



Draft Budget Medium Term Revenue and Expenditure Forecasts
MFMA Section 16 Report

2023/2024

Govan Mbeki Municipality

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1. OVERVIEW

1.1 Purpose

The purpose of the report is to table the draft 2023/24 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 tabling of the Draft Budget and IDP will be followed by public consultation meetings with various stakeholders.

The 2023/24 MTREF will be considered for approval by Council in 31 May 2023 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 2023/2024 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 2023/24 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 42 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 SALGA guideline
 - *2023/24 Financial Year –5.3%*
- 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 2023/2024 Budget and Medium Term Revenue and Expenditure Framework (MTREF) is based on the guidelines contained in the MFMA **Circular No.122 and 123** issued by National Treasury. Circular 122 was used to increase expenditure by 4.7%, Circular 123 was used to increase revenue by 5.3% this was done to address the issue of unfunded budget.

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 2023/24 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 2023/24 MTREF:

- The budget of 2022/23 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 7.3%
- Electricity 18.0%
- Rates 5.3%
- Waste management
 - o Refuse removal 5.3%
- Sewer 7.3%
- Miscellaneous 5.3%

The social package is proposed as follows:

| DESCRIPTION | 2021/2022 VAT Inclusive | 2022/2023 VAT Inclusive | 2023/2024 VAT Inclusive |
|------------------|-------------------------|-------------------------|-------------------------|
| Free Electricity | 67.65 | 72.71 | 86.15 |
| Free Water | 264.96 | 288.30 | 309.35 |
| Equitable Share | 273.78 | 287.00 | 300.00 |
| TOTAL | 606.39 | 648.01 | 698.50 |

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 122 and 123 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 2023/2024 draft budget comprises of R 2.94 billion for operating expenditure and R 118.3 million for capital investment programs. The total operating income budget is R2.98 billion resulting in an operating surplus of R 37.9 million.

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

Table 1: Consolidated overview of the 2023/2024 Draft Budget

| Description | Original Budget 2022/23 | Adjusted Budget 2022/23 | Draft Budget 2023/24 | Draft Budget 2024/25 | Draft Budget 2025/26 |
|---|-------------------------|-------------------------|-----------------------|-----------------------|-----------------------|
| Total Operating Revenue | 2 828 607 870.00 | 2 832 961 555.00 | 2 981 756 411.00 | 3 238 462 853.00 | 3 439 984 456.00 |
| Total Operating Expenditure | 2 775 339 700.00 | 2 791 813 790.00 | 2 943 773 056.00 | 3 137 584 848.00 | 3 390 017 904.00 |
| Surplus /(Deficit) for the year before capital grants | 53 268 170.00 | 41 147 765.00 | 37 983 355.00 | 100 878 005.00 | 49 966 552.00 |
| Grants revenue -Capital | 96 048 475.00 | 96 048 475.00 | 83 840 000.00 | 87 731 000.00 | 91 544 000.00 |
| Surplus /(Deficit)for the year | 149 316 645.00 | 137 196 240.00 | 121 823 355.00 | 188 609 005.00 | 141 510 552.00 |
| Total Capital Expenditure | 163 324 279.00 | 198 260 882.00 | 118 326 550.00 | 127 868 116.00 | 131 695 710.73 |

Operating budget

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

The draft operating budget has increased to R2.9 billion compared to the current adjusted budget of R2.79 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,
- Inflation

Capital budget

An amount of R118.3 million has been allocated for the capital investment program for 2023/2024 financial year. This is a decrease from the R198.2 million budget for 2022/2023. The main reason for this decrease is no adequate internal funding is available for capital program.

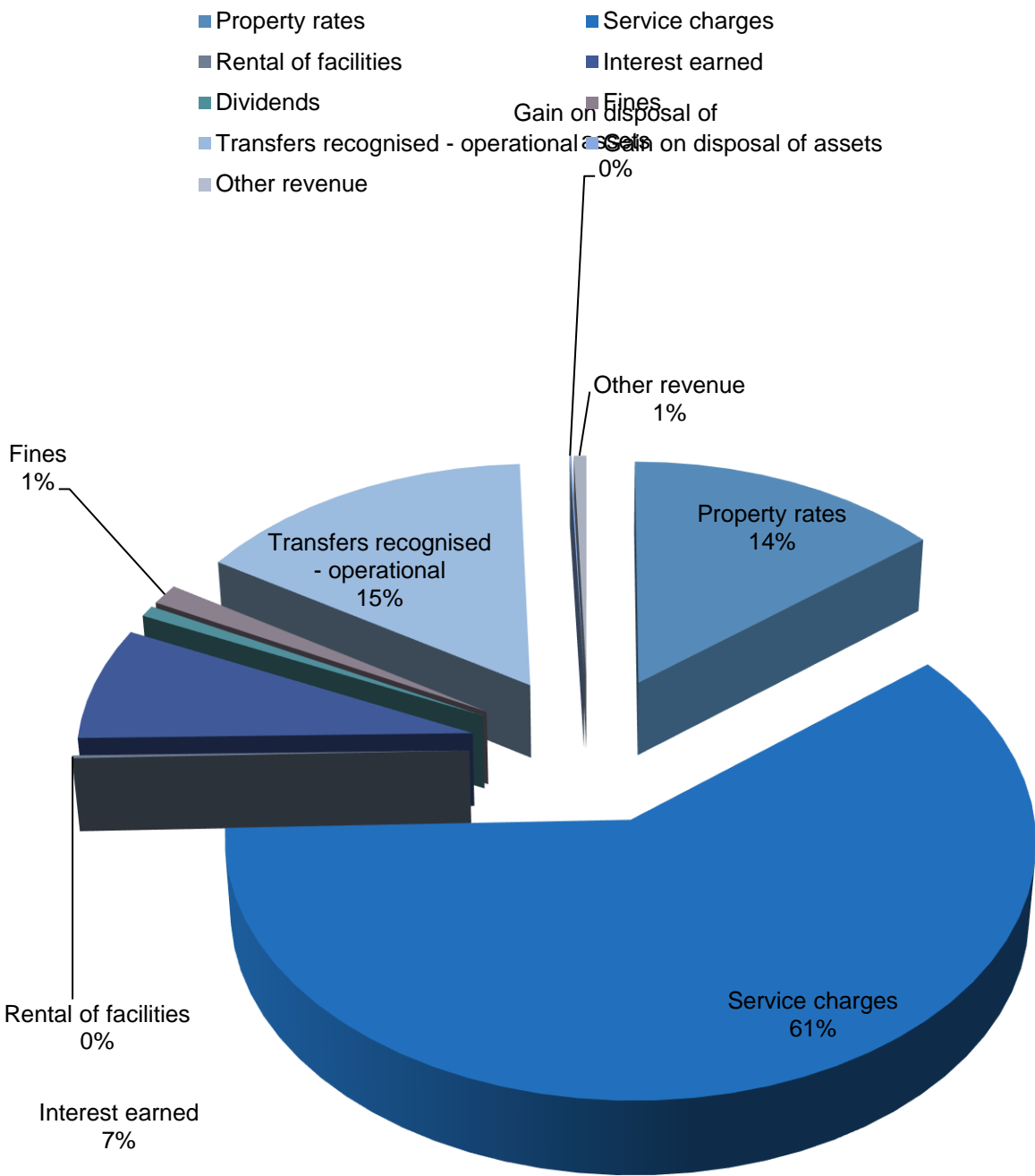
3. DETAILED OVERVIEW OF BUDGET

3.1 Total Revenue

| Classification | Original Budget 2022/23 | Adjusted Budget2022/23 | Draft Budget 2023/24 | Draft Budget 2024/25 | Draft Budget 2025/26 |
|--|----------------------------|---------------------------|-------------------------|-------------------------|-------------------------|
| Exchange Revenue | 1 947 868 429.00 | 1 947 868 429.00 | 2 039 415 062.28 | 2 220 811 816.04 | 2 338 514 842.29 |
| Interest; Dividend and Rent on Land | 208 223 162.00 | 208 223 162.00 | 218 006 467.73 | 229 560 810.52 | 241 727 533.48 |
| Operational Revenue | 11 057 279.00 | 11 057 279.00 | 11 576 971.11 | 12 190 550.58 | 12 836 649.76 |
| Rental from Fixed Assets | 5 158 332.00 | 5 158 332.00 | 5 400 773.60 | 5 687 014.61 | 5 988 426.38 |
| Sales of Goods and Rendering of Services | 4 864 785.00 | 4 864 785.00 | 5 093 429.90 | 5 363 381.68 | 5 647 640.91 |
| Service Charges | 1 718 564 871.00 | 1 718 564 871.00 | 1 799 337 419.94 | 1 968 010 058.65 | 2 072 314 591.76 |
| Non-exchange Revenue | 966 787 914.00 | 971 141 599.00 | 1 023 681 348.63 | 1 102 749 537.11 | 1 190 241 591.58 |
| Fines; Penalties and Forfeits | 37 803 158.00 | 37 803 158.00 | 39 579 906.43 | 41 677 641.47 | 43 886 556.46 |
| Interest; Dividend and Rent on Land | 20 596 044.00 | 20 596 044.00 | 21 564 058.07 | 22 706 953.15 | 23 910 421.66 |
| Property Rates | 403 088 237.00 | 403 088 237.00 | 422 033 384.14 | 444 401 153.50 | 467 954 414.63 |
| Transfers and Subsidies | 505 300 475.00 | 509 654 160.00 | 540 504 000.00 | 593 963 789.00 | 654 490 198.82 |
| Gains and Losses | 10 000 000.00 | 10 000 000.00 | 2 500 000.00 | 2 632 500.00 | 2 772 022.50 |
| Disposal of Fixed and Intangible Assets | 10 000 000.00 | 10 000 000.00 | 2 500 000.00 | 2 632 500.00 | 2 772 022.50 |
| TOTAL | 2 924 656 343.00 | 2 929 010 128.00 | 3 065 596 410.92 | 3 326 193 853.15 | 3 531 528 456.37 |

3.2 Revenue

Revenue 2023-2024



Comments on Operating Revenue

The property rates

The property rates amount to R 444 million for the 2023/2024 financial year. This revenue stream has been increased by 5.3%. This revenue stream contributes 14% of the total revenue.

Service charges

Service charges include electricity, refuse, sewer and water. The service charges for 2023/2024 amount to R 1 799.3 billion, 2024/2025 R 1 968.0 billion and 2025/2026 amounts to R 2 072.3 billion. The R 1 799.3 billion is made up of the following, water R 657.9 million, Refuse R 168.3 million, Sewerage R 170.6 million and electricity R802 million. The service charges contribute 61% of the operating revenue.

Rental income

The rental income amounts to R 5.4million. The stream contributes 0.2% of the total revenue.

Fines

The revenue estimates for the fines amounts to R 39.5 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 2023/24 financial year, the operational grants allocations are as follows:

| Source of funding | Original Budget 2022/23 | Adjusted Budget 2022/23 | Draft Budget 2023/24 | Draft Budget 2024/25 | Draft Budget 2025/26 |
|--|-------------------------|-------------------------|-----------------------|-----------------------|-----------------------|
| Equitable Share | 380 023 000.00 | 380 023 000.00 | 426 701 000.00 | 473 238 000.00 | 528 732 000.00 |
| Expanded Public Works Programme Integrated Grant | 2 629 000.00 | 2 629 000.00 | 2 713 000.00 | 2 856 789.00 | 3 008 198.82 |
| Financial Management Grant | 2 100 000.00 | 2 100 000.00 | 2 100 000.00 | 3 518 000.00 | 3 656 000.00 |
| Infrastructure Skills Development Grant | 24 500 000.00 | 24 500 000.00 | 24 000 000.00 | 25 520 000.00 | 26 500 000.00 |
| Sport & Culture grant | 0.00 | 453 685.00 | 0.00 | 0.00 | 0.00 |
| LG Seta | 0.00 | 3 600 000.00 | 1 000 000.00 | 1 000 000.00 | 1 000 000.00 |
| Pre-capacity | 0.00 | 0.00 | 150 000.00 | 100 000.00 | 50 000.00 |
| Energy Efficiency and Demand Management | 0.00 | 0.00 | 0.00 | 4 000 000.00 | 0.00 |
| TOTAL | 409 252 000.00 | 413 305 685.00 | 456 664 000.00 | 510 232 789.00 | 562 946 198.82 |

Grants and Subsidies – capital

The grants subsidies refer to the Division of Revenue Act allocations in the 2023/24 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 | Original Budget 2022/23 | Adjusted Budget 2022/23 | Draft Budget 2023/24 | Draft Budget 2024/25 | Draft Budget 2025/26 |
|---|-------------------------|-------------------------|----------------------|----------------------|----------------------|
| Integrated National Electrification Grant | 15 000 000.00 | 22 200 000.00 | 15 000 000.00 | 15 795 000.00 | 16 376 000.00 |
| Municipal Infrastructure Grants | 62 635 400.00 | 78 914 407.00 | 68 840 000.00 | 71 936 000.00 | 75 168 000.00 |
| FMG- Capital | 0.00 | 170 000.00 | 0.00 | 0.00 | 0.00 |

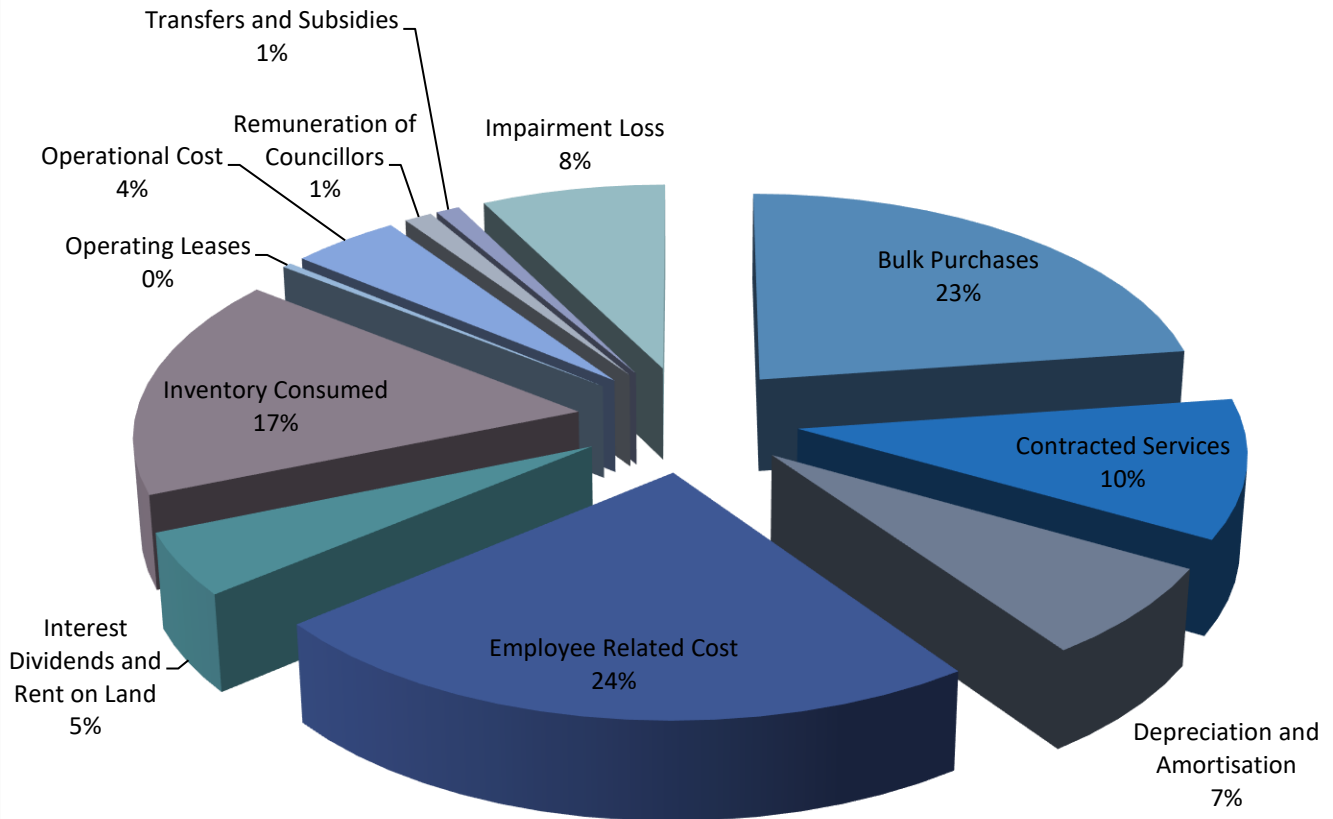
| | | | | | |
|--------------|----------------------|-----------------------|----------------------|----------------------|----------------------|
| SASOL | 15 116 475.00 | 10 446 492.00 | 0.00 | 0.00 | 0.00 |
| Total | 92 751 875.00 | 111 560 899.00 | 83 840 000.00 | 87 731 000.00 | 91 544 000.00 |

3.3 Operating Expenditure

| Classification | Original Budget 2022/23 | Adjusted Budget2022/23 | Draft Budget 2023/24 | Draft Budget 2024/25 | Draft Budget 2025/26 |
|-------------------------------------|----------------------------|---------------------------|-------------------------|-------------------------|-------------------------|
| Bulk Purchases | 639 492 592.00 | 639 492 592.00 | 669 548 744.00 | 790 067 518.00 | 932 279 671.00 |
| Contracted Services | 280 332 650.00 | 292 295 329.00 | 308 576 844.00 | 306 548 038.00 | 321 016 848.00 |
| Depreciation and Amortisation | 196 589 492.00 | 196 589 490.00 | 205 829 196.03 | 215 503 168.24 | 225 631 817.15 |
| Employee Related Cost | 665 215 693.00 | 665 215 667.00 | 700 424 816.77 | 733 381 970.93 | 767 848 573.56 |
| Interest Dividends and Rent on Land | 133 798 181.00 | 133 798 180.00 | 140 086 694.46 | 146 670 769.10 | 153 564 295.25 |
| Inventory Consumed | 473 254 086.00 | 478 524 876.00 | 494 320 940.00 | 518 769 643.00 | 543 151 827.00 |
| Operating Leases | 7 936 160.00 | 210 273 197.00 | 11 309 191.15 | 8 699 736.05 | 9 108 604.89 |
| Operational Cost | 108 444 781.00 | 7 936 160.00 | 130 471 336.00 | 120 158 724.00 | 125 688 689.00 |
| Remuneration of Councillors | 32 120 100.00 | 107 831 749.00 | 33 629 741.56 | 35 210 339.41 | 36 865 225.36 |
| Transfers and Subsidies | 27 882 768.00 | 32 120 097.00 | 28 510 647.00 | 29 793 597.00 | 29 743 597.00 |
| Impairment Loss | 210 273 198.00 | 27 736 453.00 | 221 064 904.59 | 232 781 344.54 | 245 118 755.80 |
| TOTAL | 2 775 339 700.00 | 2 791 813 790.00 | 2 943 773 055.56 | 3 137 584 848.27 | 3 390 017 904.01 |

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 24% of the total operating budget. The average salary increases by 5.3%. 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 141.7 million. The transport cost still needs to be controlled. General expenditure takes 4% of the total operating expenditure.

Bulk purchases: Electricity

The bulk purchases for electricity amounts to R 669.5 million, which contributes 23% of the operating budget. The Eskom will increase the bulk purchases to the municipality by 18%

Depreciation

Depreciation constitutes 7% 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 R412.19 million, Rand water will increase bulk purchases to municipality by 7.3%

Contracted services

In a bid to cut cost and ensure the funding of the overall budget, contracted services budget was increased to R308.5. Contracted services constitute 10% of total operating expenditure. Increase in contracted services is also related to increase of contract values.

| CONTRACTED SERVICES BUDGET 2023/24 | | | | |
|---|---|------------------------|------------------------|------------------------|
| Function | Description | Draft Budget 2023-2024 | Draft Budget 2024-2025 | Draft Budget 2025-2026 |
| Asset Management: Asset Management (Dept 0508) | Business and Advisory - Accounting and A | 5 513 554.00 | 5 772 691.00 | 6 044 008.00 |
| Administrative and Corporate Support: Administrative Services (Dept 0203) | Furniture and Office Equipment: Repairs & Maintenance of Office Furniture and Equipment | 257 079.00 | 269 162.00 | 281 813.00 |
| Administrative and Corporate Support:OHS and IR (Dept 0206) | Medical Tests | 511 310.00 | 535 341.00 | 560 502.00 |
| Administrative and Corporate Support:OHS and IR (Dept 0206) | Labour Cases | 2 722 200.00 | 2 850 143.00 | 2 984 100.00 |
| Governance Function: Internal Audit (Dept 0110) | Business and Advisory: Audit Committee | 281 530.00 | 242 412.00 | 253 806.00 |
| Governance Function: Internal Audit (Dept 0110) | Disciplinary Committee Services | 26 222.00 | 79 804.00 | 83 555.00 |
| Governance Function: Internal Audit (Dept 0110) | Outsourced Services: Professional Staff | 50 000.00 | 52 350.00 | 54 810.00 |
| Recreational Facilities:Sports Recreation Arts and Culture(0406) | Maintenance of Theatre and Museums | 108 888.00 | 114 006.00 | 119 364.00 |
| Water Distribution:Water Distribution (Dept 0604) | Communal Standpipes:Communla Standpoint Maintenance (Water Distribution) | 400 963.00 | 419 808.00 | 439 539.00 |
| Water Distribution: Water Distribution (Dept 0604) | Mechanical Equipment: Mechanical Equipment Maintenance (Water Distribution) | 1 524 507.00 | 1 596 159.00 | 1 671 179.00 |
| Water Distribution: Water Distribution (Dept 0604) | Mechanical Equipment: Mechanical Equipment Maintenance Reservoirs (Water Distribution) | 699 810.00 | 732 701.00 | 767 137.00 |
| Water Distribution:Water Distribution (Dept 0604) | Pipe Work:Pump Station System Maintenance (Water Distribution) | 131 465.00 | 137 644.00 | 144 114.00 |
| Water Distribution:Water Distribution (Dept 0604) | Mechanical Equipment:Resouviors Maintenance (Water Distribution) | 155 561.00 | 162 873.00 | 170 527.00 |
| Water Distribution:Water Distribution (Dept 0604) | Buildings:Water Treatment Plant Building Maintenance (Water Distribution) | 482 398.00 | 505 071.00 | 528 809.00 |
| Water Distribution:Water Distribution (Dept 0604) | Pipe Work:PVR Stations Maintenance (Water Distribution) | 1 256 981.00 | 1 316 059.00 | 1 377 914.00 |

| | | | | |
|---|--|---------------|---------------|---------------|
| Water Distribution:Water Distribution (Dept 0604) | Cleaning of Reservoirs (Water Distribution) | 46 455.00 | 48 639.00 | 50 925.00 |
| Water Distribution:Water Distribution (Dept 0604) | Land:Water Treatment Plant Maintenance Hiring of Plant (Water Distribution) | 1 013 009.00 | 1 060 620.00 | 1 110 470.00 |
| Risk Management:Risk Management(0111) | Risk Committee Fees | 110 227.00 | 115 408.00 | 120 832.00 |
| Security Services:Security and Compliance (Dept 0410) | Security Services | 38 892 500.00 | 40 732 780.00 | 42 647 221.00 |
| Security Services:Security and Compliance (Dept 0410) | Professional Staff -Investigations | 450 766.00 | 471 952.00 | 494 134.00 |
| Waste Water Treatment:Waste Water Treatment (Dept 0603) | Mechanical Equipment:Repairs of Waste Water Treatment Mechanical Equipment (Wast | 54 444.00 | 57 003.00 | 59 682.00 |
| Waste Water Treatment:Waste Water Treatment (Dept 0603) | Pipe Work:Repairs (Waste Water Treatment) | 1 471 933.00 | 1 541 114.00 | 1 613 547.00 |
| Waste Water Treatment:Waste Water Treatment (Dept 0603) | Professional fees _Waste Water | 575 850.00 | 602 915.00 | 631 252.00 |
| Waste Water Treatment:Waste Water Treatment (Dept 0603) | Cleaning Services | 2 185 906.00 | 2 288 643.00 | 2 396 209.00 |
| Housing:Human Settlement (Dept 0305) | Relocation fees | 1 500 000.00 | 1 570 500.00 | 1 644 313.00 |
| Core Function:Finance | Contracted services | 100 000.00 | 104 700.00 | 109 621.00 |
| Finance:Financial Services Administration (Dept 0501) | Outsourced Services:Administrative and Support Staff | 613 217.00 | 642 039.00 | 672 214.00 |
| Finance:Financial Services Administration (Dept 0501) | VAT Recovery Services | 2 504 424.00 | 2 622 132.00 | 2 745 372.00 |
| Finance:Financial Services Administration (Dept 0501) | Security Services - Cash In Transit | 2 030 636.00 | 2 099 901.00 | 2 198 597.00 |
| Finance:Financial Services Administration (Dept 0501) | Meter Readings | 5 483 124.00 | 5 740 831.00 | 6 010 650.00 |
| Finance:Credit Control (Dept 0506) | Legal Cost - Collection | 634 560.00 | 664 385.00 | 695 611.00 |
| Finance:Credit Control (Dept 0506) | Legal Cost - Issue of Summons | 1 144 438.00 | 1 198 227.00 | 1 254 543.00 |
| Finance:Credit Control (Dept 0506) | ConnectionDis-connection - Electricity | 846 745.00 | 886 542.00 | 928 210.00 |
| Finance:Revenue Services Billing and Cash (Dept 0507) | Data Cleansing Project | 2 049 272.00 | 2 145 588.00 | 2 246 430.00 |
| Finance:Budget and Treasury Office (Dept 0505) | Outsourced Services:Professional Staff | 626 000.00 | 2 000 572.00 | 2 093 103.00 |
| Finance:Budget and Treasury Office (Dept 0505) | BDGT 2021 | 850 000.00 | 889 950.00 | 931 778.00 |

| | | | | |
|---|--|---------------|---------------|---------------|
| Human Resources:Development and Transformation (Dept 0202) | BDGT 2021 | 24 000 000.00 | 25 250 000.00 | 26 500 000.00 |
| Human Resources:Development and Transformation (Dept 0202) | Vetting of employees | 1 633 320.00 | 1 710 086.00 | 1 790 460.00 |
| Human Resources:Development and Transformation (Dept 0202) | LG SETA _Expenditure | 2 177 760.00 | 2 280 115.00 | 2 387 280.00 |
| Human Resources:Development and Transformation (Dept 0202) | 1% SDL Trainings | 3 449 024.00 | 7 799 128.00 | 8 165 687.00 |
| Community Halls and Facilities:Community Services Administration (Dept 0401) | Transport Assets:Vehicles Maintenance (Community Services Administration) | 4 224 981.00 | 4 423 555.00 | 4 631 462.00 |
| Community Halls and Facilities:Facilities (Dept 0403) | Mechanical Equipment:Maintenance of Halls Mechanical Equipment (Community Halls) | 2 835 857.00 | 2 969 142.00 | 3 108 692.00 |
| Community Halls and Facilities:Facilities Maintenance (0602) | Electrical Equipment:Maintenance of Electrical Equipment at the Offices (Facilit | 997 845.00 | 1 044 744.00 | 1 093 847.00 |
| Community Halls and Facilities:Facilities Maintenance (0602) | Contracted Services for the Lift (OTIS) | 435 552.00 | 456 023.00 | 477 456.00 |
| Police Forces Traffic and Street Parking Control:Traffic (Dept 0405) | Streetnames and Signs | 2 000 000.00 | 1 143 796.00 | 1 197 555.00 |
| Property Services:Property Services (Dept 0306) | Assessment Services | 7 995 764.00 | 3 555 365.00 | 3 722 467.00 |
| Solid Waste Disposal (Landfill Sites):Waste Disposal Landfill Sites (Dept 0409) | Business and Advisory: Business and Financial Management | 102 466.00 | 107 282.00 | 112 324.00 |
| Solid Waste Disposal (Landfill Sites):Waste Disposal Landfill Sites (Dept 0409) | Removal of Hazardous Waste | 13 153.00 | 13 772.00 | 14 419.00 |
| Solid Waste Disposal (Landfill Sites):Waste Disposal Landfill Sites (Dept 0409) | Landfill Valuation | 124 965.00 | 130 838.00 | 136 987.00 |
| Solid Waste Disposal (Landfill Sites):Waste Disposal Landfill Sites (Dept 0409) | Financial landfill audit | 566 766.00 | 593 404.00 | 621 294.00 |
| Solid Waste Disposal (Landfill Sites):Waste Disposal Landfill Sites (Dept 0409) | Land:Landfill Site Maintenance Contract (landfill) | 20 000 000.00 | 8 769 672.00 | 9 181 847.00 |
| Solid Waste Disposal (Landfill Sites):Waste Disposal Landfill Sites (Dept 0409) | Transfer stations and Landfill Sites | 2 500 000.00 | 1 140 057.00 | 1 193 640.00 |
| Corporate Wide Strategic Planning (IDPs LEDs):IDP and PMS (Dept 0303) | PMS System | 1 800 000.00 | 1 821 780.00 | 1 907 404.00 |
| Cemeteries Funeral Parlours and Crematoriums:Cemeteries (Dept 0407) | Burial Services | 284 444.00 | 297 813.00 | 311 810.00 |
| Roads:Roads (Dept 0608) | Pavements:Roads Speed Humps Maintenance (Roads) | 544 440.00 | 570 029.00 | 596 820.00 |

| | | | | |
|---|--|---------------|---------------|---------------|
| Roads:Roads (Dept 0608) | Earthworks:Roads Maintenance (Roads) | 6 680 827.00 | 6 994 826.00 | 7 323 583.00 |
| Roads:Roads (Dept 0608) | Pavements:Roads Patching and Resealing (Roads) | 5 603 844.00 | 5 867 225.00 | 6 142 985.00 |
| Roads:Technical Services Administration (Dept 0601) | Salary Integration | 2 724 294.00 | 2 852 336.00 | 2 986 396.00 |
| Roads:Technical Services Administration (Dept 0601) | Transport Assets:Vehicles Maintenance (Technical Services Administration) | 3 355 228.00 | 3 512 923.00 | 3 678 031.00 |
| Sewerage:Sewerage (Dept 0608) | Civil Structures:Maintenance of Civil Sewerage Equipment (Sewerage) | 466 683.00 | 488 618.00 | 511 583.00 |
| Sewerage:Sewerage (Dept 0608) | Buildings:Sewerage Buildings Maintenance (Sewerage) | 113 348.00 | 118 676.00 | 124 253.00 |
| Sewerage:Sewerage (Dept 0608) | Pipe Work:Pipe Work Materials (Sewerage) | 639 984.00 | 670 063.00 | 701 556.00 |
| Sewerage:Sewerage (Dept 0608) | Municipal Service Connection:Repairing of Service Points (Sewerage) | 322 533.00 | 337 692.00 | 353 563.00 |
| Sewerage:Sewerage (Dept 0608) | Pipe Work:Hiring of Septic Tank Trucks (Sewerage) | 9 721 394.00 | 10 178 299.00 | 10 656 679.00 |
| Sewerage:Sewerage (Dept 0608) | Pipe Work:Repairs of Damaged Newtwork System (Sewerage) | 1 092 935.00 | 1 144 303.00 | 1 198 085.00 |
| Sewerage:Sewerage (Dept 0608) | Mechanical Equipment:Maintanance of Pump Station Mechanical Equipment (Sewerage) | 8 001 543.00 | 8 377 616.00 | 8 771 364.00 |
| Sewerage:Sewerage (Dept 0608) | Sewerage Purification | 18 551 815.00 | 19 423 750.00 | 20 336 667.00 |
| Fleet Management:Fleet Management (Dept 0606) | Mechanical Equipment: Lifting Equipment inspection | 104 700.00 | 109 621.00 | 114 773.00 |
| Community Parks (including Nurseries):Parks (Dept 0408) | Alien Vegetation Control | 249 943.00 | 261 690.00 | 273 990.00 |
| Community Parks (including Nurseries):Parks (Dept 0408) | Pest Control and Fumigation | 15 000.00 | 15 000.00 | 15 000.00 |
| Legal Services:Legal (Dept 0204) | Legal Cost - Legal Advice and Litigation | 16 000 000.00 | 13 742 370.00 | 14 388 261.00 |
| Electricity:Energy Operations (Dept 0609) | Prepaid Electricity Vendors | 8 921 178.00 | 9 340 473.00 | 9 779 476.00 |
| Electricity:Energy Operations (Dept 0609) | DC Systems:DC Systems Maintenance Region 1 (Energy Operations) | 11 705 000.00 | 16 443 135.00 | 17 215 962.00 |
| Electricity:Energy Operations (Dept 0609) | MV Conductors:MV Networks Conductors Materials (Energy Operations) | 1 144 863.00 | 1 198 672.00 | 1 255 009.00 |
| Electricity:Energy Operations (Dept 0609) | Public Lighting:Lights - Materials (Energy Operations) | 4 108 934.00 | 1 161 054.00 | 1 215 624.00 |
| Electricity:Energy Operations (Dept 0609) | MV Transformers Repairs and Maintenance: Materials (Energy Operations) | 6 035 833.00 | 6 319 518.00 | 6 616 535.00 |
| Electricity:Energy Operations (Dept 0609) | MV Substation Equipment:MV Substations Maintenance of Equipment - Materials (Ene | 1 318 456.00 | 1 380 423.00 | 1 445 303.00 |

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|---|--|---------------|---------------|---------------|
| Electricity:Energy Operations (Dept 0609) | MV Mini-substations:MV Networks Mini-Substations Repairs and Maintenance (Energy | 3 567 882.00 | 3 735 572.00 | 3 911 144.00 |
| Electricity:Energy Operations (Dept 0609) | MV Networks Mini-Substations Repairs and Maintenance: Materials (Energy Operatio | 443 055.00 | 463 878.00 | 485 681.00 |
| Electricity:Energy Operations (Dept 0609) | MV Transformers:MV Networks Transformers Repairs (Energy Operations) | 6 845 784.00 | 7 167 536.00 | 7 504 410.00 |
| Electricity:Energy Operations (Dept 0609) | MV Networks Equipment Repairs and Maintenance: Materials (Energy Operations) | 2 459 702.00 | 2 575 308.00 | 2 696 348.00 |
| Electricity:Energy Operations (Dept 0609) | MV Networks Equipment: Materials (Energy Operations) | 2 228 824.00 | 2 333 579.00 | 2 443 257.00 |
| Electricity:Energy Operations (Dept 0609) | MV Substation Equipment:MV Substation Maintenance of Equipment - Region 2 (Energ | 2 723 027.00 | 2 851 009.00 | 2 985 007.00 |
| Electricity:Energy Operations (Dept 0609) | Bethal Electrical infrastructure (Machite) | 15 705 000.00 | 16 443 135.00 | 17 215 962.00 |
| Electricity:Energy Operations (Dept 0609) | Outsourced services: Professional Staff | 3 000 000.00 | 3 141 000.00 | 3 288 627.00 |
| Mayor and Council:Council Administration (Dept 0101) | Transport Assets: Vehicles Maintenance (Council Administration) | 21 926.00 | 22 957.00 | 24 036.00 |
| Cultural Matters: Special Projects Unit (Dept 0102) | Outsourced Services:Professional Staff | 69 141.00 | 72 390.00 | 75 793.00 |
| Storm Water Management: Storm Water Management (Dept 0608) | Drainage:Strom Water Drainange Maintenance (Storm Water Management) | 3 400 572.00 | 3 560 399.00 | 3 727 738.00 |
| Storm Water Management:Storm Water Management (Dept 0608) | Maintenance of Unspecified Assets | 87 281.00 | 91 383.00 | 95 678.00 |
| Town Planning Building Regulations and Enforcement and City Engineer:Building Control (Dept 0307) | BDGT 2021 | 1 199 801.00 | 942 092.00 | 986 370.00 |
| Town Planning Building Regulations and Enforcement and City Engineer:Building Control (Dept 0307) | Township Establishment | 3 356 435.00 | 3 514 187.00 | 3 679 354.00 |
| Town Planning Building Regulations and Enforcement and City Engineer:Building Control (Dept 0307) | Urban design | 2 250 590.00 | 1 937 568.00 | 2 028 634.00 |
| Town Planning Building Regulations and Enforcement and City Engineer:GIS (Dept 0308) | Professional fees_GIS | 54 444.00 | 57 003.00 | 59 682.00 |
| Fire Fighting and Protection:Fire Fighting (Dept 0404) | Machinery and Equipment:Maintenance of Genarators (Fire) | 424 663.00 | 444 622.00 | 465 520.00 |
| Fire Fighting and Protection:Fire Fighting (Dept 0404) | Mechanical Equipment:Maintenance of Fire Extiguishers (Fire) | 654 157.00 | 684 903.00 | 717 093.00 |

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|--|---|------------|------------|------------|
| Information Technology:ICT (Dept 0205) | Computer Equipment:Repairing Computers & Computer Equipment (ICT) | 213 914.00 | 223 968.00 | 234 494.00 |
|--|---|------------|------------|------------|

| REPAIRS AND MAINTANANCE BUDGET 2023/24 | | | | |
|--|---|-------------------------------|-------------------------|-------------------------|
| Function | Description | Draft Budget 2023-2024 | Budget 2024-2025 | Budget 2025-2026 |
| Finance:Financial Services Administration (Dept 0501) | Transport Assets:Repairs of Vehicles (Financial Administration) | 6 311.32 | 6 607.95 | 6 918.52 |
| Sports Grounds and Stadiums:Sports Grounds and Facilities (Dept 0408) | Mechanical Equipment:Maintaining Sports Grounds Equipment (Sports & Recreational) | 10 922.30 | 11 435.65 | 11 973.13 |
| Administrative and Corporate Support:Corporate Services Administration (Dept 0201) | Transport Assets:Repairs of Vehicles (Corporate Services Administration) | 26 175.00 | 27 405.23 | 28 693.27 |
| Storm Water Management:Storm Water Management (Dept 0608) | Strom Water Drainage Land: Materials (Storm Water Management) | 45 336.15 | 47 466.95 | 49 697.89 |
| Water Distribution:Water Distribution (Dept 0604) | Cleaning of Reservoirs (Water Distribution) | 46 455.39 | 48 638.79 | 50 924.82 |
| Development Facilitation:Planning and Development Administration (Dept 0301) | Transport Assets:Repairs of Vehicles (Planning and Development Administration) | 50 682.13 | 53 064.19 | 55 558.21 |
| Waste Water Treatment:Waste Water Treatment (Dept 0603) | Mechanical Equipment:Repairs of Waste Water Treatment Mechanical Equipment (Wast | 54 444.00 | 57 002.87 | 59 682.00 |
| Sports Grounds and Stadiums:Sports Grounds and Facilities (Dept 0408) | Metalwork's:Repairing of Fences at Sports Grounds (Sports & Recreation) | 54 558.12 | 57 122.35 | 59 807.11 |
| Fleet Management:Fleet Management (Dept 0606) | Mechanical Equipment: Lifting Equipment inspection | 104 700.00 | 109 620.90 | 114 773.08 |
| Cemeteries; Funeral Parlours and Crematoriums:Cemeteries (Dept 0407) | Land:Mowing & Pruning of Cemeteries' Land (Cemeteries) | 104 700.00 | 109 620.90 | 114 773.08 |
| Recreational Facilities:Sports; Recreation; Arts and Culture(0406) | Maintanance of Theatre and Museums | 108 888.00 | 114 005.74 | 119 364.01 |
| Sewerage:Sewerage (Dept 0608) | Buildings:Sewerage Buildings Maintenance (Sewerage) | 113 348.22 | 118 675.59 | 124 253.34 |
| Information Technology:ICT (Dept 0205) | Furniture and Office Equipment:Repairing of Office Furniture & Equipment (ICT) | 122 470.73 | 128 226.86 | 134 253.52 |
| Water Distribution:Water Distribution (Dept 0604) | Pipe Work:Pump Station System Maintenance (Water Distribution) | 131 465.51 | 137 644.39 | 144 113.67 |

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|--|--|------------|------------|------------|
| Water Distribution:Water Distribution (Dept 0604) | Mechanical Equipment:Resouviors Maintenance (Water Distribution) | 155 561.17 | 162 872.54 | 170 527.55 |
| Information Technology:ICT (Dept 0205) | Computer Equipment:Repairing Computers & Computer Equipment (ICT) | 213 913.62 | 223 967.56 | 234 494.03 |
| Storm Water Management:Storm Water Management (Dept 0608) | Maintenance of Storm Water: Materials (Storm Water Management) | 249 942.98 | 261 690.30 | 273 989.75 |
| Waste Water Treatment:Waste Water Treatment (Dept 0603) | Capital Spares:Materials for Waste Water Treatment (Waste Water Treatment) | 250 663.32 | 262 444.49 | 274 779.38 |
| Waste Water Treatment:Waste Water Treatment (Dept 0603) | Pipe Work:Maintenance (Waste Water Treatment) | 250 663.32 | 262 444.49 | 274 779.38 |
| Administrative and Corporate Support:Administrative Services (Dept 0203) | Furniture and Office Equipment:Repairs & Maintenance of Office Furniture and Equ | 257 079.33 | 269 162.06 | 281 812.68 |
| Community Halls and Facilities:Facilities (Dept 0403) | Electrical Equipment:Replacement & Fixing of Electrical Equipments (Community Ha | 274 592.50 | 287 498.35 | 301 010.77 |
| Sports Grounds and Stadiums:Sports Grounds and Facilities (Dept 0408) | Land:Maintaining Sports Grounds Land (Sports & Recreational) | 274 928.59 | 287 850.23 | 301 379.19 |
| Sewerage:Sewerage (Dept 0608) | Municipal Service Connection:Repairing of Service Points (Sewerage) | 322 532.54 | 337 691.57 | 353 563.07 |
| Cemeteries; Funeral Parlours and Crematoriums:Cemeteries (Dept 0407) | Earthworks:Maintaining of Cemeteries (Cemeteries) | 374 905.57 | 392 526.13 | 410 974.86 |
| Community Halls and Facilities:Facilities (Dept 0403) | Buildings:Maintenance of Halls Buildings - Materials & Supplies (Community Halls | 397 295.67 | 415 968.56 | 435 519.09 |
| Water Distribution:Water Distribution (Dept 0604) | Communal Standpipes:Communla Standpoint Maintenance (Water Distribution) | 400 963.31 | 419 808.58 | 439 539.59 |
| Fire Fighting and Protection:Fire Fighting (Dept 0404) | Machinery and Equipment:Maintenance of Genarators (Fire) | 424 663.20 | 444 622.37 | 465 519.62 |
| Electricity:Energy Operations (Dept 0609) | MV Networks Mini-Substations Repairs and Maintenance: Materials (Energy Operatio | 443 054.80 | 463 878.38 | 485 680.66 |
| Sewerage:Sewerage (Dept 0608) | Civil Structures:Maintenance of Civil Sewerage Equipment (Sewerage) | 466 683.50 | 488 617.62 | 511 582.65 |
| Water Distribution:Water Distribution (Dept 0604) | Buildings:Water Treatment Plant Building Maintenance (Water Distribution) | 482 397.92 | 505 070.62 | 528 808.94 |
| Community Parks (including Nurseries):Parks (Dept 0408) | Land:Parks Maintenance (Parks) | 514 805.71 | 539 001.58 | 564 334.65 |
| Cemeteries; Funeral Parlours and Crematoriums:Cemeteries (Dept 0407) | Buildings:Cemeteries Buildings (Cemeteries) | 533 110.41 | 558 166.60 | 584 400.43 |
| Roads:Roads (Dept 0608) | Pavements:Roads Speed Humps Maintenance (Roads) | 544 440.00 | 570 028.68 | 596 820.03 |
| Sewerage:Sewerage (Dept 0608) | Pipe Work:Pipe Work Materials (Sewerage) | 639 983.99 | 670 063.23 | 701 556.20 |
| Fire Fighting and Protection:Fire Fighting (Dept 0404) | Mechanical Equipment:Maintenance of Fire Extiguishers (Fire) | 654 157.22 | 684 902.61 | 717 093.04 |
| Waste Water Treatment:Waste Water Treatment (Dept 0603) | Electrical Equipment:Repairs of Waste Water Treatment Electrical Equipment (Wast | 659 220.52 | 690 203.88 | 722 643.46 |

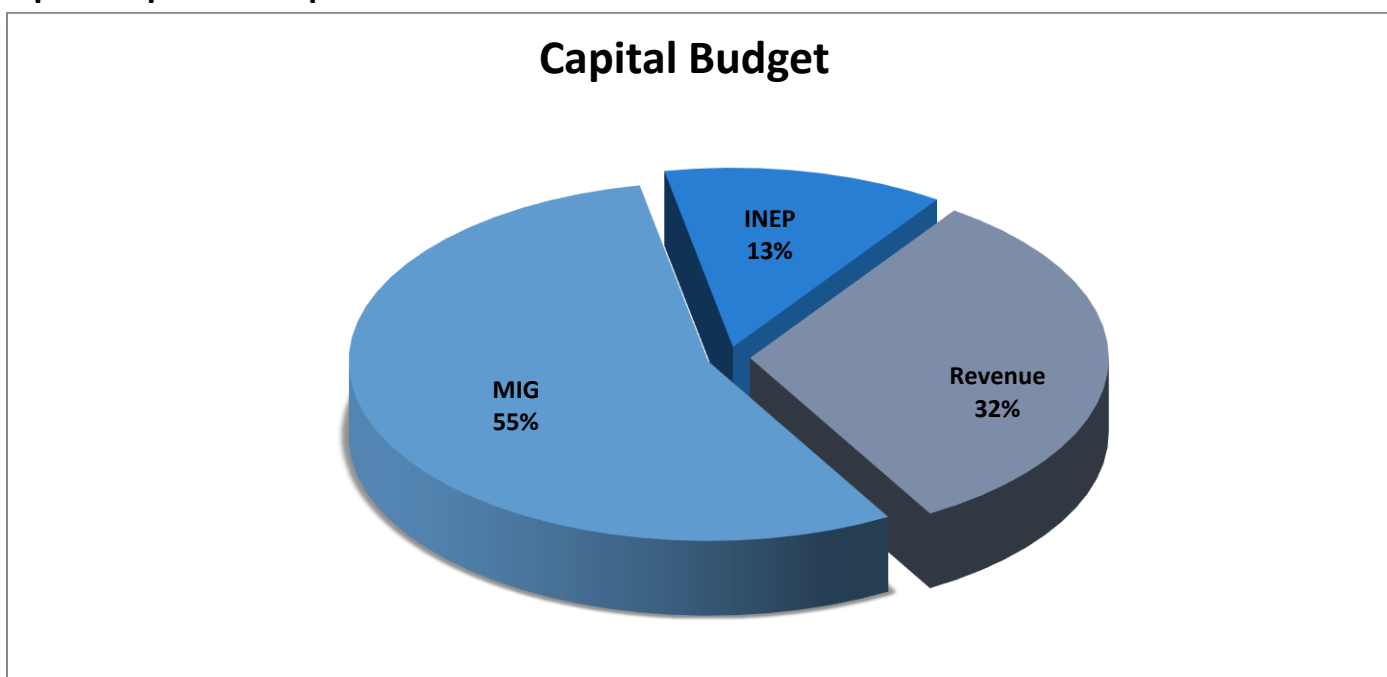
| | | | | |
|---|--|--------------|--------------|--------------|
| Water Distribution:Water Distribution (Dept 0604) | Mechanical Equipment:Mechanical Equipment Maintenance Reservoirs (Water Distri | 699 809.57 | 732 700.61 | 767 137.54 |
| Community Halls and Facilities:Facilities Maintenance (0602) | Electrical Equipment:Maintenance of Electrical Equipment at the Offices (Facilit | 997 845.44 | 1 044 744.18 | 1 093 847.16 |
| Water Distribution:Water Distribution (Dept 0604) | Land:Water Treatment Plant Maintenance Hiring of Plant (Water Distribution) | 1 013 009.15 | 1 060 620.57 | 1 110 469.74 |
| Sewerage:Sewerage (Dept 0608) | Pipe Work:Repairs of Damaged Newtwork System (Sewerage) | 1 092 935.03 | 1 144 302.98 | 1 198 085.22 |
| Electricity:Energy Operations (Dept 0609) | MV Conductors:MV Networks Conductors Materials (Energy Operations) | 1 144 863.09 | 1 198 671.66 | 1 255 009.22 |
| Water Distribution:Water Distribution (Dept 0604) | Pipe Work:PVR Stations Maintenance (Water Distribution) | 1 256 981.09 | 1 316 059.20 | 1 377 913.98 |
| Electricity:Energy Operations (Dept 0609) | MV Substation Equipment:MV Substations Maintenance of Equipment - Materials (Ene | 1 318 455.69 | 1 380 423.11 | 1 445 302.99 |
| Waste Water Treatment:Waste Water Treatment (Dept 0603) | Pipe Work:Repairs (Waste Water Treatment) | 1 471 933.33 | 1 541 114.19 | 1 613 546.56 |
| Water Distribution:Water Distribution (Dept 0604) | Mechanical Equipment:Mechanical Equipment Maintenance (Water Distribution) | 1 524 507.38 | 1 596 159.23 | 1 671 178.71 |
| Police Forces; Traffic and Street Parking Control:Traffic (Dept 0405) | Street names and Signs | 2 000 000.00 | 1 143 796.53 | 1 197 554.97 |
| Electricity:Energy Operations (Dept 0609) | MV Networks Equipment: Materials (Energy Operations) | 2 228 824.28 | 2 333 579.03 | 2 443 257.24 |
| Electricity:Energy Operations (Dept 0609) | MV Networks Equipment Repairs and Maintenance: Materials (Energy Operations) | 2 459 702.44 | 2 575 308.46 | 2 696 347.95 |
| Solid Waste Disposal (Landfill Sites):Waste Disposal Landfill Sites (Dept 0409) | Transfer stations and Landfill Sites | 2 500 000.00 | 1 140 057.36 | 1 193 640.06 |
| Roads:Technical Services Administration (Dept 0601) | Transport Assets:Repairs of Vehicles (Technical Services Administration) | 2 718 398.34 | 2 846 163.07 | 2 979 932.73 |
| Electricity:Energy Operations (Dept 0609) | MV Substation Equipment:MV Substation Maintenance of Equipment - Region 2 (Energy) | 2 723 027.13 | 2 851 009.41 | 2 985 006.85 |
| Community Halls and Facilities:Facilities (Dept 0403) | Mechanical Equipment:Maintenance of Halls Mechanical Equipment (Community Halls) | 2 835 857.09 | 2 969 142.37 | 3 108 692.06 |
| Roads:Roads (Dept 0608) | Roads Pavements Repairs & Maintenance: Materials (Roads) | 3 048 776.05 | 3 192 068.53 | 3 342 095.75 |
| Roads:Technical Services Administration (Dept 0601) | Transport Assets:Vehicles Maintenance (Technical Services Administration) | 3 355 227.72 | 3 512 923.42 | 3 678 030.82 |
| Storm Water Management:Storm Water Management (Dept 0608) | Drainage:Strom Water Drainange Maintenance (Storm Water Management) | 3 400 572.24 | 3 560 399.14 | 3 727 737.89 |
| Water Distribution:Water Distribution (Dept 0604) | Pipe Work:Distribution Pipeworks Maintenance (Water Distribution) | 3 484 427.52 | 3 648 195.61 | 3 819 660.80 |
| Electricity:Energy Operations (Dept 0609) | MV Mini-substations:MV Networks Mini-Substations Repairs and Maintenance (Energy | 3 567 881.79 | 3 735 572.24 | 3 911 144.13 |
| Electricity:Energy Operations (Dept 0609) | Public Lighting:Lights - Materials (Energy Operations) | 4 108 934.24 | 1 161 054.15 | 1 215 623.69 |
| Community Halls and Facilities:Community Services Administration (Dept 0401) | Transport Assets:Vehicles Maintenance (Community Services Administration) | 4 224 981.09 | 4 423 555.20 | 4 631 462.29 |

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|---|--|-----------------------|-----------------------|-----------------------|
| Community Halls and Facilities: Facilities Maintenance (0602) | Buildings: Maintenance of Office Building (Facilities Maintenance) | 4 941 089.30 | 5 173 320.50 | 5 416 466.56 |
| Community Halls and Facilities: Community Services Administration (Dept 0401) | Transport Assets: Repairs of Vehicles (Community Services Administration) | 5 568 005.68 | 5 829 701.95 | 6 103 697.94 |
| Roads: Roads (Dept 0608) | Pavements:Roads Patching and Resealing (Roads) | 5 603 844.49 | 5 867 225.18 | 6 142 984.76 |
| Electricity: Energy Operations (Dept 0609) | MV Transformers Repairs and Maintenance: Materials (Energy Operations) | 6 035 833.55 | 6 319 517.72 | 6 616 535.06 |
| Roads: Roads (Dept 0608) | Earthworks: Roads Maintenance (Roads) | 6 680 827.43 | 6 994 826.32 | 7 323 583.15 |
| Electricity: Energy Operations (Dept 0609) | MV Transformers' Networks Transformers Repairs (Energy Operations) | 6 845 784.37 | 7 167 536.24 | 7 504 410.44 |
| Sewerage: Sewerage (Dept 0608) | Mechanical Equipment:Maintanance of Pump Station Mechanical Equipment (Sewerage) | 8 001 543.59 | 8 377 616.14 | 8 771 364.10 |
| Sewerage: Sewerage (Dept 0608) | Pipe Work: Hiring of Septic Tank Trucks (Sewerage) | 9 721 393.95 | 10 178 299.47 | 10 656 679.54 |
| Electricity: Energy Operations (Dept 0609) | DC Systems: DC Systems Maintenance Region 1 (Energy Operations) | 11 705 000.00 | 16 443 135.00 | 17 215 962.35 |
| Solid Waste Disposal (Landfill Sites):Waste Disposal Landfill Sites (Dept 0409) | Land: Landfill Site Maintenance Contract (landfill) | 20 000 000.00 | 8 769 672.00 | 9 181 846.58 |
| Total | | 148 046 288.10 | 141 453 489.52 | 148 101 803.53 |

Capital Expenditure per source

| Source of funding | Original Budget 2022/23 | Adjusted Budget 2022/23 | Draft Budget 2023/24 | Draft Budget 2024/25 | Draft Budget 2025/26 |
|-------------------|-------------------------|-------------------------|-----------------------|-----------------------|-----------------------|
| INEP | 15 000 000.00 | 22 200 000.00 | 15 000 000.00 | 15 795 000.00 | 16 376 000.00 |
| MIG | 62 635 400.00 | 78 914 407.00 | 65 406 550.00 | 68 426 526.00 | 71 493 581.00 |
| REVENUE | 73 130 000.00 | 86 529 983.00 | 37 920 000.00 | 43 646 590.00 | 43 826 129.73 |
| FMG- Capital | 0.00 | 170 000.00 | 0.00 | 0.00 | 0.00 |
| SASOL | 15 116 475.00 | 10 446 492.00 | 0.00 | 0.00 | 0.00 |
| TOTAL | 165 881 875.00 | 198 090 882.00 | 118 326 550.00 | 127 868 116.00 | 131 695 710.73 |

Capital Expenditure per source



Included in the capital projects are the following budgeted expenditures for 2023-2024

| Description | SECTION | FUNCTION | Funding | BUDGET 2023-2024 | BUDGET 2024-2025 | BUDGET 2025-2026 |
|---|------------------------------|-------------------------|----------|-----------------------|-----------------------|-----------------------|
| Fire Engines *1 | Fire Services | Community Services | Internal | 6 000 000.00 | 6 282 000.00 | 6 577 254.00 |
| Jaws of life | Fire Services | Community Services | Internal | 750 000.00 | 785 250.00 | 822 156.75 |
| Fencing (Facilities Lillian Ngoyi Hall) | Facility Maintenance | Community Services | Internal | 1 000 000.00 | 1 047 000.00 | 1 096 209.00 |
| Furniture & Equipment | Municipal Manager | Executive and council | Internal | 150 000.00 | 157 050.00 | 164 431.35 |
| Furniture & Equipment | Mayor and Council | Executive and council | Internal | 150 000.00 | 157 050.00 | 164 431.35 |
| Furniture & Equipment | Finance Admin | Financial Services | Internal | 150 000.00 | 157 050.00 | 164 431.35 |
| Furniture & Equipment | Community Admin | Community Services | Internal | 150 000.00 | 157 050.00 | 164 431.35 |
| Furniture & Equipment | Corporate Admin | Corporate Services | Internal | 250 000.00 | 150 000.00 | 150 000.00 |
| Furniture & Equipment | Technical Admin | Technical Services | Internal | 150 000.00 | 157 050.00 | 164 431.35 |
| Furniture & Equipment | Planning & Development Admin | Planning & Development | Internal | 150 000.00 | 157 050.00 | 164 431.35 |
| Compactor trucks | Solid Waste | Community Services | Internal | 3 000 000.00 | 6 000 000.00 | 6 000 000.00 |
| 3x Falcon slashers | Biodiversity | Community Services | Internal | 500 000.00 | 523 500.00 | 548 104.50 |
| 15 x Brush cutters | Biodiversity | Community Services | Internal | 120 000.00 | 125 640.00 | 131 545.08 |
| 2 x JD 1445 Ride on mowers | Biodiversity | Community Services | Internal | 400 000.00 | 418 800.00 | 438 483.60 |
| Speed Cameras | Traffic | Community Services | Internal | 700 000.00 | 1 400 000.00 | 1 400 000.00 |
| Security CCTV | Security | Community Services | Internal | 1 000 000.00 | - | - |
| Backup Generators for pump stations and WWTW. | Water and Sanitation | Civil Engineering/Water | Internal | 2 500 000.00 | | |
| Resealing of roads | Roads and Stormwater | Civil Engineering/Water | Internal | 5 000 000.00 | 7 000 000.00 | 5 000 000.00 |
| Marketing (camera) | Marketing & Communications | Municipal Manager | Internal | 100 000.00 | 104 700.00 | 109 620.90 |
| Replacement of AC pipe at Evander | Water and Sanitation | Civil Engineering/Water | Internal | 5 000 000.00 | 5 235 000.00 | 5 481 045.00 |
| Computer Equipment | ICT | Corporate Service | Internal | 1 000 000.00 | | |
| Munsoft Hardware Upgrade | ICT | Corporate Service | Internal | 1 100 000.00 | 1 151 700.00 | 1 205 829.90 |
| Shelves System | Administrative Service | Corporate Service | Internal | 100 000.00 | 104 700.00 | 109 620.90 |
| Public Lighting | Electricity | Energy(0609) | Internal | 3 000 000.00 | 3 141 000.00 | 3 288 627.00 |
| New Electricity Connection | Electricity | Energy(0609) | Internal | 3 000 000.00 | 5 235 000.00 | 5 481 045.00 |
| Fleet | Fleet Management | Technical Services | Internal | 2 500 000.00 | 4 000 000.00 | 5 000 000.00 |
| Emzisoni Substation 30mva | Electricity | PMU | INEP | 15 000 000.00 | 15 795 000.00 | 16 376 000.00 |
| Completion of Charl Cilliers 1.8 ML DBNR | Waste Water | PMU | MIG | 5 406 550.00 | 0.00 | 0.00 |
| Embalenhle Bulk replacement/upgrade (phase 1) | Water | PMU | MIG | 20 000 000.00 | 28 426 526.00 | 31 493 581.00 |
| Upgrade of existing asbestos cement gravity main pipe in Kinross bulk supply water line | Water | PMU | MIG | 20 000 000.00 | 20 000 000.00 | 20 000 000.00 |
| Emzisoni Bulk water supply | Water | PMU | MIG | 10 000 000.00 | 10 000 000.00 | 10 000 000.00 |
| Construction of Bulk water line and reservoir in Leandra | Water | PMU | MIG | 10 000 000.00 | 10 000 000.00 | 10 000 000.00 |
| TOTAL | | | | 118 326 550.00 | 127 868 116.00 | 131 695 710.73 |

4. BUDGET CASH-FLOW STATUS

| Funding status | Reference | Amount |
|---------------------------------------|---------------------|----------------------|
| Total Expenditure | A | 2 943 773 055 |
| Add back non-cash items | | |
| Depreciation | B | -205 829 196 |
| Impairment Loss | C | -221 064 904 |
| Add: Capital Expenditure | D | 118 836 550 |
| Total Cash Expenditure | E= (A+B+C+D) | 2 635 715 505 |
| Payment rate | F | 75% |
| Actual Revenue | G | 2 525 092 411 |
| Grants (Operational and Capital) | H | 540 504 000 |
| Total revenue | I | 3 065 596 411 |
| Actual Cash i.e. 75% payment expected | J = (G x F) | 1 893 819 308 |
| Actual cash receivables | K = (H+ J) | 2 686 832 549 |
| Cash surplus /(deficit) | L= (K-E) | -201 392 197 |

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 2023/24 cannot be unfunded budgets, if unfunded the following are minimal requirements must be met:

- Cash Flow (A7) should have positive cash flows - the cashflow status is negative as a result the expenditure needs to be revised before the final budget submission on the 31 May 2023.
- Develop a plan to turnaround the situation – the municipality already have a plan (Financial Recovery Plan) in place to support the unfunded status.

5. CONSULTATION PROCESS

Section 22 of the Municipal Finance Management Act requires that after tabling of the Draft Budget, the municipality must make the budget available to the public and conduct community participation. Council to advice on how the community will be consulted in the midst of the pandemic.

The following are the key deadlines to be achieved through this process:

| Detail | Date |
|--------------------------|-----------------|
| Approval of Draft Budget | 31 March 2023 |
| Budget Workshop | To be confirmed |
| Public Consultation | To be confirmed |
| Approval of Budget | 31 May 2023 |

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 D)

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

6.2 Accounting policy (Annexure E)

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 F)

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

6.4 Credit control and Debt collection policy (Annexure G)

6.5 Investment policy (Annexure H)

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 I)

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 J)

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 K)

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 L)

6.10 Funding and Reserves Policy (Annexure M)

6.11 Budget Policy (Annexure N)

6.12 Borrowing Policy (Annexure O)

6.13 Blacklisting Policy (Annexure P)

6.14 Indigent Management Policy (Annexure Q)

6.15 Travelling and Subsistence Policy (Annexure R)

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

6.17 Unclaimed Deposit Policy (Annexure T)

6.18 Retention Policy (Annexure U)

5.19 Cost Containment Policy (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

The 2023/2024 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 274.9 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 75% 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 1 082 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 18% on the bulk purchases of electricity.

The increase on both electricity and water tariff has been pegged at 18% and 7.3% 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 2023/2024 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 2023/24. 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 report on the Draft Medium Term Revenue and Expenditure Framework for 2023/2024 and two outer years **BE ACKNOWLEDGED**.
2. That the budget comprising of operating Income budget of **R 2 981 756 411**, operating expenditure budget of **R 2 943 773 056** and capital budget of **R 118 326 550** as set out in the to **BE CONSIDERED** for the adoption to ensure compliance with section 16 (2) of the Municipal Finance Management Act (No 56 of 2003):
3. That the budget related policies of Council mentioned in the report **BE REVIEWED**.
4. That the budget workshop **BE HELD** for all Councillors **TO DISCUSS** the tabled budget in details
5. That Office of the Speaker **TO CO-ORDINATE** budget consultation with communities after the approval of the tabled budget.
6. That proposed tariff increases **BE ADOPTED** as follows:
 - 7.1 *ASSESSMENT RATES*
All property taxes as per the 2022/2023 tariff book increased by 5.3%.
 - 7.2 *SEWERAGE*
All sewerage charges as per the 2022/2023 tariff book increased by 7.3%.
 - 7.3 *REFUSE*
All refuse charges as per the 2022/2023 tariff book increased by 5.3%.
 - 7.4 *WATER*
All basic water charges as per the 2022/2023 tariff book increased by 7.3%
 - 7.5 *ELECTRICITY*
All basic electricity charges Increase with 18.0% in line with NERSA
 - 7.6 *DEPOSITS*
Increase with 5.3%
 - 7.7 *MISCELLANEOUS TARIFFS*
 - As per the 2022/23 tariff book increased by 5.3%.
 - 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.
 - 7.8 *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.