



## 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 considering 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.

## 1.5 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.

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 annual budget **2023/2024** MTREF can be summarized as follows:*

- Cash flow constraints
- The increased cost of bulk purchases (due to increases imposed by 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
- Inability to raise capital/borrowing.

*The following principles and guidelines will directly inform the annual budget **2023/2024** MTREF:*

- The budget of 2023/2024 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 always meets the required quality standards
- 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 rates
- 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 15.10%
- 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
<b>TOTAL</b>	<b>606.39</b>	<b>648.01</b>	<b>698.50</b>

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 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.

## 1.6 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 budget comprises of **R 3.01 billion** for operating expenditure and **R 172 million** for capital investment programs. The total operating income budget is **R3.08** billion resulting in an operating surplus of **R 67 million**.

Municipal revenues and cash flows are expected to remain under pressure as we continue to have low-income revenue growth with a continued increase in expenditure.

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

Description	ORIGINAL BUDGET 2022-2023	DRAFT BUDGET 2023-2024	FINAL BUDGET 2023-2024	BUDGET 2024-2025	BUDGET 2025-2026
Total Operating Revenue	2 828 607 868.00	2 938 244 410.92	3 087 553 478.71	3 383 477 453.51	3 706 299 630.06
Total Operating Expenditure	2 775 339 629.00	2 938 826 818.53	3 019 754 703.48	3 315 321 427.29	3 612 800 277.29
Surplus /( Deficit) for the year before capital grants	53 268 239.00	-582 407.61	67 798 775.22	68 156 026.22	93 499 352.77
Add Capital Transfers(Grant revenue)	96 048 475.00	96 048 475.00	108 056 550.00	94 924 000.00	99 181 000.00
Surplus /(Deficit)for the year	149 316 714.00	95 466 067.39	175 855 325.22	163 080 026.22	192 680 352.77
Total Capital Expenditure	198 260 882.00	118 326 550.00	172 676 550.00	132 041 140.00	133 250 679.73
Net Surplus/(Deficit)	-48 944 168.00	-22 860 482.61	3 178 775.22	31 038 886.22	59 429 673.04

### Operating budget

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

The operating budget has increased to R3.01 billion compared to the current budget of R2.7 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 R172 million has been allocated for the capital investment program for 2023/2024 financial year. This is a decrease from the R198 million of the current budget for 2022/2023. The main reason for this decrease is no adequate internal funding is available for capital program.



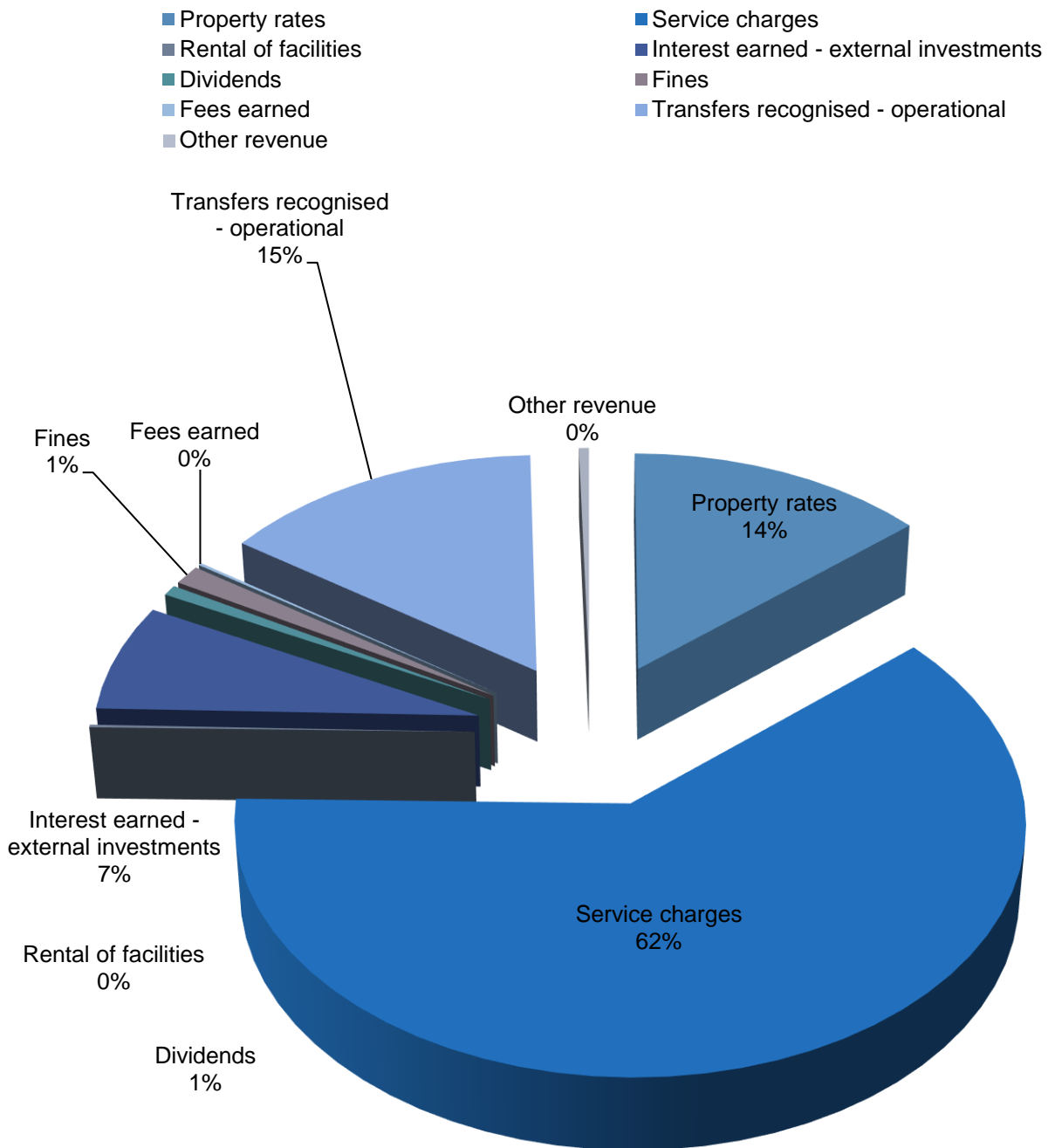
## 2. DETAILED OVERVIEW OF BUDGET

### 2.1 Total Revenue

Description	ORIGINAL BUDGET 2022-2023	DRAFT BUDGET 2023-2024	FINAL BUDGET 2023-2024	BUDGET 2024-2025	BUDGET 2025-2026
<b>Exchange Revenue</b>	<b>1 947 868 429.00</b>	<b>2 039 415 062.28</b>	<b>2 141 993 205.44</b>	<b>2 358 899 468.90</b>	<b>2 601 591 186.27</b>
Interest Dividend and Rent on Land	208 223 162.00	218 006 467.73	219 258 989.59	230 879 716.03	243 116 340.98
Operational Revenue	11 057 279.00	11 576 971.11	11 643 314.79	12 260 410.47	12 910 212.23
Rental from Fixed Assets	5 158 332.00	5 400 773.60	5 431 723.60	5 719 604.95	6 022 744.01
Sales of Goods and Rendering of Services	4 864 785.00	5 093 429.90	5 122 618.61	5 394 117.39	5 680 005.61
<b>Service Charges</b>	<b>1 718 564 871.00</b>	<b>1 799 337 419.94</b>	<b>1 900 536 558.87</b>	<b>2 104 645 620.05</b>	<b>2 333 861 883.44</b>
Electricity	766 361 609.00	802 380 604.62	882 082 211.96	1 015 276 625.96	1 168 583 396.49
Waste Management	162 987 661.00	170 648 081.07	171 626 007.03	180 722 185.41	190 300 461.23
Waste Water Management	160 789 660.00	168 346 774.02	172 527 305.18	185 121 798.46	198 635 689.75
Water	628 425 941.00	657 961 960.23	674 301 034.69	723 525 010.23	776 342 335.97
<b>Non-exchange Revenue</b>	<b>870 739 439.00</b>	<b>896 329 348.63</b>	<b>943 060 273.27</b>	<b>1 021 945 484.61</b>	<b>1 101 936 421.30</b>
Fines Penalties and Forfeits	37 803 158.00	39 579 906.43	39 806 725.37	41 916 481.82	44 138 055.36
Interest Dividend and Rent on Land	20 596 044.00	21 564 058.07	21 687 634.33	22 837 078.95	24 047 444.14
Property Rates	403 088 237.00	422 033 384.14	424 451 913.56	446 947 864.98	470 636 101.82
Transfers and Subsidies (Operational)	409 252 000.00	413 152 000.00	457 114 000.00	510 244 058.86	563 114 819.98
<b>Gains &amp; Losses</b>					
Disposal of Fixed and Intangible Assets	10 000 000.00	2 500 000.00	2 500 000.00	2 632 500.00	2 772 022.50
<b>TOTAL OPERATIONAL REVENUE</b>	<b>2 828 607 868.00</b>	<b>2 938 244 410.92</b>	<b>3 087 553 478.71</b>	<b>3 383 477 453.51</b>	<b>3 706 299 630.06</b>

## 2.2 Revenue

### Revenue 2023-2024



## Comments on Operating Revenue

### The property rates

The property rates amount to R 424 million for the 2023/2024 financial year. This revenue stream has been increased by 5.3%. Property rates increase as a result of expected increase in supplementary valuations and yearly tariff increases.

### Service charges

Service charges include electricity, refuse, sewer, and water. The service charges for 2023/2024 amount to R 1 900 billion, 2024/2025 R 2 104 billion and 2025/2026 amounts to R 2 333 billion. The R 1 900 billion is made up of the following, water R 674.3 million, Refuse R 171.6 million, Sewerage R 172.5 million and electricity R882.0 million. The service charges contribute 62% of the operating revenue.

### Rental income

The rental income amounts to R5.4 million. The stream contributes 0.2% of the total revenue.

### Fines

The revenue estimates for the fines have been increased from R 37 million to R 39 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	Budget 2023/24	Budget 2024/25	Budget 2025/26
Equitable Share	426 701 000.00	473 238 000.00	528 732 000.00
Expanded Public Works Programme Integrated Grant	2 713 000.00	2 856 789.00	3 008 198.82
Financial Management Grant	2 100 000.00	3 518 000.00	3 656 000.00
Infrastructure Skills Development Grant	24 000 000.00	25 520 000.00	26 500 000.00
LG Seta	1 000 000.00	1 000 000.00	1 000 000.00
Pre-capacity	150 000.00	100 000.00	50 000.00
Energy Efficiency and Demand Management	0.00	4 000 000.00	0.00
<b>TOTAL</b>	<b>456 664 000.00</b>	<b>510 232 789.00</b>	<b>562 946 198.82</b>

## Grants and Subsidies – capital

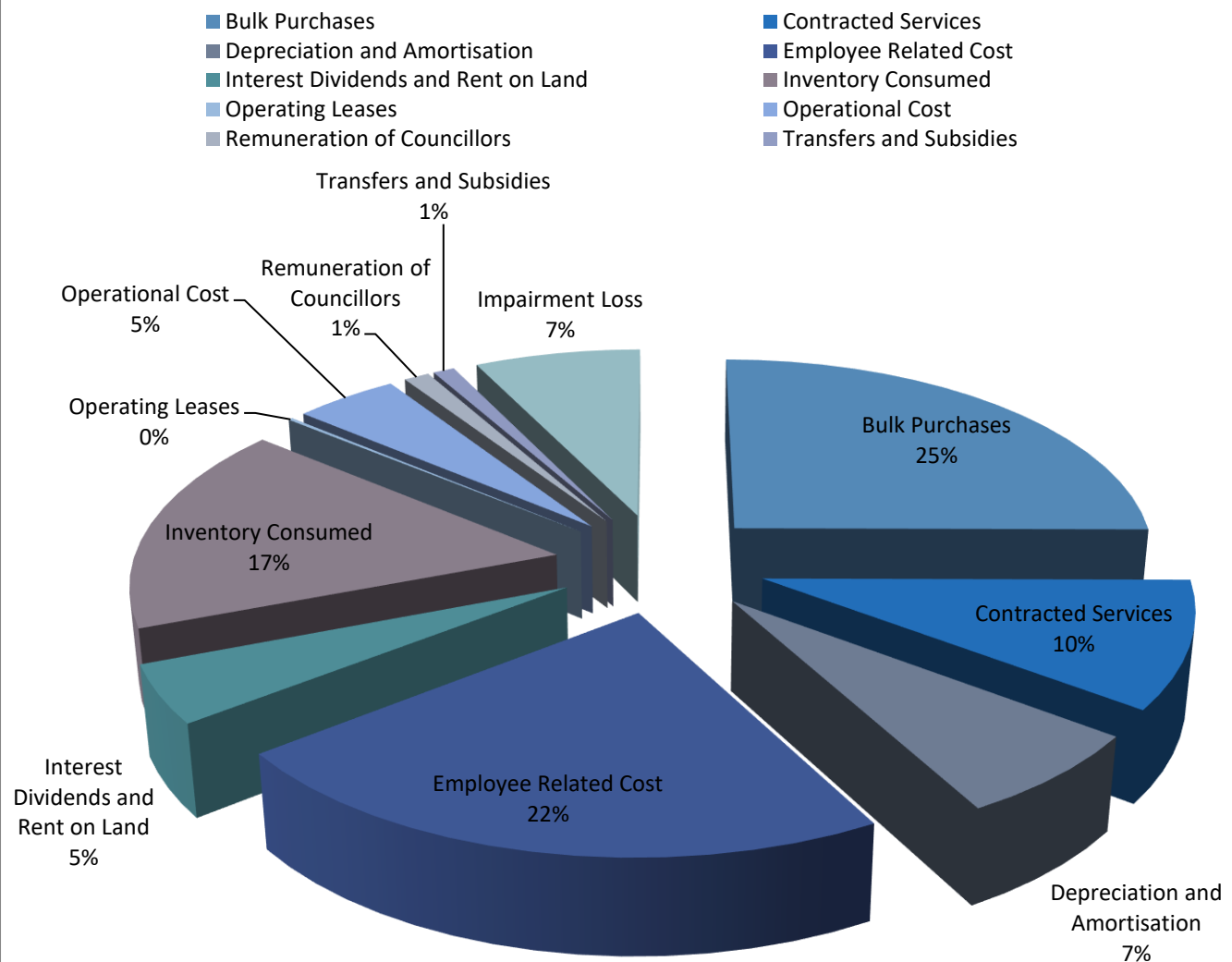
The grants subsidies refer to the Division of Revenue Act allocations in the 2023/24 financial year, the capital grants allocations are as follows. The grants are allocated to serve specific purpose to the community which is improvement and/or construction of infrastructure.

Description	Funding	BUDGET 2023-2024	BUDGET 2024-2025	BUDGET 2025-2026
Emzinoni substation Phase 3	INEP	35 000 000.00	22 988 000.00	24 018 000.00
Embalenhle Ext 22 Phase 2	INEP	7 650 000.00	-	-
Embalenhle Bulk replacement/upgrade (phase 1)	MIG	25 406 550.00	25 406 550.00	25 406 550.00
Upgrade of existing asbestos cement gravity main pipe in Kinross bulk supply water line	MIG	20 000 000.00	20 000 000.00	20 000 000.00
Emzinoni Bulk water supply	MIG	10 000 000.00	10 000 000.00	10 000 000.00
Construction of Bulk water line and reservoir in Leandra	MIG	10 000 000.00	10 000 000.00	10 000 000.00

## 2.3 Operating Expenditure

Description	ORIGINAL BUDGET 2022-2023	DRAFT BUDGET 2023-2024	FINAL BUDGET 2023-2024	BUDGET 2024-2025	BUDGET 2025-2026
Bulk Purchases	639 492 592.00	669 548 743.82	757 734 772.26	897 839 931.65	1 063 850 535.01
Contracted Services	280 332 644.00	306 035 852.93	305 024 567.96	327 119 596.83	342 542 217.88
Depreciation and Amortisation	196 589 490.00	205 829 196.03	205 829 196.03	215 503 168.24	225 631 817.15
Employee Related Cost	665 215 667.00	700 419 579.69	680 419 579.69	737 541 806.41	776 631 522.15
Interest Dividends and Rent on Land	133 798 180.00	140 086 694.46	140 086 694.46	146 670 769.10	153 564 295.25
Inventory Consumed	473 254 076.00	494 320 940.49	504 571 715.67	539 269 119.69	576 399 026.62
Operating Leases	7 936 160.00	8 309 159.52	6 000 000.00	8 699 690.02	9 108 575.45
Operational Cost	108 444 758.00	131 071 358.39	137 647 020.87	144 215 881.96	150 970 528.42
Remuneration of Councillors	32 120 097.00	33 629 741.56	33 822 462.14	35 615 052.63	37 502 650.42
Transfers and Subsidies	27 882 768.00	28 510 647.05	28 460 647.05	29 693 597.46	31 089 196.54
Impairment Loss	210 273 197.00	221 064 904.59	220 158 047.36	233 152 813.29	245 509 912.40
<b>TOTAL EXPENDITURE</b>	<b>2 775 339 629.00</b>	<b>2 938 826 818.53</b>	<b>3 019 754 703.48</b>	<b>3 315 321 427.29</b>	<b>3 612 800 277.29</b>

## EXPENDITURE 2022-2023



### Comments on Operating Expenditure:

#### Employee related costs

The employee related costs and remuneration of councillors indicate a percentage of 22% of the total operating budget. The average salary increases 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 R137 million. The transport cost still needs to be controlled. General expenditure takes 5% of the total operating expenditure.

### **Bulk purchases: Electricity**

The bulk purchases for electricity amounts to R 757 million, which contributes 25% of the operating budget. The Eskom will increase the bulk purchases to the municipality by 18.49%

### **Depreciation**

Depreciation constitutes 7% of the budget. The budget increase was informed by historical trends as well as budgeted and forecasted additions. With the introduction of the new system (MSCOA requirements), assets depreciation was aligned to the individual assets hence the increase.

### **Inventory Consumed**

Inventory consumed is inclusive of Bulk purchases for water which amounts to R422.4 Rand water will increase bulk purchases to municipality by 7.3%. More materials especially water and electricity meters need to be purchased for ensuring functional metering and improving service delivery and cash flows.

## Contracted services

In a bid to cut cost and ensure the funding of the overall budget, contracted services budget was increased to R305 Contracted services constitute 10% of total operating expenditure. Increase in contracted services is also related to increase of contract values and new services that are required by the institution.

Main increase in contracted are on security services, meter services, sewerage services, services for distribution network on and prepaid vending. Over and above the increase is on new contracts in relation to Vetting of Qualifications, Designs of Transfer stations at Landfill sites, VAT recovery services, Relocation costs, Township Establishment

CONTRACTED SERVICES FOR 2023-2024				
FUNCTION	DESCRIPTION	FINAL BUDGET	2024-2025 BUDGET	2025-2026 BUDGET
Sports Grounds and Stadiums:Sports Grounds and Facilities (Dept 0408)	Sports and Recreation Grant	493 886.65	517 099.32	541 402.99
Solid Waste Disposal (Landfill Sites):Waste Disposal Landfill Sites (Dept 0409)	Removal of Hazardous Waste	13 153.46	13 771.67	14 418.94
Mayor and Council:Council Administration (Dept 0101)	Transport Assets:Vehicles Maintenance (Council Administration)	21 926.27	22 956.81	24 035.78
Governance Function:Internal Audit (Dept 0110)	Disciplinary Committee Services	26 221.60	27 454.02	28 744.35
Water Distribution:Water Distribution (Dept 0604)	Cleaning of Reservoirs (Water Distribution)	46 455.39	48 638.79	50 924.82
Governance Function:Internal Audit (Dept 0110)	Outsourced Services:Professional Staff	50 000.00	52 350.00	54 810.45
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
Town Planning; Building Regulations and Enforcement; and City Engineer:GIS (Dept 0308)	Professional fees_GIS	54 444.00	57 002.87	59 682.00
Cultural Matters:Special Projects Unit (Dept 0102)	Outsourced Services:Professional Staff	69 140.74	72 390.35	75 792.70
Storm Water Management:Storm Water Management (Dept 0608)	Maintenance of Unspecified Assets	87 281.06	91 383.27	95 678.28
Solid Waste Disposal (Landfill Sites):Waste Disposal Landfill Sites (Dept 0409)	Business and Advisory: Business and Financial Management	102 465.70	107 281.59	112 323.82
Fleet Management:Fleet Management (Dept 0606)	Mechanical Equipment: Lifting Equipment inspection	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
Risk Management:Risk Management(0111)	Risk Committee Fees	110 227.11	115 407.79	120 831.95
Sewerage:Sewerage (Dept 0608)	Buildings:Sewerage Buildings Maintenance (Sewerage)	113 348.22	118 675.59	124 253.34
Solid Waste Disposal (Landfill Sites):Waste Disposal Landfill Sites (Dept 0409)	Landfill Valuation	124 964.69	130 838.03	136 987.41
Water Distribution:Water Distribution (Dept 0604)	Pipe Work:Pump Station System Maintenance (Water Distribution)	131 465.51	137 644.39	144 113.67
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
Community Parks (including Nurseries):Parks (Dept 0408)	Alien Vegetation Control	249 942.98	261 690.30	273 989.75
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
Governance Function:Internal Audit (Dept 0110)	Business and Advisory:Audit Committee	281 530.44	242 412.37	253 805.75
Cemeteries; Funeral Parlours and Crematoriums:Cemeteries (Dept 0407)	Burial Services	284 443.73	297 812.58	311 809.77
Sewerage:Sewerage (Dept 0608)	Municipal Service Connection:Repairing of Service Points (Sewerage)	322 532.54	337 691.57	353 563.07
Water Distribution:Water Distribution (Dept 0604)	Communal Standpipes:Communia 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

Community Halls and Facilities:Facilities Maintenance (0602)	Contracted Services for the Lift (OTIS)	435 552.00	456 022.94	477 456.02
Electricity:Energy Operations (Dept 0609)	MV Networks Mini-Substations Repairs and Maintenance: Materials (Energy Operatio	443 054.80	463 878.38	485 680.66
Security Services:Security and Compliance (Dept 0410)	Professional Staff -Investigations	450 765.96	471 951.96	494 133.70
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
Administrative and Corporate Support:OHS and IR (Dept 0206)	Medical Tests	511 309.78	535 341.34	560 502.38
Roads:Roads (Dept 0608)	Pavements:Roads Speed Humps Maintenance (Roads)	544 440.00	570 028.68	596 820.03
Solid Waste Disposal (Landfill Sites):Waste Disposal Landfill Sites (Dept 0409)	Financial landfill audit	566 766.23	593 404.24	621 294.24
Waste Water Treatment:Waste Water Treatment (Dept 0603)	Professional fees Waste Water	575 850.00	602 914.95	631 251.95
Finance:Financial Services Administration (Dept 0501)	Outsourced Services:Administrative and Support Staff	613 217.43	642 038.65	672 214.47
Finance:Credit Control (Dept 0506)	Legal Cost - Collection	634 560.53	664 384.87	695 610.96
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 Extinguishers (Fire)	654 157.22	684 902.61	717 093.04
Water Distribution:Water Distribution (Dept 0604)	Mechanical Equipment:Mechanical Equipment Maintenance Reservoirs (Water Distri	699 809.57	732 700.61	767 137.54
Finance:Credit Control (Dept 0506)	ConnectionDis-connection - Electricity	846 745.55	886 542.59	928 210.09
Finance:Budget and Treasury Office (Dept 0505)	BDGT 2021	50 000.00	52 350.00	54 810.45
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
Finance:Credit Control (Dept 0506)	Legal Cost - Issue of Summons	1 144 438.01	1 198 226.59	1 254 543.24
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
Town Planning; Building Regulations and Enforcement; and City Engineer:Building Control (Dept 0307)	Spluma Complience & land Survying	1 199 801.22	1 256 191.88	1 315 232.90
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
Housing:Human Settlement (Dept 0305)	Relocation fees	1 633 320.00	1 710 086.04	1 790 460.08
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
Human Resources:Development and Transformation (Dept 0202)	Vetting of employees	1 633 320.00	1 710 086.04	1 790 460.08
Police Forces; Traffic and Street Parking Control:Traffic (Dept 0405)	Streetnames and Signs	2 000 000.00	2 094 000.00	2 192 418.00
Finance:Financial Services Administration (Dept 0501)	Security Services - Cash In Transit	2 030 636.00	2 099 901.25	2 198 596.61
Finance:Revenue Services; Billing and Cash (Dept 0507)	Data Cleansing Project	2 049 272.16	2 145 587.95	2 246 430.59
Human Resources:Development and Transformation (Dept 0202)	LG SETA _Expenditure	2 177 760.00	2 280 114.72	2 387 280.11
Waste Water Treatment:Waste Water Treatment (Dept 0603)	Cleaning Services	2 185 905.66	2 288 643.23	2 396 209.46
Electricity:Energy Operations (Dept 0609)	MV Networks Equipment: Materials (Energy Operations)	2 228 824.28	2 333 579.03	2 443 257.24



Town Planning; Building Regulations and Enforcement; and City Engineer:Building Control (Dept 0307)	Urban design	2 250 590.30	2 356 368.04	2 467 117.34
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	2 617 500.00	2 740 522.50
Finance:Financial Services Administration (Dept 0501)	VAT Recovery Services	2 504 424.00	2 622 131.93	2 745 372.13
Administrative and Corporate Support:OHS and IR (Dept 0206)	Labour Cases	2 722 200.00	2 850 143.40	2 984 100.14
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
Roads:Technical Services Administration (Dept 0601)	Salary Integration	2 724 294.00	2 852 335.82	2 986 395.60
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
Electricity:Energy Operations (Dept 0609)	Outsourced services: Professional Staff	5 235 000.00	5 481 045.00	5 738 654.12
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
Town Planning; Building Regulations and Enforcement; and City Engineer:Building Control (Dept 0307)	Township Establishment	3 356 434.91	3 514 187.35	3 679 354.15
Storm Water Management:Storm Water Management (Dept 0608)	Drainage:Strom Water Drainage Maintenance (Storm Water Management)	3 400 572.24	3 560 399.14	3 727 737.89
Human Resources:Development and Transformation (Dept 0202)	1% SDL Trainings	3 449 023.89	3 611 128.01	3 780 851.03
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	4 302 054.15	4 504 250.69
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
Finance:Financial Services Administration (Dept 0501)	Meter Readings	5 483 124.34	5 740 831.19	6 010 650.25
Asset Management:Asset Management (Dept 0508)	Business and Advisory - Accounting and A	5 513 554.35	5 772 691.40	6 044 007.90
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:MV Networks Transformers Repairs (Energy Operations)	6 845 784.37	7 167 536.24	7 504 410.44
Property Services:Property Services (Dept 0306)	Assessment Services	7 995 764.42	8 371 565.34	8 765 028.91
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
Electricity:Energy Operations (Dept 0609)	Prepaid Electricity Vendors	8 921 178.14	9 340 473.51	9 779 475.76
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	12 255 135.00	12 831 126.35
Electricity:Energy Operations (Dept 0609)	Bethal Electrical infrastructure (Machite)	15 705 000.00	16 443 135.00	17 215 962.35
Legal Services:Legal (Dept 0204)	Legal Cost - Legal Advice and Litigation	16 000 000.00	16 752 000.00	17 539 344.00
Sewerage:Sewerage (Dept 0608)	Sewerage Purification	18 551 814.99	19 423 750.29	20 336 666.56
Solid Waste Disposal (Landfill Sites):Waste Disposal Landfill Sites (Dept 0409)	Land:Landfill Site Maintenance Contract (landfill)	20 000 000.00	20 940 000.00	21 924 180.00
Human Resources:Development and Transformation (Dept 0202)	BDGT 2021	25 651 500.00	26 857 120.50	28 119 405.16
Security Services:Security and Compliance (Dept 0410)	Security Services	38 892 500.00	40 732 780.55	42 647 221.24

Finance:Financial Services Administration (Dept 0501)	mSCOA compliance budget preparation	500 000.00	1 000 000.00	1 047 000.00
Finance:Financial Services Administration (Dept 0501)	Preparation of the annual financial statement	500 000.00	878 000.00	919 266.00
Governance Function:Internal Audit (Dept 0110)	Internal Audit system	500 000.00	1 000 000.00	1 095 000.00
		<b>305 024 567.96</b>	<b>327 119 596.83</b>	<b>342 542 217.88</b>

<b>REPAIRS AND MAINTENANCE FOR 2023/2024</b>				
<b>FUNCTION</b>	<b>SEGMENT</b>	<b>FINAL BUDGET</b>	<b>2024-2025 BUDGET</b>	<b>2025-2026 BUDGET</b>
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
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

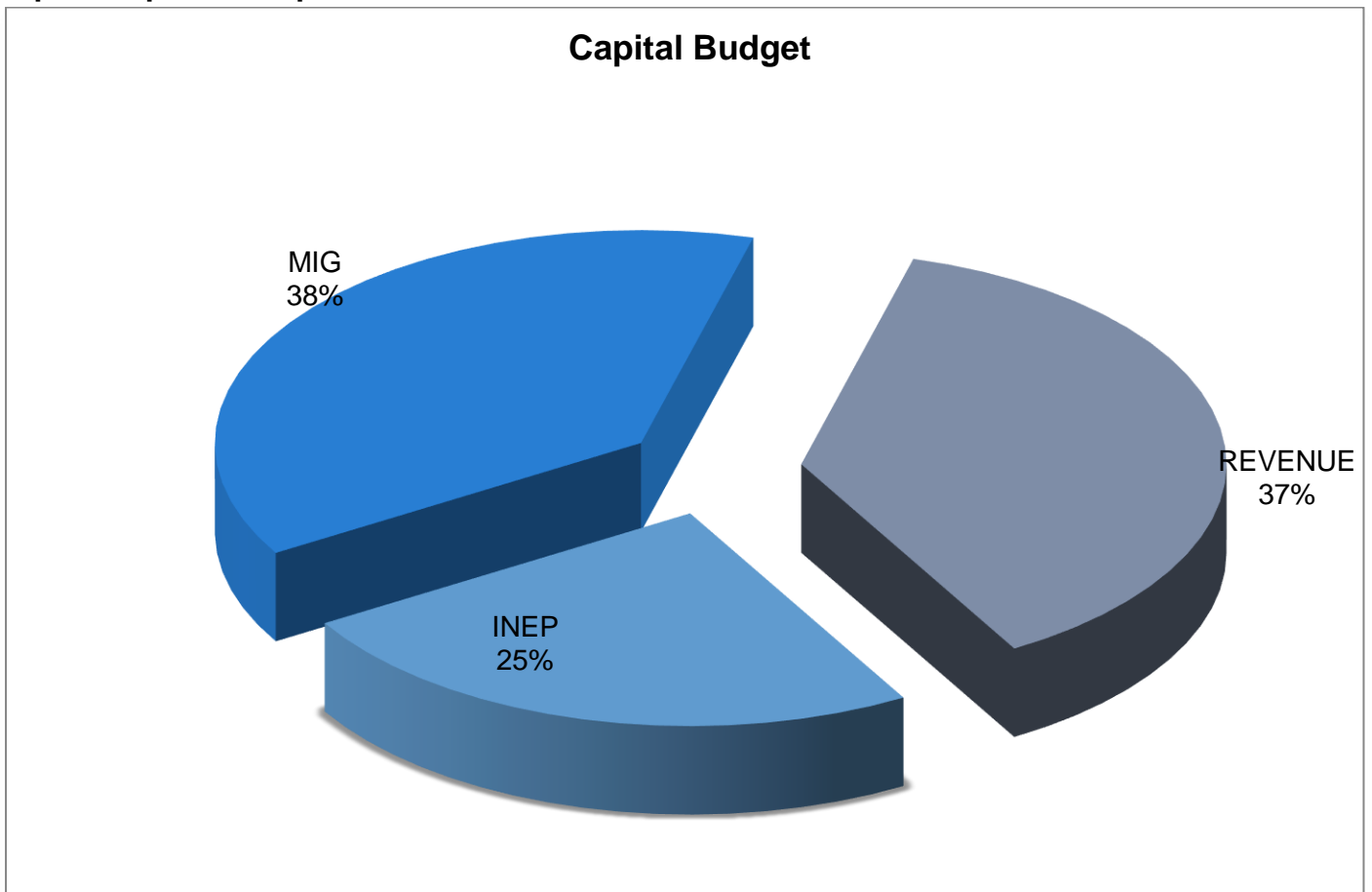
Sewerage:Sewerage (Dept 0608)	Municipal Service Connection:Repairing of Service Points (Sewerage)	322 532.54	337 691.57	353 563.07
Cemeteries; Funeral Parlours and Crematoriums:Cemeteries (Dept 0407)	Earthworks:Maintaining of Cemeteries (Cemeteries)	374 905.57	392 526.13	410 974.86
Community Halls and 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:Communa 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 Extinguishers (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)	Streetnames and Signs	2 000 000.00	2 094 000.00	2 192 418.00
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	2 617 500.00	2 740 522.50
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 (Energ	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	4 302 054.15	4 504 250.69
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
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:MV 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	12 255 135.00	12 831 126.35
Solid Waste Disposal (Landfill Sites):Waste Disposal Landfill Sites (Dept 0409)	Land:Landfill Site Maintenance Contract (landfill)	20 000 000.00	20 940 000.00	21 924 180.00
		<b>148 046 288.10</b>	<b>155 004 463.64</b>	<b>162 289 673.43</b>

## Capital Expenditure per source

Source of funding	Budget 2023/24	Budget 2024/25	Budget 2025/26
INEP	42 650 000.00	15 795 000.00	16 376 000.00
MIG	65 406 550.00	68 426 526.00	71 493 581.00
REVENUE	64 620 000.00	43 646 590.00	43 826 129.73
<b>TOTAL</b>	<b>172 676 550.00</b>	<b>127 868 116.00</b>	<b>131 695 710.73</b>

## Capital Expenditure per source



## INCLUDED IN THE CAPITAL PROJECTS ARE THE FOLLOWING BUDGETED EXPENDITURES FOR 2023-2024

Description	SECTION	FUNCTION	Funding	DRAFT BUDGET 2023-2024	FINAL BUDGET 2023-2024	BUDGET 2024- 2025	BUDGET 2025- 2026
Fire Engines *1	Fire Services	Community Services	Internal	6 000 000.00	6 000 000.00	6 282 000.00	6 577 254.00
Jaws of life	Fire Services	Community Services	Internal	750 000.00	750 000.00	785 250.00	822 156.75
Fencing (Facilities Lillian Ngoyi)	Facility Maintenance	Community Services	Internal	1 000 000.00	-	-	-
Furniture & Equipment	Municipal Manager	Executive and council	Internal	150 000.00	150 000.00	157 050.00	164 431.35
Furniture & Equipment	Mayor and Council	Executive and council	Internal	150 000.00	150 000.00	157 050.00	164 431.35
Furniture & Equipment	Finance Admin	Financial Services	Internal	150 000.00	150 000.00	157 050.00	164 431.35
Furniture & Equipment	Community Admin	Community Services	Internal	150 000.00	150 000.00	157 050.00	164 431.35
Furniture & Equipment	Corporate Admin	Corporate Services	Internal	250 000.00	250 000.00	150 000.00	150 000.00
Furniture & Equipment	Technical Admin	Technical Services	Internal	150 000.00	150 000.00	157 050.00	164 431.35
Furniture & Equipment	Planning & Dev Admin	Planning & Development	Internal	150 000.00	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	6 000 000.00
3x Falcon slashers	Biodiversity	Community Services	Internal	500 000.00	500 000.00	523 500.00	548 104.50
15 x Brush cutters	Biodiversity	Community Services	Internal	120 000.00	120 000.00	125 640.00	131 545.08
4 x JD 1445 Ride on mowers	Biodiversity	Community Services	Internal	400 000.00	400 000.00	418 800.00	438 483.60
2 x Speed Cameras	Traffic	Community Services	Internal	700 000.00	500 000.00	1 400 000.00	1 400 000.00
Security CCTV	Security	Community Services	Internal	1 000 000.00	2 000 000.00	-	-
Backup Generators for pump and WWTW.	Water and Sanitation	Civil Engineering/Water	Internal	2 500 000.00	5 000 000.00	-	-
Resealing of roads	Roads and Stormwater	Civil Engineering/Water	Internal	5 000 000.00	15 000 000.00	7 000 000.00	5 000 000.00
Markerting (camera)	Communications	Municipal Manager	Internal	100 000.00	1 000 000.00	104 700.00	109 620.90
Replacement of AC pipe at Evander	Water and Sanitation	Civil Engineering/Water	Internal	5 000 000.00	5 000 000.00	5 235 000.00	5 481 045.00
Computer Equipment	ICT	Corporate Service	Internal	1 000 000.00	1 000 000.00	-	-
Munsoft Hardware Upgrade	ICT	Corporate Service	Internal	1 100 000.00	1 100 000.00	1 151 700.00	1 205 829.90
Shelves System	Administrative Service	Corporate Service	Internal	100 000.00	100 000.00	104 700.00	109 620.90
Public Lighting	Electricity	Energy(0609)	Internal	3 000 000.00	3 000 000.00	3 141 000.00	3 288 627.00
New Electricity Connection	Electricity	Energy(0609)	Internal	3 000 000.00	3 000 000.00	5 235 000.00	5 481 045.00
Fleet	Fleet Management	Technical Services	Internal	2 500 000.00	2 500 000.00	4 000 000.00	5 000 000.00
Emzinoni substation Phase 3	Electricity	PMU	INEP	15 000 000.00	35 000 000.00	22 988 000.00	24 018 000.00
Embalenhle Ext 22 Phase 2	Electricity	PMU	INEP		7 650 000.00	-	-
Embalenhle Bulk replacement/upgrade (phase 1)	Water	PMU	MIG	25 406 550.00	25 406 550.00	25 406 550.00	25 406 550.00
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	20 000 000.00
Emzinoni Bulk water supply	Water	PMU	MIG	10 000 000.00	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	10 000 000.00
Upgrading of Leandra Stadium	Sport & Recreation	Community Services	Internal		3 000 000.00	-	-
Upgrading of Emzinoni Stadium	Sport & Recreation	Community Services	Internal		500 000.00		
Rehabilitation of Embalenhle Roads - Chief Albert	Roads and Stormwater	Roads & stormwater	Internal		7 000 000.00	-	-
<b>TOTAL</b>				<b>118 326 550.00</b>	<b>172 676 550.00</b>	<b>130 994 140.00</b>	<b>132 154 470.73</b>

### 3. BUDGET CASH-FLOW STATUS

Funding status	Reference	Amount
Total Expenditure	A	3 019 754 703.48
Add back non-cash items		
Depreciation	B	205 829 196.03
Interest	C	140 086 694.46
Impairment Loss	D	220 158 047.36
Add: Capital Expenditure		172 676 550.00
Total Cash Expenditure	E= (A+B+C+D)	<b>3 758 505 191.33</b>
Payment rate	F	75%
Actual Total Revenue	G	2 522 382 928.71
Grants(Operational and Capital)	H	565 170 550
<b>Total revenue</b>		<b>3 087 553 478.71</b>
Actual Cash i.e 75% payment expected	I = (G x F)	1,891 787 196.53
Actual cash receivables	J = (H + I)	2 456 957 746.53
Cash surplus /(deficit)	K	<b>3 178 775.22</b>

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 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.

### 4. 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:

#### 4.1 Virement Policy (Annexure A)

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.

#### **4.2 Accounting policy (Annexure B)**

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.

#### **4.3 Supply Chain Management Policy (Annexure C)**

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

#### **4.4 Credit control and Debt collection policy (Annexure D)**

#### **4.5 Investment policy (Annexure E)**

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.

#### **4.6 Property Rates policy (Annexure F)**

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.

#### **4.7 Tariff policy (Annexure G)**

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.

#### **4.8 Fixed Asset Management Policy (Annexure H)**

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.



- 4.9 Short Term Risk and Liabilities Policy (Annexure I)**
- 4.10 Funding and Reserves Policy (Annexure J)**
- 4.11 Budget Policy (Annexure K)**
- 4.12 Blacklisting Policy (Annexure L)**
- 4.13 Indigent Management Policy (Annexure M)**
- 4.14 Travelling and Subsistence Policy (Annexure N)**
- 4.15 Provision for Doubtful Debt and Debt Write-Off Policy (Annexure O)**
- 4.16 Unclaimed Deposit Policy (Annexure P)**
- 4.17 Retention Policy (Annexure Q)**
- 6.19 Cost Containment Policy (Annexure R)**

## 5. 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.

### 5.1 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:

- Anticipated high fuel prices
- 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%

### 5.2 Credit Rating

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

### 5.3 Borrowing and Investment of funds

The municipality does not have external loans.

The investments amount to R 279 million and due to negative cash flow, the municipality is unable to build more reserves.

### 5.4 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 7<sup>th</sup> 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.

## **5.5 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.

## **5.6 Price movements on specifics**

The cost of bulk purchases amounts to R1 180 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 18.49% on the bulk purchases of electricity.

The increase on both electricity and water tariff has been pegged at 15.10% and 7.3% respectively per NERSA and Rand Water.

## **5.7 Average salary increases**

Circular issued by National Treasury was considered in budgeting for employee related costs it recommends an increase of average CPI.

## **5.8 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.

## **5.9 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.

## **6. ALIGNMENT OF BUDGET TO THE INTEGRATED DEVELOPMENT PLAN**

### **6.1 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

### **6.2 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.

## 7. BUDGET RECOMMENDATIONS

1. That the report on the 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 3 087 553 478.71** operating expenditure budget of **R 3 019 754 703.48** and capital budget of **R 172 676 550.00** 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. The municipality budgeted operating revenue and operating expenditure resulted in budgeted surplus amounting to **R 67 798 775.22**
4. That the budget related policies of Council mentioned in the report **BE APPROVED**.
5. That the **Cost Containment Policy and Financial Recovery Plan** be implemented drastically to ensure unnecessary expenses are reduced.
6. That proposed tariff increases **BE ADOPTED** as follows:

### 6.1 ASSESSMENT RATES

*All property taxes as per the 2022/2023 tariff book increased by 5.3%.*

### 6.2 SEWERAGE

*All sewerage charges as per the 2022/2023 tariff book increased by 7.3%.*

### 6.3 REFUSE

*All refuse charges as per the 2022/2023 tariff book increased by 5.3%.*

### 6.4 WATER

*All basic water charges as per the 2022/2023 tariff book increased by 7.3%*

### 6.5 ELECTRICITY

All basic electricity charges Increase with 15.10% in line with NERSA

### 6.6 DEPOSITS

Increase with 5.3%

### 6.7 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.

## 6.8 *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.