 211.00	719 835.00
Fleet Management:Fleet Management (Dept 0606)	Mechanical Equipment: Lifting Equipment inspection	-	109 830.00	115 212.00
Information Technology:ICT (Dept 0205)	Furniture and Office Equipment:Repairing of Office Furniture & Equipment (ICT)	122 471.00	128 472.00	134 767.00
Information Technology:ICT (Dept 0205)	Computer Equipment:Repairing Computers & Computer Equipment (ICT)	213 914.00	224 396.00	235 391.00
Police Forces Traffic and Street Parking Control:Traffic (Dept 0405)	Maintenance	1 045 000.00	2 098 000.00	2 200 802.00
Recreational Facilities:Sports Recreation Arts and Culture(0406)	Maintanance of Theatre and Museums	108 888.00	114 223.00	119 820.00
Roads:Roads (Dept 0608)	Pavements:Roads Speed Humps Maintenance (Roads)	544 440.00	571 118.00	599 102.00
Roads:Roads (Dept 0608)	Roads Pavements Repairs & Maintenance: Materials (Roads)	3 048 776.00	3 198 166.00	3 354 876.00
Roads:Roads (Dept 0608)	Pavements:Roads Patching and Resealing (Roads)	5 603 844.00	5 878 432.00	6 166 476.00
Roads:Roads (Dept 0608)	Earthworks:Roads Maintenance (Roads)	6 680 827.00	7 008 187.00	7 351 589.00
Roads:Technical Services Administration (Dept 0601)	Transport Assets:Repairs of Vehicles (Technical Services Administration)	2 718 398.00	2 851 599.00	2 991 328.00
Roads:Technical Services Administration (Dept 0601)	Transport Assets:Vehicles Maintenance (Technical Services Administration)	3 355 228.00	3 519 634.00	3 692 096.00
Sewerage:Sewerage (Dept 0608)	Buildings:Sewerage Buildings Maintenance (Sewerage)	113 348.00	118 902.00	124 728.00
Sewerage:Sewerage (Dept 0608)	Municipal Service Connection:Repairing of Service Points (Sewerage)	322 533.00	338 337.00	354 916.00
Sewerage:Sewerage (Dept 0608)	Civil Structures:Maintenance of Civil Sewerage Equipment (Sewerage)	366 683.00	384 650.00	403 498.00

Function	Segment Description	Budget 2024-2025	Budget 2025-2026	Budget 2026-2027
Sewerage:Sewerage (Dept 0608)	Pipe Work:Pipe Work Materials (Sewerage)	639 984.00	671 343.00	704 239.00
Sewerage:Sewerage (Dept 0608)	Pipe Work:Repairs of Damaged Newtwork System (Sewerage)	1 092 935.00	1 146 489.00	1 202 667.00
Sewerage:Sewerage (Dept 0608)	Pipe Work:Hiring of Septic Tank Trucks (Sewerage)	8 200 000.00	8 601 800.00	9 023 288.00
Sewerage:Sewerage (Dept 0608)	Mechanical Equipment:Maintanance of Pump Station Mechanical Equipment (Sewerage)	8 902 009.00	9 338 207.00	9 795 780.00
Solid Waste Disposal (Landfill Sites):Waste Disposal Landfill Sites (Dept 0409)	Transfer stations and Landfill Sites	2 500 000.00	2 622 500.00	2 751 002.00
Solid Waste Disposal (Landfill Sites):Waste Disposal Landfill Sites (Dept 0409)	Land:Landfill Site Maintenance Contract (landfill)	14 000 000.00	18 882 000.00	19 807 218.00
Sports Grounds and Stadiums:Sports Grounds and Facilities (Dept 0408)	Mechanical Equipment:Maintaining Sports Grounds Equipment (Sports & Recreational	10 922.00	11 457.00	12 018.00
Sports Grounds and Stadiums:Sports Grounds and Facilities (Dept 0408)	Metalwork's:Repairing of Fences at Sports Grounds (Sports & Recreation)	54 558.00	57 231.00	60 036.00
Sports Grounds and Stadiums:Sports Grounds and Facilities (Dept 0408)	Land:Maintaining Sports Grounds Land (Sports & Recreational)	274 929.00	288 400.00	302 532.00
Storm Water Management:Storm Water Management (Dept 0608)	Strom Water Drainage Land: Materials (Storm Water Management)	45 336.00	47 557.00	49 888.00
Storm Water Management:Storm Water Management (Dept 0608)	Maintenance of Storm Water: Materials (Storm Water Management)	249 943.00	262 190.00	275 037.00
Storm Water Management:Storm Water Management (Dept 0608)	Drainage:Strom Water Drainange Maintenance (Storm Water Management)	1 400 572.00	1 469 200.00	1 541 191.00
Waste Water Treatment:Waste Water Treatment (Dept 0603)	Mechanical Equipment:Repairs of Waste Water Treatment Mechanical Equipment	54 444.00	57 112.00	59 910.00
Waste Water Treatment:Waste Water Treatment (Dept 0603)	Pipe Work:Maintenance (Waste Water Treatment)	250 663.00	262 945.00	275 830.00
Waste Water Treatment:Waste Water Treatment (Dept 0603)	Capital Spares:Materials for Waste Water Treatment (Waste Water Treatment)	250 663.00	262 945.00	275 830.00
Waste Water Treatment:Waste Water Treatment (Dept 0603)	Electrical Equipment:Repairs of Waste Water Treatment Electrical Equipment	659 220.00	691 522.00	725 406.00
Waste Water Treatment:Waste Water Treatment (Dept 0603)	Pipe Work:Repairs (Waste Water Treatment)	1 471 933.00	1 544 058.00	1 619 716.00
Water Distribution:Water Distribution (Dept 0604)	Cleaning of Reservoirs (Water Distribution)	46 455.00	48 731.00	51 119.00
Water Distribution:Water Distribution (Dept 0604)	Mechanical Equipment:Mechanical Equipment Maintenance Reservoirs	130 810.00	137 220.00	143 943.00
Water Distribution:Water Distribution (Dept 0604)	Mechanical Equipment:Resouviors Maintenance (Water Distribution)	155 561.00	163 183.00	171 179.00
Water Distribution:Water Distribution (Dept 0604)	Communal Standpipes:Communla Standpoint Maintenance (Water Distribution)	300 963.00	315 710.00	331 180.00
Water Distribution:Water Distribution (Dept 0604)	Buildings:Water Treatment Plant Building Maintenance (Water Distribution)	482 398.00	506 035.00	530 831.00
Water Distribution:Water Distribution (Dept 0604)	Pipe Work:PVR Stations Maintenance (Water Distribution)	756 981.00	794 073.00	832 983.00
Water Distribution:Water Distribution (Dept 0604)	Land:Water Treatment Plant Maintenance Hiring of Plant (Water Distribution)	913 009.00	957 746.00	1 004 676.00
Water Distribution:Water Distribution (Dept 0604)	Mechanical Equipment:Mechanical Equipment Maintenance (Water Distribution)	1 324 507.00	1 389 408.00	1 457 489.00
Water Distribution:Water Distribution (Dept 0604)	Pipe Work:Distribution Pipeworks Maintenance (Water Distribution)	3 484 427.00	3 655 164.00	3 834 267.00
Mechanical workshop	Mechanical Equipment: Lifting Equipment inspection	110 000.00	109 830.30	115 211.98
Total		135 425 187.00	146 471 425.30	153 648 532.98

Capital Expenditure per source

Source of funding	Adjusted Budget 2023/24	Draft Budget 2024/25	Final Budget 2024/25	Budget 2025/26	Budget 2026/27
INEP	40 080 000.00	32 240 000.00	32 240 000.00	33 819 760.00	35 476 928.24
MIG	60 802 550.00	73 930 300.00	73 930 300.00	77 552 884.70	81 352 976.05
Revenue	74 190 000.00	78 200 000.00	159 600 000.00	237 800 000.00	171 948 551.20
WSIG	3 047 401.00	-	-	-	-
Provincial Treasury	10 020 000.00	-	-	-	-
Sasol	77 554.38	-	-	-	-
FMG		-	250 000.00		
Disaster Recovery Grant	7 875 000.00	7 883 000.00	7 883 000.00		-
TOTAL	196 092 505.38	192 253 300.00	273 903 300.00	349 172 644.70	288 778 455.49

Capital Expenditure per source



Included in the capital projects are the following budgeted expenditures for 2024-2025

Description	SECTION	Funding	BUDGET 2024-2025 Final	BUDGET 2025-2026	BUDGET 2026-2027
Electrical	Electrical	INEP	32 240 000.00	18 000 000.00	17 000 000.00
Disaster recovery	Disaster	Disaster recovery	7 883 000.00	0.00	0.00
Embalenhle Bulk replacement/upgrade (phase 1)	Project Management Unit	MIG	20 125 978.00	26 357 150.92	27 648 651.32
Emzinoni Bulk water supply	Project Management Unit	MIG	10 000 000.00	12 588 000.00	13 204 812.00
Construction of Bulk water line and reservoir in Leandra	Project Management Unit	MIG	17 000 000.00	10 490 000.00	13 696 710.00
Procurement of Specialised Vehicles for Waste Management	Project Management Unit	MIG	16 804 322.00	17 823 783.78	18 491 492.73
Upgrading of Lebohang stadium in Leandra (Phase 2)	Project Management Unit	MIG	10 000 000.00	10 000 000.00	10 000 000.00
Upgrading of Lebohang stadium in Leandra (Phase 2)	Project Management Unit	Internal Funding	2 000 000.00	10 000 000.00	10 000 000.00
Fleet	Fleet	Internal Funding	25 000 000.00	2 000 000.00	2 000 000.00
Brendon Village Electrification	Energy	Internal Funding	5 000 000.00	25 000 000.00	25 000 000.00
Workshop modernisation	Mechanical workshop	Internal Funding	3 000 000.00	5 000 000.00	5 000 000.00
Installation of sewer network,pipeline and pump station in Eendracht	Waste Water	Internal Funding	5 200 000.00	3 000 000.00	3 000 000.00
Charl Cilliers Sewer reticulation and pumpstation	Waste Water	Internal Funding	2 000 000.00	5 200 000.00	5 200 000.00
Kinross Waste treatment plant	Waste Water	Internal Funding	3 000 000.00	2 000 000.00	2 000 000.00
Resurfacing of road	Road & Stormwater	Internal Funding	20 000 000.00	3 000 000.00	3 000 000.00
Allan Makhunga, Mphafa & Chief Albert Luthuli Road Rehabilitation	Road & Stormwater	Internal Funding	10 000 000.00	20 000 000.00	20 000 000.00
Emzinoni Stadium Construction	Sport Art and Culture	Internal Funding	5 000 000.00	10 000 000.00	10 000 000.00
Insurance Replacement Asset	Asset	Internal Funding	5 000 000.00	5 000 000.00	5 000 000.00
Computer Equipment	ICT	Internal Funding	2 000 000.00	4 000 000.00	2 200 000.00
Munsoft upgrade	ICT	Internal Funding	1 200 000.00	2 400 000.00	1 320 481.20
Water services	Water Distribution	Internal Funding	30 000 000.00	60 000 000.00	33 012 030.00
Reconstruction of Kinross X25 Offices	Facility Maintenance	Internal Funding	5 000 000.00	10 000 000.00	5 502 005.00
Reconstruction of Leandra Offices	Facility Maintenance	Internal Funding	5 000 000.00	10 000 000.00	5 502 005.00
Acquisition of smart meters	Electrical	Internal Funding	30 000 000.00	60 000 000.00	33 012 030.00
Acquisition of Interns laptops	Financial Services	FMG	250 000.00	0.00	0.00
Furniture And Equipment	Office of the Mayor and Councillors	Internal Funding	200 000.00	200 000.00	200 000.00
Furniture And Equipment	Office of the MM	Internal Funding	100 000.00	100 000.00	100 000.00
Furniture And Equipment	Corporate Service	Internal Funding	150 000.00	150 000.00	150 000.00
Furniture And Equipment	Planning & Development	Internal Funding	150 000.00	150 000.00	150 000.00
Furniture And Equipment	Community Services	Internal Funding	150 000.00	150 000.00	150 000.00
Furniture And Equipment	Financial Services	Internal Funding	150 000.00	150 000.00	150 000.00
Furniture And Equipment	Civil	Internal Funding	150 000.00	150 000.00	150 000.00
Furniture And Equipment	Energy and worksop	Internal Funding	150 000.00	150 000.00	150 000.00
Total			273 903 300.00	237 858 934.70	176 791 019.00

4. BUDGET CASH-FLOW STATUS

Funding status	Reference	Amount
Total Expenditure	A	3 987 098 398.04
Subtract non-cash items		
Depreciation	B	165 836 853.00
Impairment Loss	C	988 750 001.00
Transfers and Subsidies	D	28 360 647.00
Add: Capital Expenditure		273 903 300.00
Total Cash Expenditure	E= (A-B-C-D)	3 078 054 197.04
Payment rate	F	0.78
Actual Total Revenue	G	2 808 214 588.00
Grants (Operational and Capital)	H	609 814 000.00
Total revenue		3 418 028 588.00
Actual Cash i.e. 78% payment expected	I = (G x F)	2 190 407 378.64
Actual cash receivables	J = (H + I)	2 800 221 378.64
Cash surplus /(deficit)	K = (J - E)	- 277 832 818.40

5. Budget Funding Plan

Based on the above table the submitted budget's cash flow status is not favourable and it also means that the budget is unfunded.

Budget 2024/25 cannot be unfunded, if unfunded the following are minimal requirements that must be met:

Develop a plan to turnaround the situation – the municipality already prepared a budget funding plan for 2024/25 in order to support/cater for the unfunded status.

- The municipality has implemented robust mechanisms to address the increasing debtor's book, notably through the enforcement of council policy on credit control, debt collection and the budget funding plan for 23/24 financial year.

These efforts have resulted in the actual receipt of R216 million in cash to date. Additionally, the management and executive has resolved to appoint a panel of debt collectors, by 31 July 2024, to thoroughly assess the collection potential of the escalating debtors book using all available scientific methods. This panel will also provide recommendations on the possibility of writing off all non-collectible debt and it (panel) will be appointed on risk basis (to be commission based).

Consequently, the municipality's interventions in dealing with distribution losses through its investment in smart meters and capital investment in infrastructure upgrades and acquisitions have led to a notable improvement in the municipality's budgeted cashflow deficit.

In the 2022/2023 fiscal year, the cash deficit stood at R550,803,733,00 which was significantly reduced to R309,486,264,00 in 2023/2024. It is anticipated that this deficit will decrease even further to R277,832,818,00 in the 2024/2025 budget as depicted in budget cash-flow status.

The prepared draft budget funding plan for 2024/2025 has an anticipated revenue collection of **R1 926 713 000.**

The 2024/2025 budget funding plan is attached as **Annexure B**.

6. BUDGET RELATED POLICIES AND OVERVIEW OF TARIFF ADJUSTMENTS

The municipality's budgeting process is guided and governed by the relevant legislation and related policies.

The purpose of the budget related policies is to govern and guide the budget process and inform the projections of the medium term.

Listed below with a brief description are the municipalities budget related policies. The budget and accounting policies were reviewed during the year.

The accounting policy is reviewed on an on-going basis to incorporate changes required by the relevant Accounting Standards, apart from the changes to these policies as part of the budget process.

- Budget related policies are attached for review as follows:

6.1 Virement Policy (Annexure C)

The Virement policy establishes the framework for managers to manage their respective budgets within limitations, and to ensure good budgeting practice and effective financial management.

6.2 Accounting policy (Annexure D)

The accounting policy guides the preparation of the Annual Financial Statements and is reviewed each year during the preparation to ensure compliance with Generally Recognized Accounting standards and other guiding principles such as International Financial Reporting.

6.3 Supply Chain Management Policy (Annexure E)

The supply chain management policy was adopted and amendments are as result of council resolution.

6.4 Credit control and Debt collection policy (Annexure F)

6.5 Investment policy (Annexure G)

The intention of the investment policy is to ensure investments are made in an efficient and effective manner which generates the best returns for the municipality while considering preservation and safety of the principal and appropriate liquidity.

6.6 Property Rates policy (Annexure H)

Section 3(1) of the Local Government Property Rates Act, 2004 (Act 6 of 2004) and Section 62 (1) (f) of the Municipal Finance Management Act, determines that a municipality must adopt and implement a rates policy on the levying.

6.7 Tariff policy (Annexure I)

The tariff policy covers levying of tariffs, fees and charges for municipal services. The tariff policy details electricity, water, sewer, refuse removal and miscellaneous tariffs.

6.8 Fixed Asset Management Policy (Annexure J)

The asset policy is designed to ensure management of Municipal assets in efficient and effective manner with regard to acquisition, utilization, control maintenance and disposal of assets. The policy guides Directorates in their responsibility and duties for control of their assets.

6.9 Short Term Risk and Liabilities Policy (Annexure K)

6.10 Funding and Reserves Policy (Annexure L)

6.11 Budget Policy (Annexure M)

6.12 Borrowing Policy (Annexure N)

6.13 Blacklisting Policy (Annexure O)

6.14 Indigent Management Policy (Annexure P)

6.15 Travelling and Subsistence Policy (Annexure Q)

6.16 Provision for Doubtful Debt and Debt Write-Off Policy (Annexure R)

6.17 Unclaimed Deposit Policy (Annexure S)

6.18 Retention Policy (Annexure T)

6.19 Cost Containment Policy (Annexure U)

6.20 Policy on Levying the Contribution for the Provision of Electricity Services (Annexure V)

7. OVERVIEW OF BUDGET ASSUMPTIONS

The budget assumptions are determined before the budget process, guided by the economic outlook, movements in terms of the markets and by the national treasury guidelines.

The assumptions are devised in such a way that they support the short- and long-term finances and strategy of the municipality.

7.1 Key Financial indicators

The growth parameters set by National treasury are set between 3 and 6 percent which are also target range for the inflation rate. All steps have been taken to be in line with these National Treasury guidelines however the following factors affect the municipal operations and the budget accordingly:

- Higher salaries
- Increase by Eskom and Rand water
- Job creation and protecting the poor
- Debt Impairment in line with circular 71

The 2024/2025 budget has been guided by the following inflation forecast:

Fiscal Year	2021/22 Actual	2022/23 Estimate	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast
Real GDP Growth	4.91%	1.7%	0.9%	1.8%	1.8%
CPI Inflation	4.9%	6.9%	5.3%	4.9%	4.7%

7.2 Credit Rating

The municipality has not had a credit rating and with National Treasury support, the municipality will have to undertake it.

7.3 Borrowing and Investment of funds

The municipality does not have external loans.

The investments amount to R 51.4 million and due to negative cash flow, the municipality is unable to build more reserves.

7.4 Rates, tariffs, charges and timing of revenue collection

Accounts for rates, refuse, electricity, water and sanitation are issued on a monthly basis and are due and payable before the 7th of the month. Recovery procedures for non-payment may be commenced within 7 days of payment default. The electricity supply is cut and water supply is restricted when a client defaults. The municipality is committed in ensuring that collection levels are improved and that credit control will be enforced on those who can afford and not honouring their municipal accounts.

7.5 Collection rates for each revenue source

The collection rate for all the services is expected to be 78% average throughout; this is due to credit control actions that are taken against the defaulters. Where ESKOM is a service delivery agent, consumers who are not paying will be restricted water.

7.6 Price movements on specifics

The cost of bulk purchases amounts to R 1 280 billion for both electricity and water. The projections are informed by the increases from the Rand water and Eskom. Eskom has advised there will be an increase across the board of 12% on the bulk purchases of electricity.

The increase on both electricity and water tariff has been pegged at 9.86% and 5.9% respectively per NERSA and Rand Water.

7.7 Average salary increases

Circular issued by National Treasury was taken into account in budgeting for employee related costs it recommends an increase of average CPI %

7.8 Changing Demand characteristics

The demand for services is increasing yearly as the municipality is expected to deliver services to the indigent and pressure to reduce poverty.

7.9 Ability to the municipality to spend and deliver on programs

The 2024/2025 operating budget will be spent in line with the cost curtailment policy and all expenditures will be in line with the service delivery projects and deliverables. The challenges are still there in terms of maintaining the infrastructure and managing the breakaways of vehicles especially revenue generating.

8. ALIGNMENT OF BUDGET TO THE INTEGRATED DEVELOPMENT PLAN

8.1 IDP Review and stakeholder participation

The IDP has been prepared for the medium term to 2024/25. In the current financial year, the IDP has /undergone the review as required by the Municipal Systems Act and MFMA. Community needs and inputs were sought and the stake holders were consulted.

The IDP takes cognizance of the National, provincial and district priorities. The key focus and IDP priorities are:

- To provide, improve and sustain infrastructure
- To promote socio economic development in rural and urban areas
- To enable and speed up institutional transformation
- To strengthen democracy and good governance
- To improve and sustain financial management

8.2 IDP link to the budget

In compliance with Systems Act of 2000 and the Municipal Finance Management Act the budget is informed and aligned to the IDP priorities.

The budget will be fully aligned to the IDP.

9. BUDGET RECOMMENDATIONS

1. That the Medium Term Revenue & Expenditure Framework (Budget) for the 2024/2025 Financial Year and Two Outer Years, comprising of an operating income budget of R3 418 028 588, an operating expenditure budget of R3 987 098 398, and a capital budget of R273 903 300, and the indicative allocation for the two outer years, as set out in the following tables, **BE APPROVED** in compliance with Subsection 24(1) of the Local Government: Municipal Finance Management Act, Act 56 of 2003, read with the Division of Revenue Bill published in the Government Gazette No. 44173, dated 05 February 2021:

Table A1: Budget Summary

Table A2: Budget Financial Performance

Table A3: Budgeted Financial Performance (Municipal Votes)

Table A4: Budgeted Financial Performance (Revenue & Expenditure)

Table A5: Budgeted Capital Expenditure by Vote

Table A6: Budgeted Financial Position

Table A7: Budgeted Cash Flows

Table A8: Cash Backed Reserves / Accumulated Surplus Reconciliation

Table A9: Asset Management

2. That the 2024/2025 Budget Funding Plan, with an anticipated revenue of R1 926 713 000, **BE APPROVED**.
3. That the following budget related policies **BE APPROVED** for the 2023/2024 financial year in compliance with Subsection 24(4)(c) of the Local Government: Municipal Finance Management Act, Act 56 of 2003:

Virement Policy

Accounting policy

Supply Chain Management Policy

Credit Control and Debt Collection Policy

Investment policy Supply Chain Management Policy

Property Rates Policy

Tariff Policy

Short Term Risk and Liabilities Policy

Funding and Reserves Policy

Budget Policy

Borrowing Policy

Blacklisting Policy

Indigent Management Policy

Travelling and Subsistence Policy

Provision for Doubtful Debt and Debt Write-Off Policy

Unclaimed Deposit Policy

Retention Policy

Cost Containment Policy

Policy on Levying the Contribution for the Provision of Electricity Services

5. That the following tariff increases **BE APPROVED** for the 2024/2025 financial year:

5.1 ASSESSMENT RATES

All property taxes as per the 2023/2024 tariff book be increased by 4.9%.

5.2 SEWERAGE

All sewerage charges as per the 2023/2024 tariff book be increased by 5.9%.

5.3 REFUSE

All refuse charges as per the 2023/2024 tariff book be increased by 4.9%.

5.4 WATER

All basic water charges as per the 2023/2024 tariff book be increased by 5.9%

5.5 ELECTRICITY

All basic electricity charges be increased with 9.86% in line with NERSA

5.6 DEPOSITS

Increase with 4.9%

5.7 MISCELLANEOUS TARIFFS

As per the 2023/2024 Tariff Book be increased by 4.9%.

These are tariffs that are used on a need's basis.

All tariffs exclude VAT except in the case of assessment rates that are zero-rate.

5.8 INTEREST / CAPITALIZED ARREARS

No interest will be levied on those arrears for which the consumer made formal arrangements.

Interest will only be levied on those arrears for which no formal arrangement exists and/or arrear as a result of not complying with the said arrangements.

Interest rates will be levied at market related rates.

6. That the budget **BE MADE PUBLIC** and that a copy of the approved budget **BE SUBMITTED** to the National and Provincial Treasuries in compliance with Section 22 of the Local Government: Municipal Finance Management Act, Act 56 of 2003.

1.