



# **Annual Budget 2024/2025**

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## **1. PURPOSE**

The purpose of the report is to obtain council approval on the Final Annual Budget for Amahlathi Local Municipality for 2024/2025 financial year.

## **2. LEGAL/STATUTORY REQUIREMENTS**

Municipal Finance Management Act

Municipal Budget and Reporting Regulations

## **3. BACKGROUND**

**In terms of Section 24 of the MFMA:**

1. The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget.
2. An annual budget:
  - Must be approved before the start of the budget year.
  - Is approved by the adoption by the council of a resolution referred to in section 17 (3) (a) – (i); and
  - Must be approved together with the adoption of resolutions as may be necessary:
    - (i) Imposing any municipal tax for the budget year.
    - (ii) Setting any municipal tariffs for the budget year.
    - (iii) Approving measurable performance objectives for revenue from each source and for each vote in the budget.
    - (iv) Approving any changes to the municipality's integrated development plan.
    - (v) Approving any changes to the municipality's budget-related policies.
3. The accounting officer of a municipality must submit the approved annual budget to the National Treasury and the relevant provincial treasury.

**In terms of Section 17(1)–(2) of the MFMA:**

1. An annual budget of the municipality must be a schedule in the prescribed format:
  - a. Setting out realistically anticipated revenue for the budget year from each revenue source.

- b. Appropriating expenditure for the budget year under the different votes of the municipality.
- c. Setting out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget year.
- d. Setting out-
  - (i) Estimated revenue and expenditure by vote for the current year; and
  - (ii) Actual revenue and expenditure by vote for the financial year preceding the current year; and
  - (iii) A statement contained any other information required by section 215(3) of the constitution or as may be prescribed.
- e. An annual budget must generally be divided into a capital and operating budget in accordance with international best practice, as may be prescribed.

#### **4. MAYORS REPORT**

It gives me great privilege to present the 2024/25 Final Medium Term Revenue and Expenditure Framework (MTREF) budget to council for its consideration. Budgeting for 2024/25 financial year and the outer two financial years were guided by the Budget Process Plan which was adopted by Council on the 31 August 2023 in line with the Municipal Finance Management Act. National Treasury issued MFMA Budget Circular No. 126 and 128 which were used to guide the compilation of the 2024/25 Medium Term Revenue and Expenditure Framework (MTREF) budget. The main objective of a municipal budget is to allocate realistically anticipated resources to the service delivery goals identified as priorities in the Integrated Development Plan. Municipal finances continue to remain under pressure as a result of rising costs to deliver services; declining grants from fiscus; slow revenue collection trends and high salary costs. The Municipality is faced with various challenges, which among them include a culture of slow payment for rates and service charges by debtors which has further been exacerbated by the weak economic growth rate and inflationary pressures. All these factors are negatively affecting municipal revenue collection rate. Having said this, the municipality is implementing

various revenue strategies with an objective of improving revenue collection trends. These progress on strategies is reported quarterly in the revenue enhancement committee to assess progress.

**The following is the table depicting the high-level overview of the Final Budget for 2024/25**

Description	ADJUSTED 2023/24	2024/25 MTREF	2025/26 MTREF	2026/27 MTREF
Operating Revenue (Incl. capital transfers)	312 047 394	325 710 233	330 868 202	321 123 223
Operating Expenditure	309 640 890	308 577 094	311 495 349	313 514 331
<b><i>Surplus or (Deficit) after capital transfers</i></b>	<b>2 406 504</b>	<b>17 133 139</b>	<b>19 372 853</b>	<b>7 608 892</b>
Capital Expenditure	65 649 950	62 147 850	61 088 950	46 240 100
<b><i>Surplus/Deficit</i></b>	<b>(63 243 446)</b>	<b>(45 014 711)</b>	<b>(41 716 097)</b>	<b>(38 631 208)</b>

The total revenue including capital transfers has been increased from R312m to R325m. The operating expenditure has decreased slightly from R309m to R308m. Capital expenditure has slightly declined from R65m to R62m.

The final annual budget that is tabled before council is unfunded; the municipality has however reduced the deficit by R18 million (28%), when compared to the 2<sup>nd</sup> adjustment budget.

## **5. FINAL BUDGET RELATED RESOLUTIONS**

Below are the resolutions that must be approved by council with 2024/25 final annual budget.

- a. That the Final Annual Budget for 2024/2025 and the indicative 2 outer financial years 2025/2026 and 2026/2027 **BE APPROVED** as set out in the following budget tables:-

- 1.1 Table A1 Budget Summary
- 1.2 Table A2 Budgeted Financial Performance by Standard Classification
- 1.3 Table A3 Budgeted Financial Performance by Vote

1.4 Table A4 Budgeted Financial Performance – Revenue by Source and Expenditure by type

1.5 Table A5 Budgeted Capital

1.6 Table A6 Budgeted Financial Position

1.7 Table A7 Budgeted Cash Flows

1.8 Table A8 Budgeted Backed Reserves and Accumulated Surplus Reconciliation

1.9 Table A9 Asset management

1.10 Table A10 Basic Service Delivery Measurement

- b. That the list of capital projects **BE APPROVED.**
- c. That the funding plan **BE NOTED.**
- d. That the Final Annual Budget **BE APPROVED.**
- e. That the final budget related policies **BE NOTED AND APPROVED.**

## 6. OVERVIEW OF ASSUMPTIONS USED

The assumptions used were guided by MFMA Circular 126 and 128 issued by National Treasury for compilation of 2024/25 MTREF Budget. The following assumptions were used: -

- **Tariffs for property rates** have been increased by 6% for businesses and other categories.
- **Tariffs for refuse and electricity** have been increased by 6%.
- **Other revenue** has been increased by 6% and 4,9% respectively which is in line with CPI forecast and tariff structure. Revenue collection trends and current economic conditions have also been taken into consideration.
- Inflation outlook as indicated below was used:-

Fiscal Year	2024/25	2025/26	2026/27
Consumer Price Inflation (CPI)	4,9%	4,6%	4,5%

- **Bulk electricity costs** will increase in line with NERSA guidelines (Nersa approved 12,7% in 2023). Municipality has not effected a change in the Bulk services considering the pressure of the budget.
- **Employee related costs** have been increased by 4,9% in line with CPI in the absence of the new agreement. The *Salary and Wage Collective*

*Agreement* for the period 01 July 2021 to 30 June 2024 has come to an end and a new agreement is under consultation.

- **Remuneration of councillors** have been budgeted in line with the CPI in the absence of the new Government Gazette on the Remuneration of Public Office Bearers Act. The next gazette is published between December and January. Treasury encourages municipalities to apply the CPI per above.
- **Other Expenditure** has been increased slightly due to a slight increase of just R6m in the equitable share.

## **7. EXECUTIVE SUMMARY**

The revenue of the municipality continues to be under pressure due to various factors; which include the culture of slow payment by debtors; the slow economic growth rate; unemployment rate which was also exacerbated by the pandemic and high salary bill. The municipality has recently reviewed its revenue raising strategies and these have been approved by council. The progress on implementation of the revenue enhancement strategy is being reported on a quarterly basis. Below is a high-level summary of the final annual budget. The operating revenue has been increased from R250m to R266m excluding capital transfers and this is largely due to slight improvement in grants and anticipated revenue. The operating expenditure has been reduced from R309m to R308m.

EC124 Amahlathi - Table A1 Budget Summary

Description	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year	Budget Year +1	Budget Year +2
<b>Financial Performance</b>										
Property rates	20 576	22 178	23 331	24 424	24 424	24 424	–	25 890	27 443	29 090
Service charges	49 448	49 713	46 669	53 994	58 014	58 014	–	61 495	65 185	69 096
Investment revenue	1 001	366	1 613	1 158	3 710	3 710	–	3 892	4 071	4 254
Transfer and subsidies - Operational	144 141	121 776	130 054	138 420	138 309	138 309	–	144 851	140 683	135 628
Other own revenue	13 424	17 260	23 366	22 453	25 620	25 620	–	27 095	28 637	30 268
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>228 590</b>	<b>211 293</b>	<b>225 034</b>	<b>240 449</b>	<b>250 078</b>	<b>250 078</b>	<b>–</b>	<b>263 223</b>	<b>266 019</b>	<b>268 336</b>
Employee costs	132 726	123 339	135 383	134 985	134 985	134 985	–	141 531	147 978	154 575
Remuneration of councillors	11 599	11 533	13 662	14 329	14 329	14 329	–	15 031	15 722	16 430
Depreciation and amortisation	25 570	26 049	25 858	26 000	26 000	26 000	–	26 186	26 548	26 895
Finance charges	3 802	2 536	10 047	4 500	14 155	14 155	–	4 339	3 309	2 300
Inventory consumed and bulk purchases	36 188	43 061	43 368	51 680	51 680	51 680	–	58 223	60 896	63 632
Transfers and subsidies	–	–	10	–	–	–	–	–	–	–
Other expenditure	66 080	27 762	69 734	74 045	68 493	68 493	–	63 060	62 487	50 519
<b>Total Expenditure</b>	<b>275 965</b>	<b>234 280</b>	<b>298 062</b>	<b>305 538</b>	<b>309 641</b>	<b>309 641</b>	<b>–</b>	<b>308 369</b>	<b>316 941</b>	<b>314 351</b>
<b>Surplus/(Deficit)</b>	<b>(47 375)</b>	<b>(22 986)</b>	<b>(73 028)</b>	<b>(65 089)</b>	<b>(59 563)</b>	<b>(59 563)</b>	<b>–</b>	<b>(45 146)</b>	<b>(50 922)</b>	<b>(46 015)</b>
Transfers and subsidies - capital (monetary allocations)	52 932	28 300	32 255	31 327	61 970	61 970	–	59 538	59 639	46 240
Transfers and subsidies - capital (in-kind)	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>5 557</b>	<b>5 313</b>	<b>(40 773)</b>	<b>(33 762)</b>	<b>2 407</b>	<b>2 407</b>	<b>–</b>	<b>14 392</b>	<b>8 717</b>	<b>225</b>
Share of Surplus/Deficit attributable to Associate	–	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) for the year</b>	<b>5 557</b>	<b>5 313</b>	<b>(40 773)</b>	<b>(33 762)</b>	<b>2 407</b>	<b>2 407</b>	<b>–</b>	<b>14 392</b>	<b>8 717</b>	<b>225</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>48 808</b>	<b>27 192</b>	<b>31 531</b>	<b>33 877</b>	<b>65 650</b>	<b>65 650</b>	<b>–</b>	<b>60 938</b>	<b>59 639</b>	<b>46 240</b>
Transfers recognised - capital	47 882	24 772	28 727	31 327	61 970	61 970	–	59 538	59 639	46 240
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	926	2 420	2 804	2 550	3 680	3 680	–	1 400	–	–
<b>Total sources of capital funds</b>	<b>48 808</b>	<b>27 192</b>	<b>31 531</b>	<b>33 877</b>	<b>65 650</b>	<b>65 650</b>	<b>–</b>	<b>60 938</b>	<b>59 639</b>	<b>46 240</b>
<b>Financial position</b>										
Total current assets	53 209	76 708	95 113	67 111	81 530	81 530	–	76 543	61 747	62 599
Total non current assets	406 509	407 260	415 323	415 496	454 973	454 973	–	450 075	467 491	473 266
Total current liabilities	148 329	159 692	226 253	201 604	260 519	260 519	–	243 284	220 218	220 899
Total non current liabilities	42 898	39 132	39 813	38 904	39 813	39 813	–	39 813	41 644	43 518
Community wealth/Equity	268 491	285 144	244 371	242 099	236 171	236 171	–	243 522	267 375	271 447
<b>Cash flows</b>										
Net cash from (used) operating	21 433	22 340	38 375	37 623	70 541	70 541	–	70 334	66 946	51 181
Net cash from (used) investing	(54 762)	(26 160)	(32 713)	(38 959)	(75 497)	(75 497)	–	(70 079)	(68 585)	(53 176)
Net cash from (used) financing	(177)	625	(191)	–	–	–	–	–	–	–
<b>Cash/cash equivalents at the year end</b>	<b>13 426</b>	<b>10 232</b>	<b>15 702</b>	<b>8 897</b>	<b>10 746</b>	<b>10 746</b>	<b>–</b>	<b>15 958</b>	<b>14 320</b>	<b>12 324</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	13 426	10 232	15 702	6 663	13 149	13 149	–	18 505	20 242	21 825
Application of cash and investments	97 941	95 356	148 398	139 106	194 663	194 663	–	185 468	171 558	168 267
<b>Balance - surplus (shortfall)</b>	<b>(84 514)</b>	<b>(85 124)</b>	<b>(132 696)</b>	<b>(132 444)</b>	<b>(181 514)</b>	<b>(181 514)</b>	<b>–</b>	<b>(166 963)</b>	<b>(151 315)</b>	<b>(146 442)</b>
<b>Asset management</b>										
Asset register summary (WDV)	406 163	407 260	415 323	415 150	454 973	454 973	–	467 494	473 266	–
Depreciation	25 570	26 049	25 858	26 000	26 000	26 000	–	26 548	26 895	–
Renewal and Upgrading of Existing Assets	2 600	1 321	1 056	–	173	173	–	16 250	11 453	–
Repairs and Maintenance	2 303	2 327	2 808	5 675	4 635	4 635	–	3 558	3 298	–
<b>Free services</b>										
Cost of Free Basic Services provided	25	517	181	5 000	1 000	1 000	–	1 000	1 000	1 000
Revenue cost of free services provided	–	–	–	–	–	–	–	–	–	–
<b>Households below minimum service level</b>										
Water:	–	–	3	3	3	3	–	3	–	–
Sanitation/sewerage:	–	–	2	2	2	2	–	2	–	–
Energy:	–	–	5	5	5	5	–	5	–	–
Refuse:	–	–	24	24	24	24	–	24	–	–

## 8. OPERATING REVENUE FRAMEWORK

Section 18 (1) of the MFMA states that the annual budget may be funded from realistically anticipated revenues to be collected; cash-backed accumulated funds from previous years' surpluses not committed for other purposes; and borrowed funds, but only to fund capital projects. Furthermore section 18 (2) states that revenue projections in the budget must be realistic, taking into account projected revenue for the current year based on collection levels to date; and actual revenue collected in previous financial years. In these tough



economic times strong revenue management is fundamental to the financial sustainability of the municipality. Below is the table reflecting the summary of budgeted revenue by source.

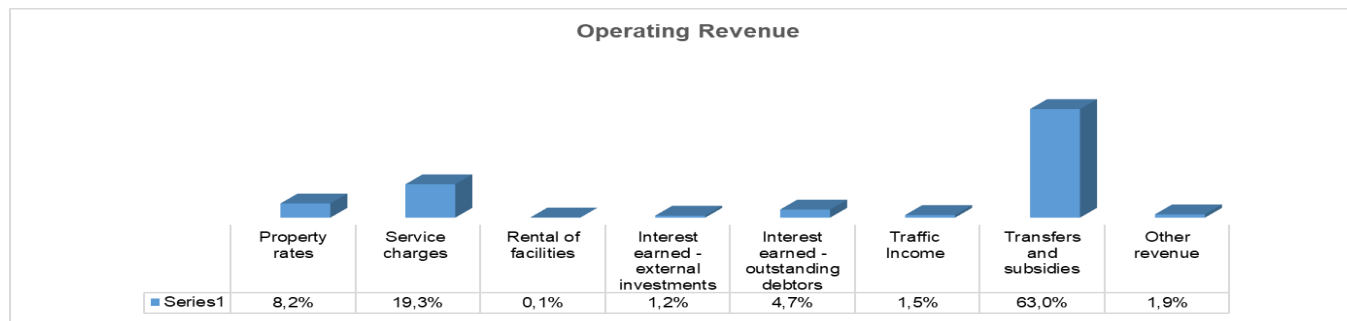
The municipality is implementing various revenue strategies which include, revenue enhancement strategy; financial recovery plan and debt incentive scheme with an objective to improve financial viability. In order, to meet the objective of the strategy a revenue enhancement committee monitors and evaluates the implementation of the strategies.

**Below is the table reflecting the summary of revenue by source.**

EC124 Amahlathi - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
<b>Revenue</b>											
<b>Exchange Revenue</b>											
Service charges - Electricity	2	37 467	38 857	35 562	41 674	45 307	45 307	-	49 465	52 433	55 579
Service charges - Water	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Management	2	11 980	10 856	11 107	12 320	12 707	12 707	-	13 469	14 278	15 134
Sale of Goods and Rendering of Services		541	5 052	5 355	5 634	5 841	5 841	-	6 185	6 548	6 932
Agency services		1 282	986	1 266	1 829	1 829	1 829	-	1 918	2 007	2 097
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		3 084	4 086	5 438	5 531	7 338	7 338	-	7 779	8 245	8 740
Interest earned from Current and Non Current Assets		1 001	366	1 613	1 158	3 710	3 710	-	3 892	4 071	4 254
Dividends		-	-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		123	151	221	196	347	347	-	366	384	404
Licence and permits		2 500	1 854	2 349	2 252	2 922	2 922	-	3 066	3 207	3 351
Operational Revenue		1 598	79	1 610	667	127	127	-	133	139	152
<b>Non-Exchange Revenue</b>											
Property rates	2	20 576	22 178	23 331	24 424	24 424	24 424	-	26 746	29 335	32 227
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		6	12	20	27	27	27	-	29	30	31
Licences or permits		-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational		144 141	121 776	130 054	138 420	138 309	138 309	-	145 505	142 475	137 420
Interest		3 487	4 096	5 900	6 318	7 189	7 189	-	7 620	8 077	8 562
Fuel Levy		-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		803	946	1 208	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>228 590</b>	<b>211 293</b>	<b>225 034</b>	<b>240 449</b>	<b>250 078</b>	<b>250 078</b>	<b>-</b>	<b>266 172</b>	<b>271 229</b>	<b>274 883</b>

- Service charges have been increased slightly from R58m to R62.9m taking into account the prepaid meter project and strategies being implemented.
- Rental of have been increased from R347 thousand to R366 thousand and this is 6% increase which is in line with CPI.
- Interest on investments have been increased slightly from R3.7m to R3.8m and this is in line with CPI.
- Licences and Permits have been budgeted to increase from R2.9m to R3m and this is in line with CPI.
- Total transfers and subsidies have increased from R200m to R205m when compared to 2024 and this is due to a slight increase in Equitable Share; MIG; INEP Grant approved after being stopped and Energy Efficiency Grant which is a new grant. It is worth to note that the projected Equitable Share to be received by the municipality is declining over the MTREF. EPWP Grant has decreased from R1.3m to R1.2m; this reduction is across all municipalities. These reductions form part of governments efforts to drive fiscal consolidation (reducing government deficit and debt accumulation).

Grants and Subsidies constitute 63% of operating revenue; property rates and service charges 27.5% and other revenue 9.5%. This is an indication that the municipality is still heavily dependent on grants. Below is the graph depicting the split of total operating revenue.



## 8.1 OPERATING REVENUE BY FUNCTION

Below is the operating revenue by function.

EC124 Amahlathi - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)										
Functional Classification Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
<b>Revenue - Functional</b>										
<b>Governance and administration</b>		169 920	148 641	165 287	167 607	171 079	171 079	180 407	182 135	180 603
Executive and council		138 277	115 401	125 746	144 272	142 657	142 657	150 128	149 205	144 517
Finance and administration		31 643	33 240	39 541	23 336	28 423	28 423	30 279	32 930	36 086
Internal audit		—	—	—	—	—	—	—	—	—
<b>Community and public safety</b>		2 383	7 061	7 468	6 434	6 481	6 481	7 451	7 723	8 077
Community and social services		2 118	2 276	2 578	1 380	1 428	1 428	2 032	2 045	2 058
Sport and recreation		—	—	—	—	—	—	—	—	—
Public safety		251	4 764	4 728	5 001	5 001	5 001	5 301	5 619	5 956
Housing		14	21	161	53	53	53	118	59	63
Health		—	—	—	—	—	—	—	—	—
<b>Economic and environmental services</b>		52 637	33 825	37 311	38 716	67 552	67 552	63 280	58 865	42 661
Planning and development		47 712	29 577	31 759	32 993	61 042	61 042	56 611	53 153	36 689
Road transport		4 826	4 156	5 239	5 512	6 182	6 182	6 323	5 349	5 591
Environmental protection		100	91	313	212	328	328	346	363	381
<b>Trading services</b>		56 581	50 066	47 223	59 019	66 934	66 934	74 573	82 145	89 782
Energy sources		37 467	38 857	35 562	41 674	45 307	45 307	54 325	60 683	67 032
Water management		—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—
Waste management		19 114	11 209	11 661	17 346	21 627	21 627	20 247	21 462	22 750
<b>Other</b>	4	—	—	—	—	—	—	—	—	—
<b>Total Revenue - Functional</b>	2	281 522	239 593	257 289	271 776	312 047	312 047	325 710	330 868	321 123
<b>Expenditure - Functional</b>										
<b>Governance and administration</b>		138 078	86 678	150 717	140 732	148 091	148 091	132 336	129 839	124 043
Executive and council		78 181	27 182	85 815	76 545	85 805	85 805	64 978	66 651	66 061
Finance and administration		55 731	56 954	62 663	62 599	60 615	60 615	65 746	61 501	56 219
Internal audit		4 166	2 542	2 239	1 588	1 671	1 671	1 612	1 686	1 762
<b>Community and public safety</b>		14 776	18 754	14 445	13 946	13 840	13 840	14 662	14 222	14 694
Community and social services		9 334	13 829	8 812	8 077	7 862	7 862	8 369	7 984	8 194
Sport and recreation		2 177	1 994	2 201	2 580	2 245	2 245	2 249	2 352	2 457
Public safety		3 265	2 927	3 310	3 288	3 580	3 580	4 043	3 886	4 042
Housing		1	3	122	—	152	152	—	—	—
Health		—	—	—	—	—	—	—	—	—
<b>Economic and environmental services</b>		65 751	67 784	70 171	80 061	74 581	74 581	73 082	76 034	80 502
Planning and development		8 531	8 515	9 067	11 024	9 410	9 410	9 777	10 251	10 709
Road transport		57 219	59 250	60 969	69 022	64 722	64 722	63 055	65 533	69 543
Environmental protection		1	19	135	15	450	450	250	250	250
<b>Trading services</b>		57 359	61 064	62 729	70 799	73 129	73 129	88 498	91 400	94 275
Energy sources		43 764	47 618	49 496	59 364	59 627	59 627	65 788	68 854	71 680
Water management		—	—	—	—	—	—	—	—	—
Waste water management		—	—	—	—	—	—	—	—	—
Waste management		13 596	13 445	13 233	11 436	13 503	13 503	22 709	22 546	22 596
<b>Other</b>	4	—	—	—	—	—	—	—	—	—
<b>Total Expenditure - Functional</b>	3	275 965	234 280	298 062	305 538	309 641	309 641	308 577	311 495	313 514
<b>Surplus/(Deficit) for the year</b>		5 557	5 313	(40 773)	(33 762)	2 407	2 407	17 133	19 373	7 609

The table below depicts the grants to be received by the Municipality during 2024/25 financial year.

## 8.2 Grants and subsidies

EC124 Amahlathi - Supporting Table SA18 Transfers and grant receipts										
Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		<b>136 385</b>	<b>120 478</b>	<b>128 755</b>	<b>136 692</b>	<b>136 582</b>	<b>136 582</b>	<b>143 651</b>	<b>140 683</b>	<b>135 628</b>
Local Government Equitable Share		131 642	115 504	124 987	131 533	131 533	131 533	138 370	136 786	131 397
Finance Management		2 200	2 100	2 200	2 200	2 200	2 200	2 200	2 200	2 400
Municipal Systems Improvement		–	–	–	–	–	–	–	–	–
EPWP Incentive		1 000	1 263	1 568	1 310	1 310	1 310	1 211	–	–
PMU 5%		1 399	1 478	–	1 649	1 539	1 539	1 870	1 697	1 831
Disaster Relief Grant		145	134	–	–	–	–	–	–	–
Other transfers/grants [insert description]		–	–	–	–	–	–	–	–	–
<b>Provincial Government:</b>		<b>7 756</b>	<b>1 517</b>	<b>1 448</b>	<b>1 728</b>	<b>1 728</b>	<b>1 728</b>	<b>1 854</b>	<b>1 792</b>	<b>1 792</b>
Sport and Recreation		1 200	1 200	1 200	1 200	1 200	1 200	1 792	1 792	1 792
LED Promotions		–	–	–	–	–	–	–	–	–
Waste Grant 2m		–	–	–	–	–	–	–	–	–
Waste Grant 770k		234	–	–	–	–	–	–	–	–
Capacity		–	–	–	–	–	–	–	–	–
Recycling		122	–	–	–	–	–	–	–	–
Human Settlements		–	–	–	–	–	–	62	–	–
Seta		–	97	248	528	528	528	–	–	–
Waste Grant 6m		–	220	–	–	–	–	–	–	–
Donation		6 200	–	–	–	–	–	–	–	–
<b>District Municipality:</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
[insert description]										
<b>Other grant providers:</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
[insert description]										
<b>Total Operating Transfers and Grants</b>	5	<b>144 141</b>	<b>121 995</b>	<b>130 203</b>	<b>138 420</b>	<b>138 309</b>	<b>138 309</b>	<b>145 505</b>	<b>142 475</b>	<b>137 420</b>
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		<b>52 932</b>	<b>28 080</b>	<b>36 401</b>	<b>31 327</b>	<b>59 444</b>	<b>59 444</b>	<b>59 538</b>	<b>59 639</b>	<b>46 240</b>
Municipal Infrastructure Grant (MIG)		52 932	28 080	31 701	31 327	29 232	29 232	35 533	32 244	34 787
INEP Grant		–	–	–	–	–	–	1 860	8 250	7 453
Waste Grant		–	–	–	–	–	–	–	–	–
Disaster Grant		–	–	4 700	–	30 212	30 212	19 145	19 145	–
Energy Efficiency & Demand-Side Management Grant		–	–	–	–	–	–	3 000	–	4 000
<b>Provincial Government:</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2 526</b>	<b>2 526</b>	<b>–</b>	<b>–</b>	<b>–</b>
Waste Grant R6m (DEDEAT)		–	–	–	–	2 526	2 526	–	–	–
<b>District Municipality:</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
[insert description]										
<b>Other grant providers:</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
[insert description]										
<b>Total Capital Transfers and Grants</b>	5	<b>52 932</b>	<b>28 080</b>	<b>36 401</b>	<b>31 327</b>	<b>61 970</b>	<b>61 970</b>	<b>59 538</b>	<b>59 639</b>	<b>46 240</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		<b>197 073</b>	<b>150 076</b>	<b>166 604</b>	<b>169 747</b>	<b>200 279</b>	<b>200 279</b>	<b>205 043</b>	<b>202 114</b>	<b>183 660</b>

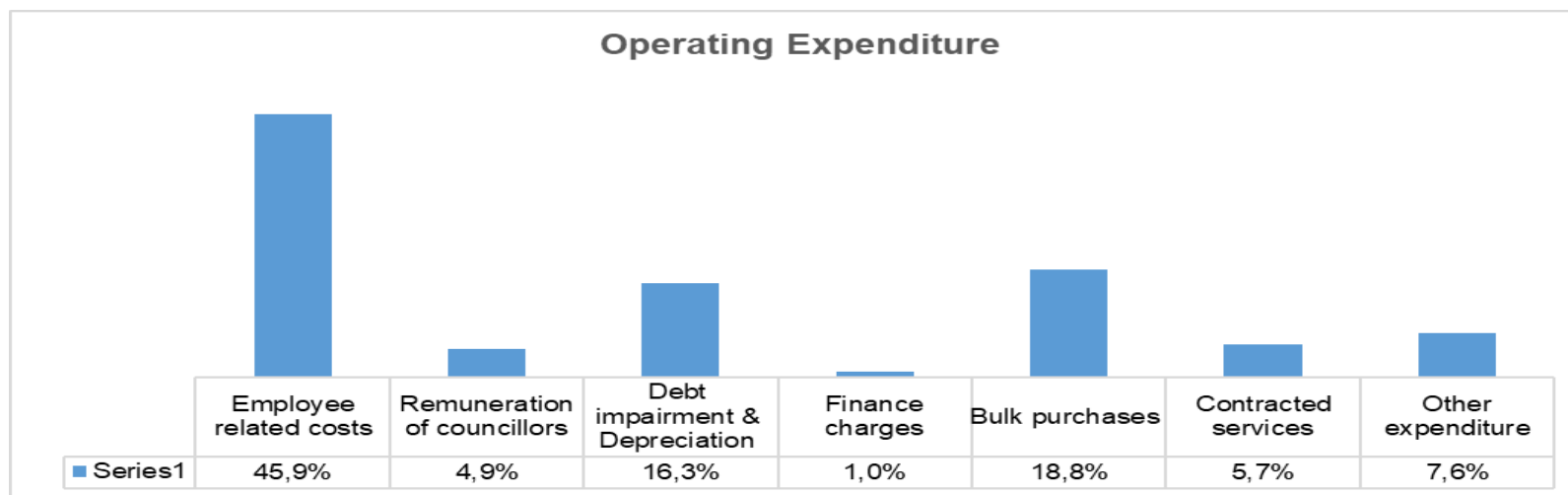
## 9. OPERATING EXPENDITURE FRAMEWORK

The table below depicts the high-level summary of the final annual budget classified per main type.

EC124 Amahlathi - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
<b>Expenditure</b>											
Employee related costs	2	132 726	123 339	135 383	134 985	134 985	134 985	-	141 493	147 978	154 575
Remuneration of councillors		11 599	11 533	13 662	14 329	14 329	14 329	-	15 031	15 722	16 430
Bulk purchases - electricity	2	35 884	42 658	43 194	51 433	51 433	51 433	-	57 965	60 631	63 360
Inventory consumed	8	304	404	174	247	247	247	-	453	265	273
Debt impairment	3	26 485	(7 489)	29 142	27 000	27 000	27 000	-	26 000	25 500	25 000
Depreciation and amortisation		25 570	26 049	25 858	26 000	26 000	26 000	-	24 186	24 704	26 895
Interest		3 802	2 536	10 047	4 500	14 155	14 155	-	3 000	3 150	2 150
Contracted services		16 221	10 882	14 238	18 230	18 356	18 356	-	17 491	14 301	7 916
Transfers and subsidies		-	-	10	-	-	-	-	-	-	-
Irrecoverable debts written off		-	-	-	-	-	-	-	-	-	-
Operational costs		21 713	24 369	26 157	28 815	23 137	23 137	-	22 958	19 244	16 917
Losses on disposal of Assets		1 662	-	-	-	-	-	-	-	-	-
Other Losses		-	-	196	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>275 965</b>	<b>234 280</b>	<b>298 062</b>	<b>305 538</b>	<b>309 641</b>	<b>309 641</b>	<b>-</b>	<b>308 577</b>	<b>311 495</b>	<b>313 514</b>
<b>Surplus/(Deficit)</b>		<b>(47 375)</b>	<b>(22 986)</b>	<b>(73 028)</b>	<b>(65 089)</b>	<b>(59 563)</b>	<b>(59 563)</b>	<b>-</b>	<b>(42 405)</b>	<b>(40 266)</b>	<b>(38 631)</b>
Transfers and subsidies - capital (monetary allocations)	6	52 932	28 300	32 255	31 327	61 970	61 970	-	59 538	59 639	46 240
Transfers and subsidies - capital (in-kind)	6	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>1</b>	<b>5 557</b>	<b>5 313</b>	<b>(40 773)</b>	<b>(33 762)</b>	<b>2 407</b>	<b>2 407</b>	<b>-</b>	<b>17 133</b>	<b>19 373</b>	<b>7 609</b>

- Finance Charges have been budgeted at R4.1m and this is a decrease when compared to the adjusted budget of R14m.
- Contracted Services have been budgeted at R20.6m which is an increase when compared to the adjusted budget of R18.3m.
- Other Expenditure have been budgeted at R24m and this is an increase when compared to an adjusted budget of R23.1m.

Employee costs constitute 45.9% of operational expenditure which is above treasury norm; non-cash items constitute 16.3%; Bulk Purchases 18.8% and these are the expenditure items with bigger percentage share in operating expenditure. Below is the graph depicting the split of total operating expenditure.



## 10. CAPITALEXPENDITURE

The following table provides a breakdown of budgeted capital expenditure by vote.

EC124 Amahlathi - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding											
Vote Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		205	227	2 286	900	1 609	1 609	–	1 350	450	400
Executive and council		–	–	528	750	752	752	–	400	450	400
Finance and administration		205	227	1 758	150	857	857	–	950	–	–
Internal audit		–	–	–	–	–	–	–	–	–	–
<b>Community and public safety</b>		–	–	693	–	600	600	–	–	1 000	–
Community and social services		–	–	693	–	600	600	–	–	–	–
Sport and recreation		–	–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	1 000	–
Housing		–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–
<b>Economic and environmental services</b>		41 534	24 772	28 336	31 427	60 690	60 690	–	54 678	51 389	34 787
Planning and development		41 389	24 772	16 683	31 377	60 436	60 436	–	54 678	51 389	34 787
Road transport		145	–	11 653	50	254	254	–	–	–	–
Environmental protection		–	–	–	–	–	–	–	–	–	–
<b>Trading services</b>		7 069	2 193	217	1 550	2 751	2 751	–	6 120	8 250	11 453
Energy sources		576	2 002	217	–	173	173	–	5 560	8 250	11 453
Water management		–	–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–	–
Waste management		6 493	191	–	1 550	2 578	2 578	–	560	–	–
<b>Other</b>		–	–	–	–	–	–	–	–	–	–
<b>Total Capital Expenditure - Functional</b>	3	48 808	27 192	31 531	33 877	65 650	65 650	–	62 148	61 089	46 640
<b>Funded by:</b>											
National Government		41 389	24 772	28 727	31 327	59 444	59 444	–	59 538	59 639	46 240
Provincial Government		6 493	–	–	–	2 526	2 526	–	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (in-kind)		–	–	–	–	–	–	–	–	–	–
<b>Transfers recognised - capital</b>	4	47 882	24 772	28 727	31 327	61 970	61 970	–	59 538	59 639	46 240
<b>Borrowing</b>	6	–	–	–	–	–	–	–	–	–	–
<b>Internally generated funds</b>		926	2 420	2 804	2 550	3 680	3 680	–	2 610	1 450	400
<b>Total Capital Funding</b>	7	48 808	27 192	31 531	33 877	65 650	65 650	–	62 148	61 089	46 640

## 10.1 FINAL BUDGETED CAPITAL PROJECTS

PROJECT	Department	FUNDING	ADJUSTMENT 2024	2024/25	2025/26	2026/27
Frankfort Internal Roads	Engineering Services	MIG Funding	2 700 000	-	-	-
Izidenge Internal Roads	Engineering Services	MIG Funding	376 974	-	5 000 000,00	-
KKH Paving	Engineering Services	MIG Funding	-	-	-	-
KKH recreation Centre	Engineering Services	MIG Funding	7 938 005	4 600 000,00	-	-
Langdraai Community Hall	Engineering Services	MIG Funding	157 710	-	-	5 500 000,00
Mbaxa Community Hall	Engineering Services	MIG Funding	3 959 377	2 300 000,00	-	-
Mlungisi Sportfield	Engineering Services	MIG Funding	239 189	5 400 000,00	-	-
Nqenge Internal Roads	Engineering Services	MIG Funding	149 431	-	1 605 242,00	-
Paving of Xholorha Internal Roads	Engineering Services	MIG Funding	765 484	13 232 850,00	-	-
Phumlani Community Hall	Engineering Services	MIG Funding	267 748	2 000 000,00	3 162 108,00	-
Stutterheim Recreation Centre	Engineering Services	MIG Funding	11 593 626	-	-	-
Surfacing of Cathcart Street	Engineering Services	MIG Funding	1 083 956	-	-	-
Waste Compactor Truck	Engineering Services	MIG Funding	-	-	3 476 600,00	-
Municipal Offices	Engineering Services	MIG Funding	-	8 000 000,00	8 000 000,00	-
Stutterheim Street Paving	Engineering Services	MIG Funding	-	-	3 500 000,00	10 787 100,00
KKH Town Paving	Engineering Services	MIG Funding	-	-	3 500 000,00	10 000 000,00
Amabele Paving	Engineering Services	MIG Funding	-	-	1 000 000,00	3 000 000,00
Keilands Roads	Engineering Services	MIG Funding	-	-	3 000 000,00	-
Khayelitsha Community Hall	Engineering Services	MIG Funding	-	-	-	5 500 000,00
<b>Total MIG Project</b>			<b>29 231 500</b>	<b>35 532 850</b>	<b>32 243 950</b>	<b>34 787 100</b>
Toise Road and Storm water Project	Engineering Services	Disaster Grant	1 250 000	-	-	-
Forestway Project	Engineering Services	Disaster Grant	3 450 000	-	-	-
Mandlakapheli Village roads, Langdraai Village Road and Culvert from upper to Ematyotyombeni in Cathcart	Engineering Services	Disaster Grant	4 750 000	-	-	-
Sutterheim - Landfill Site Road	Engineering Services	Disaster Grant	1 250 000	-	-	-
Upper & Lower Ngqumeya road and Tshoxa road in Keiskammahoek	Engineering Services	Disaster Grant	4 550 000	-	-	-
Kubusie road from area 5 to Mahanjane] & Ohlson farm road in Stutterheim	Engineering Services	Disaster Grant	6 900 000	-	-	-
Bridge between Rhawini and Bongweni	Engineering Services	Disaster Grant	1 200 000	-	-	-
Amabele Roads, Stanhope Road, Jersey vale Roads & Gasela Road in Stutterheim	Engineering Services	Disaster Grant	3 000 000	-	-	-
Mlungisi township roads (old location, Mbulelo Nondo & Mpelazwe) in Stutterheim	Engineering Services	Disaster Grant	3 862 000	-	-	-
Disaster Project	Engineering Services	Disaster Grant	-	19 145 000,00	19 145 000,00	-
<b>Total Disaster Grant Project</b>			<b>30 212 000</b>	<b>19 145 000</b>	<b>19 145 000</b>	<b>-</b>
11kv Upgrade Electricity Project	Engineering Services	INEP Grant	-	1 860 000	8 250 000	7 453 000
			-	<b>1 860 000</b>	<b>8 250 000</b>	<b>7 453 000</b>
Demand Side Project	Engineering Services	Demand Side Grant	-	3 000 000	-	4 000 000
			-	<b>3 000 000</b>	-	<b>4 000 000</b>
Landfill Site	Engineering Services	Waste Grant	2 526 108	-	-	-
			<b>2 526 108</b>	-	-	-
Buildings	Town Halls	Own Funding	600 000			
Vehicles (Cherry Picker)	Engineering Services	Own Funding	-	700 000,00	-	-
Mayoral Chains	Executive Services	Own Funding	-	-	50 000,00	-
Computer Equipment	Corporate Services	Own Funding	910 000	-	-	-
Furniture & Office Equipment	Corporate Services	Own Funding	500 000	950 000,00	-	-
Mayor's Vehicles	Executive Services	Own Funding	557 301	-	-	-
Vehicles	Executive Services	Own Funding	-	400 000,00	400 000,00	400 000,00
Street Bins	Community Services	Own Funding	-	560 000,00	-	-
Vehicles (Fire Engine)	Community Services	Own Funding	-	-	1 000 000,00	-
Upgrade Cathcart Substation	Engineering Services	Own Funding	173 040		-	-
Lower Kologha Internal Roads	Engineering Services	Own Funding	940 000		-	-
<b>Total Own Funded Project</b>			<b>3 680 341</b>	<b>2 610 000</b>	<b>1 450 000</b>	<b>400 000</b>
			<b>65 649 949</b>	<b>62 147 850</b>	<b>61 088 950</b>	<b>46 640 100</b>



## 10.2 REPAIRS AND MAINTENANCE

The repairs and maintenance have been budgeted at R3.7m which is 1.2% of the budget which is below the treasury norm and this is attributed to limited budget.

EC124 Amahlathi - Supporting Table SA34c Repairs and maintenance expenditure by asset class										
Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		<b>782</b>	<b>608</b>	<b>715</b>	<b>1 750</b>	<b>1 400</b>	<b>1 400</b>	<b>1 750</b>	<b>2 000</b>	<b>1 800</b>
Roads Infrastructure		342	336	168	1 000	700	700	900	1 100	1 100
Roads		342	336	168	1 000	700	700	900	1 100	1 100
Road Structures		-	-	-	-	-	-	-	-	-
Road Furniture		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		7	2	-	100	50	50	50	50	50
Drainage Collection		7	2	-	100	50	50	50	50	50
Storm water Conveyance		-	-	-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		433	271	547	650	650	650	800	850	650
Power Plants		423	48	72	150	150	150	100	150	150
HV Substations		-	-	-	-	-	-	-	-	-
HV Switching Station		-	-	-	-	-	-	-	-	-
HV Transmission Conductors		10	223	460	500	500	500	700	700	500
MV Substations		-	-	16	-	-	-	-	-	-
MV Switching Stations		-	-	-	-	-	-	-	-	-
MV Networks		-	-	-	-	-	-	-	-	-
LV Networks		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>150</b>	<b>-</b>	<b>-</b>
Community Facilities		-	-	-	50	-	-	150	-	-
Libraries		-	-	-	-	-	-	-	-	-
Cemeteries/Crematoria		-	-	-	50	-	-	150	-	-
Police		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		<b>-</b>	<b>24</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Revenue Generating		-	-	-	-	-	-	-	-	-
Improved Property		-	-	-	-	-	-	-	-	-
Unimproved Property		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	24	-	-	-	-	-	-	-
Improved Property		-	-	-	-	-	-	-	-	-
Unimproved Property		-	24	-	-	-	-	-	-	-
<b>Other assets</b>		<b>112</b>	<b>52</b>	<b>99</b>	<b>1 100</b>	<b>515</b>	<b>515</b>	<b>515</b>	<b>216</b>	<b>216</b>
Operational Buildings		112	52	99	1 100	515	515	515	216	216
Municipal Offices		74	3	85	1 000	500	500	500	200	200
Pay/Enquiry Points		-	-	-	-	-	-	-	-	-
Building Plan Offices		-	-	-	-	-	-	-	-	-
Workshops		-	-	-	-	-	-	-	-	-
Yards		-	-	-	-	-	-	-	-	-
Stores		-	-	-	-	-	-	-	-	-
Laboratories		-	-	-	-	-	-	-	-	-
Training Centres		-	-	-	-	-	-	-	-	-
Manufacturing Plant		-	-	-	-	-	-	-	-	-
Depots		-	-	-	-	-	-	-	-	-
Capital Spares		38	49	14	100	15	15	15	16	16
Housing		-	-	-	-	-	-	-	-	-
<b>Computer Equipment</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Computer Equipment		-	-	-	-	-	-	-	-	-
<b>Furniture and Office Equipment</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
<b>Machinery and Equipment</b>		<b>10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50</b>	<b>-</b>	<b>-</b>
Machinery and Equipment		10	-	-	-	-	-	50	-	-
<b>Transport Assets</b>		<b>1 399</b>	<b>1 643</b>	<b>1 994</b>	<b>2 775</b>	<b>2 720</b>	<b>2 720</b>	<b>1 300</b>	<b>1 053</b>	<b>1 067</b>
Transport Assets		1 399	1 643	1 994	2 775	2 720	2 720	1 300	1 053	1 067
<b>Total Repairs and Maintenance Expenditure</b>	<b>1</b>	<b>2 303</b>	<b>2 327</b>	<b>2 808</b>	<b>5 675</b>	<b>4 635</b>	<b>4 635</b>	<b>3 765</b>	<b>3 269</b>	<b>3 084</b>

## **11. QUALITY CERTIFICATE**

I Dr. Z Shasha, Municipal Manager of Amahlathi Local Municipality hereby certify that the final annual budget and supporting documentation have been prepared in accordance with Municipal Finance Management Act and regulations made under that Act, and that the final annual budget and supporting documentation are consistent with the integrated development plan of the municipality.

**Print Name: Dr. Z Shasha**

**Municipal Manager of: Amahlathi Municipality**

**Demarcation Code: EC124**

**Signature:** 

**Date: 14 May 2024**