

**ANNUAL BUDGET  
OF  
ELIAS MOTSOLEDI LOCAL MUNICIPALITY**



**2024/25 TO 2026/27  
MEDIUM TERM REVENUE AND  
EXPENDITURE FORECASTS**

## ABBREVIATIONS AND ACRONYMS

|              |   |              |   |
|--------------|---|--------------|---|
| <b>AO</b>    | Accounting Officer                            | <b>SAPS</b>  | South African Police Service                |
| <b>AMR</b>   | Automated Meter Reading                       | <b>SDBIP</b> | Service Delivery Budget Implementation Plan |
| <b>LED</b>   | Local Economic Development                    | <b>SMME</b>  | Small Micro and Medium Enterprises          |
| <b>MEC</b>   | Member of the Executive Committee             | <b>BPC</b>   | Budget Planning Committee                   |
| <b>MFMA</b>  | Municipal Financial Management Act            | <b>CFO</b>   | Chief Financial Officer                     |
| <b>MIG</b>   | Municipal Infrastructure Grant                | <b>CPI</b>   | Consumer Price Index                        |
| <b>MMC</b>   | Member of Mayoral Committee                   | <b>CRRF</b>  | Capital Replacement Reserve Fund            |
| <b>MPRA</b>  | Municipal Properties Rates Act                | <b>DBSA</b>  | Development Bank of South Africa            |
| <b>MSA</b>   | Municipal Systems Act                         | <b>DORA</b>  | Division of Revenue Act                     |
| <b>MTEF</b>  | Medium-term Expenditure Framework             | <b>DWA</b>   | Department of Water Affairs                 |
| <b>MTREF</b> | Medium-term Revenue and Expenditure Framework | <b>EE</b>    | Employment Equity                           |
| <b>NERSA</b> | National Electricity Regulator South Africa   | <b>FBS</b>   | Free basic services                         |
| <b>NGO</b>   | Non-Governmental organisations                | <b>GDP</b>   | Gross domestic product                      |
| <b>NKPIs</b> | National Key Performance Indicators           | <b>GFS</b>   | Government Financial Statistics             |
| <b>OHS</b>   | Occupational Health and Safety                | <b>GRAP</b>  | General Recognised Accounting Practice      |
| <b>OP</b>    | Operational Plan                              | <b>HR</b>    | Human Resources                             |
| <b>PBO</b>   | Public Benefit Organisations                  | <b>IDP</b>   | Integrated Development Strategy             |
| <b>PMS</b>   | Performance Management System                 | <b>IT</b>    | Information Technology                      |
| <b>PPE</b>   | Property Plant and Equipment                  | <b>KM</b>    | Kilometre                                   |
| <b>PPP</b>   | Public Private Partnership                    | <b>KPA</b>   | Key Performance Area                        |
| <b>RSC</b>   | Regional Services Council                     | <b>KPI</b>   | Key Performance Indicator                   |
| <b>SALGA</b> | South African Local Government Association    | <b>KWH</b>   | Kilowatt                                    |
| <b>IDP</b>   | Integrated Development Plan                   |              |   |

## Part 1- Annual Budget

### Executive Summary

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

Section 17 of Municipal Finance Management Act (MFMA) requires the municipality to prepare an annual budget in the prescribed format. National Treasury's MFMA circular 123 have been used as guidance for the compilation of the 2024/25 MTREF. The main challenges experienced during the compilation of the 2024/25 MTREF can be summarized as follows:

- Ageing and poorly maintained roads and electricity infrastructure
- Salaries and wage increase for municipal staff as well as the need to fill all active vacant positions.
- Sufficient surplus anticipated to be realized from operating budget makes it difficult to accommodate all the wards within the area of jurisdiction of the municipality in terms of capital projects implementations due to minimal collection rate especially of traffic fines.

The following budget principles and guidelines directly informed the compilation the 2024/25 MTREF:

- The 2023/24 adjustment budget priorities and targets as well as the base line allocations contained in that adjustment were adopted as the upper limits for the latest base lines for the 2024/25 annual budget.
- Tariffs and property rates increase should be affordable and should generally not exceed the inflation as measured by the CPI except where there are price increases in the inputs of services that are beyond the control of the municipality, for example: cost of bulk electricity. In addition, we had to ensure that our tariffs remained or moved towards being cost reflective and had to take into account the need to address infrastructure backlogs.
- Capital projects and activities funded from external grants are budgeted as per the gazetted amount as outlined in 2024/25 Division of Revenue Act (DoRA).
- In addition to cost containment implemented by the municipality, the following items and allocations thereof had to be kept at minimum level:
  - Special projects and events
  - Catering services
  - Refreshments and entertainment (R2 000 allocated per directorate for the entire financial year);
  - Ad hoc travelling
  - Subsistence, travelling and conference fees, and
  - Overtime.

In view of the aforementioned information, the following table is a consolidated overview of the proposed 2024/25 Medium Term Revenue and Expenditure Framework:

**SUMMARY OF 2024/25 MEDIUM TERM REVENUE EXPENDITURE FRAMEWORK**

| <b>SUMMARY OF 2024/25 DRAFT BUDGET</b>   |                        |                     |                          |                          |
|--|------------------------|---------------------|--------------------------|--------------------------|
|  | <b>2023/24</b>         | <b>2024/25</b>      | <b>2025/26</b>           | <b>2026/27</b>           |
| <b>DESCRIPTION</b>                       | <b>ADJUSTED BUDGET</b> | <b>DRAFT BUDGET</b> | <b>INDICATIVE BUDGET</b> | <b>INDICATIVE BUDGET</b> |
| <b>TOTAL REVENUE</b>                     | <b>773,838,089</b>     | <b>845,185,416</b>  | <b>855,749,120</b>       | <b>883,763,295</b>       |
| <b>LESS: TRANSFER RECOGNISED CAPITAL</b> | <b>76,076,134</b>      | <b>91,968,256</b>   | <b>73,047,328</b>        | <b>78,293,518</b>        |
| <b>OPERATING REVENUE</b>                 | <b>697,761,955</b>     | <b>753,217,160</b>  | <b>782,701,792</b>       | <b>805,469,777</b>       |
| <b>OPERATING EXPENDITURE</b>             | <b>677,675,382</b>     | <b>739,502,153</b>  | <b>771,766,424</b>       | <b>799,726,056</b>       |
| <b>TRANSFERS - CAPITAL</b>               | <b>76,076,134</b>      | <b>91,968,256</b>   | <b>73,047,328</b>        | <b>78,293,518</b>        |
| <b>SURPLUS/(DEFECIT)</b>                 | <b>20,086,573</b>      | <b>13,715,007</b>   | <b>10,935,368</b>        | <b>5,743,721</b>         |
| <b>CAPITAL EXPENDITURE</b>               | <b>94,038,145</b>      | <b>103,595,130</b>  | <b>79,533,050</b>        | <b>82,795,706</b>        |

The above table is used as a testing tool for determination of municipal deficit or surplus throughout 2024/25 MTREF and as presented, the budget has a surplus of R13, 715 million; R10, 935 million and R5, 744 million respectively throughout the MTREF period.

Total operating revenue and expenditure for 2024/25 financial year amounts to R753, 217 million, R782, 702 million and R805, 470 million respectively. The budget increases steadily in the outer years.

Total capital expenditure amounting to R103, 595 million is inclusive of conditional grants in terms DoRA allocation to the tune of R91, 858 million and internally funded projects R11, 627 million.

**1.1 Operating Revenue Framework**

For Elias Motsoaledi Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of this municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices had to be made in relation to setting of tariff increases and balancing expenditures against realistically anticipated revenues and prioritization of capital projects as contained in the Integrated Development Plan (i.e. the needs of all wards within Elias Motsoaledi Local Municipality).

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy
- Efficient revenue management, which aims to ensure 85% annual collection rate for property rates and other key service charges.
- Electricity tariff increases that are approved by the National Electricity Regulator of South Africa (NERSA)
- Achievement of full cost recovery of specific user charges especially in relation to trading services
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service
- The municipality's property rates policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA)
- The municipality's indigent policy and rendering of free basic services; and
- Tariff policies of the municipality.

The following tables are a summary of the 2024/25 MTREF (classified by main revenue source):

#### Summary of revenue classified by main revenue source.

| Description  | 2020/21         | 2021/22         | 2022/23         | Current Year 2023/24 |                 |                    |                   | 2024/25 Medium Term Revenue & |                        |                        |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|-------------------------------|------------------------|------------------------|
|  | 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>Financial Performance</b>   |                 |                 |                 |                      |                 |                    |                   |                               |                        |                        |
| Property rates   | 39,442          | 39,913          | 55,046          | 63,025               | 60,026          | 63,025             | 54,993            | 62,968                        | 65,864                 | 68,828                 |
| Service charges  | 97,738          | 107,753         | 99,950          | 125,701              | 125,520         | 125,701            | 96,995            | 147,266                       | 172,905                | 203,229                |
| Investment revenue   | 585             | 1,780           | 2,996           | 2,306                | 8,678           | 2,306              | 2,996             | 9,103                         | 9,522                  | 9,950                  |
| Transfers recognised - operational                                   | 351,908         | 307,637         | 338,905         | 363,745              | 363,612         | 363,745            | 338,905           | 387,099                       | 380,877                | 363,020                |
| Other own revenue  | 48,345          | 30,560          | 136,233         | 125,987              | 139,925         | 125,987            | 26,828            | 33,039                        | 34,559                 | 36,114                 |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>538,018</b>  | <b>487,643</b>  | <b>633,131</b>  | <b>680,764</b>       | <b>697,762</b>  | <b>680,764</b>     | <b>520,718</b>    | <b>639,474</b>                | <b>663,726</b>         | <b>681,141</b>         |

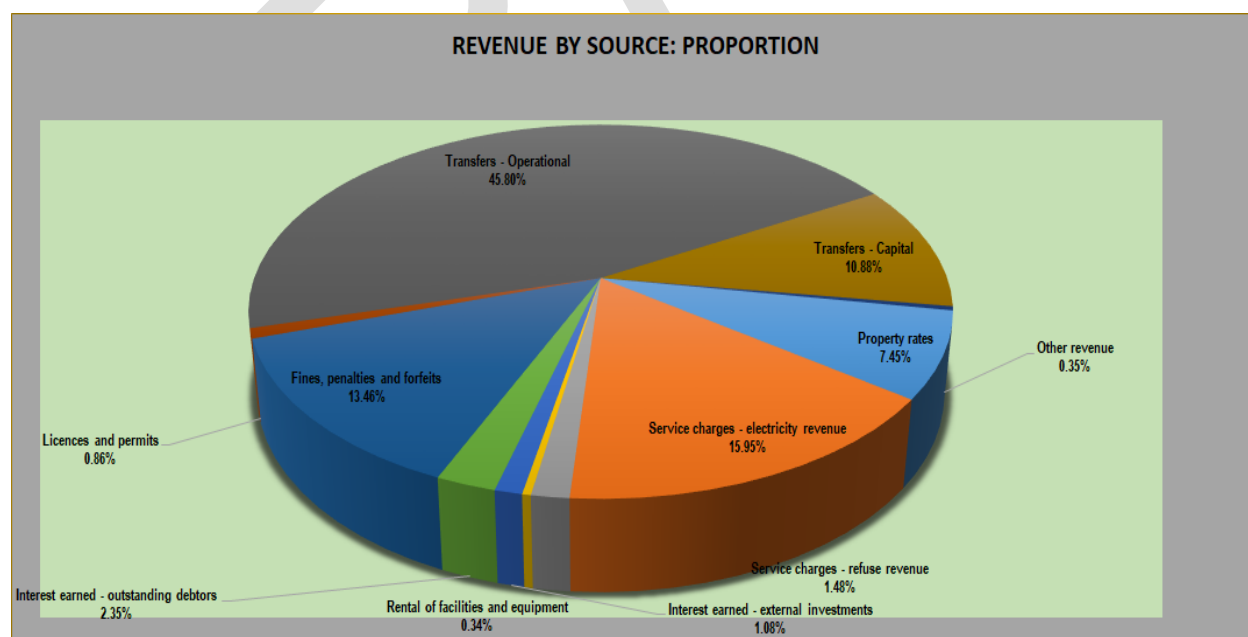


Figure 1 Main operational revenue categories for the 2024/25 financial year.

In line with the formats prescribed by the Municipal Budget and Reporting Regulations (MBRR), transfer recognized - capital is excluded from the operating revenue statement, as inclusion of this revenue source would distort the calculation of the operating surplus/deficit.

Revenue to be generated from operational grants amounts to R387, 099 million translating to 46% for 2024/25 financial year making it clear that the municipality is still grants dependent however the level of dependency is gradually going down. In addition, revenue to be generated from rates and services charges amounts to 17% and 7% respectively. In the 2024/25 financial year, revenue from rates and services charges adds up to R210, 233 million translating to 25%. This increases to R238, 759 million, and R272, 057 million in the respective financial outer years of the MTREF.

Service charges is the second largest revenue source totaling 17% or R147, 266 million and increases to R172, 905 million and R203, 229 million respectively in the outer years. The third largest source is fines that amounts to R113, 743 million in 2024/25 financial year and R118, 975 million and R124, 329 million respectively in the outer years.

### Operating Transfers and Grants Receipts

| Description   | 2020/21         | 2021/22         | 2022/23         | Current Year 2023/24 |                 |                    | 2024/25 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|   | 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>                                    |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Operating Transfers and Grants</b>               |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>National Government:</b>                         | <b>351,908</b>  | <b>307,637</b>  | <b>338,905</b>  | <b>363,745</b>       | <b>363,612</b>  | <b>363,612</b>     | <b>383,099</b>                                      | <b>376,877</b>         | <b>363,020</b>         |
| Local Government Equitable Share                    | 347,526         | 302,788         | 334,259         | 358,519              | 358,519         | 358,519            | 377,690   | 374,077                | 360,220                |
| Finance Management                                  | 2,600           | 2,650           | 2,850           | 2,850                | 2,850           | 2,850              | 2,800   | 2,800                  | 2,800                  |
| EPWP Incentive                                      | 1,681           | 2,199           | 1,796           | 2,376                | 2,243           | 2,243              | 2,609   | -                      | -                      |
| Disaster Relief Grant                               | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Education Training and Development Practices SETA   | 102             | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Energy Efficiency and Demand Management</b>      | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>-</b>  | <b>-</b>               | <b>-</b>               |
| District Municipality:                              |                 |                 |                 | -                    | -               | -                  | -   | -                      | -                      |
| [insert description]                                |                 |                 |                 | -                    | -               | -                  | -   | -                      | -                      |
| Other grant providers:                              | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Total Operating Transfers and Grants</b>         | <b>351,908</b>  | <b>307,637</b>  | <b>338,905</b>  | <b>363,745</b>       | <b>363,612</b>  | <b>363,612</b>     | <b>383,099</b>                                      | <b>376,877</b>         | <b>363,020</b>         |
| <b>Capital Transfers and Grants</b>                 |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>National Government:</b>                         | <b>68,891</b>   | <b>79,332</b>   | <b>111,606</b>  | <b>79,756</b>        | <b>75,385</b>   | <b>75,385</b>      | <b>91,858</b>                                       | <b>72,932</b>          | <b>78,173</b>          |
| Municipal Infrastructure Grant (MIG)                | 53,891          | 57,984          | 94,606          | 65,356               | 60,985          | 60,985             | 74,314  | 67,416                 | 73,190                 |
| Integrated National Electrification Grant           | 15,000          | 21,348          | 17,000          | 14,400               | 14,400          | 14,400             | 17,544  | 5,516                  | 4,983                  |
| <b>Other capital transfers/grants [insert desc]</b> |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Provincial Government:                              | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Coghsta - Development</b>                        | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>             | <b>-</b>        | <b>-</b>           |   |                        |                        |
| District Municipality:                              | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Other grant providers:</b>                       | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>110</b>  | <b>115</b>             | <b>121</b>             |
| LGSETA  |                 |                 |                 |                      |                 |                    | 110   | 115                    | 121                    |
| <b>Total Capital Transfers and Grants</b>           | <b>68,891</b>   | <b>79,332</b>   | <b>111,606</b>  | <b>79,756</b>        | <b>75,385</b>   | <b>75,385</b>      | <b>91,968</b>                                       | <b>73,047</b>          | <b>78,294</b>          |
| <b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>     | <b>420,799</b>  | <b>386,969</b>  | <b>450,511</b>  | <b>443,501</b>       | <b>438,997</b>  | <b>438,997</b>     | <b>475,067</b>                                      | <b>449,924</b>         | <b>441,314</b>         |

The above table outlines the operating grants and transfers allocated to Elias Motsoaledi Local Municipality for 2024/25 MTREF and these grants are contributing significantly towards the revenue-base of the municipality.

#### 1.4.1 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0.25:1 (zero point two five is to one). The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality conforms to the stipulations of the above-mentioned regulations more especially on the ratio thereof. The stipulation in the Property Rates Policy is highlighted below:

- The first R30 000 of the market value of a property used for residential purposes is excluded from the rateable value (Section 17(h) of the MPRA). In addition to this exemption, the following additional rebates on the market value of a property will be granted in terms of the municipality's own property rates tariffs:

| PROPERTY CATEGORY                                | ADDITIONAL REBATES |
|--|--------------------|
| Residential Properties                           | 20%                |
| Business, commercial and mining properties       | 25%                |
| Industrial properties                            | 0%                 |
| Agricultural Properties                          | 0%                 |
| State Owned Properties for benefit of the public | 20%                |
| Public Service Infrastructure properties         | 0%                 |
| Public Benefit Organization Properties/OLD Age   | 0%                 |
| Vacant   | 20%                |

The following owners may be granted a rebate on, or a reduction in the rates payable on their property:

- Pensioners that meet the following criteria:
  - Registered owner of property,
  - Applicant must reside on the property,
  - Income not exceeding an amount set by Council,
- Ratable property registered in the name of the Council., if such property is used in supplying electricity, water, and gas or sewerage services.
- Hospitals, clinics, and institutions for mentally ill persons, which are not operated for gain.
- Ratable property registered in the name of an agricultural society affiliated to or recognized by the South African Agricultural Union, which is used for the purpose of such society.
- Cemeteries and crematoriums, which are registered in the names of private persons, and which are used exclusively for burials and cremations.
- Museums, art galleries, libraries and botanical gardens which are open to the public, whether admission fees are charged or not.
- Sports grounds used for the purpose of amateur sports and any social activities, which are connected with such sports.
- Ratable property registered in the name of benevolent or charitable organizations, or any ratable property let by the Council to any of the named organizations.
- Owners of a property situated in an area affected by a disaster within the meaning of the Disaster Management Act, 2002 or in any other serious adverse social or economic conditions.

- Owners of residential properties with to which Section 17(1)(h) of the Act applies on the market value of the property less the amount stated in that Section or higher amount as determined by Council.
- State or public infrastructure and their rates may be reduced to a percentage which is contemplated in Section 11 of the Act.
- Owners of agricultural properties who are bona fide farmers.

#### **1.4.2 Sale of Electricity and Impact of Tariff Increases**

The National Energy Regulator of South Africa (NERSA) is responsible for price determination of the bulk costs for electricity. Bulk electricity costs are consistently much higher than inflation, having gone as high as 18.7 per cent in the 2023/24 municipal financial year. Eskom's need for increased funding means that over the period ahead they are applying for much higher tariff increases.

Registered indigents will continue to get 50 kWh allocated to them and this will result in indigents receiving 50 kWh per 30-day period free of charge.

National Treasury encouraged municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality which is contradiction with setting cost-reflective tariffs. The Consumer Price Index (CPI) inflation is forecasted to be within the lower limit of the 4 to 6 per cent target band; therefore, municipalities are required to pay careful attention to tariff increases across all consumer groups.

#### **1.4.3 Waste Removal and Impact of Tariff Increase**

Service charge refuse removal is currently not doing fairly well since the revenue generated is currently less than the anticipated expenditure to be incurred and the municipality will, therefore, have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors for the function not to break-even are landfill sites, increases in general expenditure such as petrol and diesel and the cost of contracted service provider for refuse removal.

#### **1.4.4 Overall impact of tariff increases on households**

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

### **1.5 Operating Expenditure Framework**

The municipality's expenditure framework for the 2024/25 budget and MTREF is informed by the following:

- The renewal of existing assets and the repairs and maintenance needs.
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA.
- The alignment of capital programme to the asset renewal requirement as per MBRR.
- Operational surplus will be directed to funding the capital budget.

The table below is a high-level summary of the 2024/25 budget and MTREF classified per main type of operating expenditure.



**Summary of operating expenditure by standard classification item**

| Description                           | 2020/21         | 2021/22         | 2022/23         | Current Year 2023/24 |                 |                    |                   | 2024/25 Medium Term Revenue & |                        |                        |
|---------------------------------------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|-------------------------------|------------------------|------------------------|
|                                       | 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>Financial Performance</b>          |                 |                 |                 |                      |                 |                    |                   |                               |                        |                        |
| Employee costs                        | 160,455         | 160,187         | 169,884         | 194,460              | 178,695         | 194,460            | 162,017           | 211,570                       | 221,435                | 231,132                |
| Remuneration of councillors           | 24,845          | 25,567          | 25,385          | 26,490               | 28,006          | 26,490             | 24,855            | 28,178                        | 30,996                 | 34,095                 |
| Depreciation & asset impairment       | 58,788          | 57,070          | 59,260          | 65,402               | 60,050          | 65,402             | 60,629            | 59,690                        | 62,435                 | 65,245                 |
| Finance charges                       | 2,123           | 526             | 4,403           | 931                  | 1,543           | 931                | 1,623             | 406                           | 1,737                  | 1,815                  |
| Inventory consumed and bulk purchases | 112,407         | 135,835         | 140,337         | 153,791              | 144,909         | 153,791            | 129,936           | 154,943                       | 162,071                | 169,364                |
| Transfers and grants                  | 3,275           | 2,591           | 5,247           | 3,176                | 7,131           | 3,176              | 4,495             | 7,404                         | 7,821                  | 8,246                  |
| Other expenditure                     | 191,319         | 128,543         | 267,424         | 209,967              | 257,340         | 209,967            | 151,158           | 203,497                       | 212,659                | 215,169                |
| <b>Total Expenditure</b>              | <b>553,212</b>  | <b>510,319</b>  | <b>671,940</b>  | <b>654,217</b>       | <b>677,675</b>  | <b>654,217</b>     | <b>534,713</b>    | <b>665,689</b>                | <b>699,154</b>         | <b>725,067</b>         |

The budgeted allocation for employee related costs and remuneration of councilors for the 2024/25 financial year totals R239, 748 million, which equals 32% of the total operating expenditure. Based on MFMA circular 128, the two outer-years' salary increases have been factored into this budget at CPI percentage increase of 4.6% and 4.5% respectively. The CPI is also applied on remuneration for councilors for outer years.

The cost associated with the remuneration of councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the municipality's budget. The provision of debt impairment was determined based on the annual average collection rate of 70% and the Credit control policy of the municipality. For the 2024/25 financial year this amount equates to R124, 419 million and escalates to R129, 142 million in 2025/26 and R130, 998 million 2026/27. While this expenditure is considered a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate for asset consumption. Budget appropriations in this regard total R59, 690 million for the 2024/25 financial year and equates to 8% of the total operating expenditure. Cognizance should be taken that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. Note should therefore be taken that depreciation and asset impairment as well as debt impairment constitute non-cash items and as a result they are excluded when determining surplus to be expended for funding capital projects, if any.

Bulk purchase is directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditure includes distribution losses.

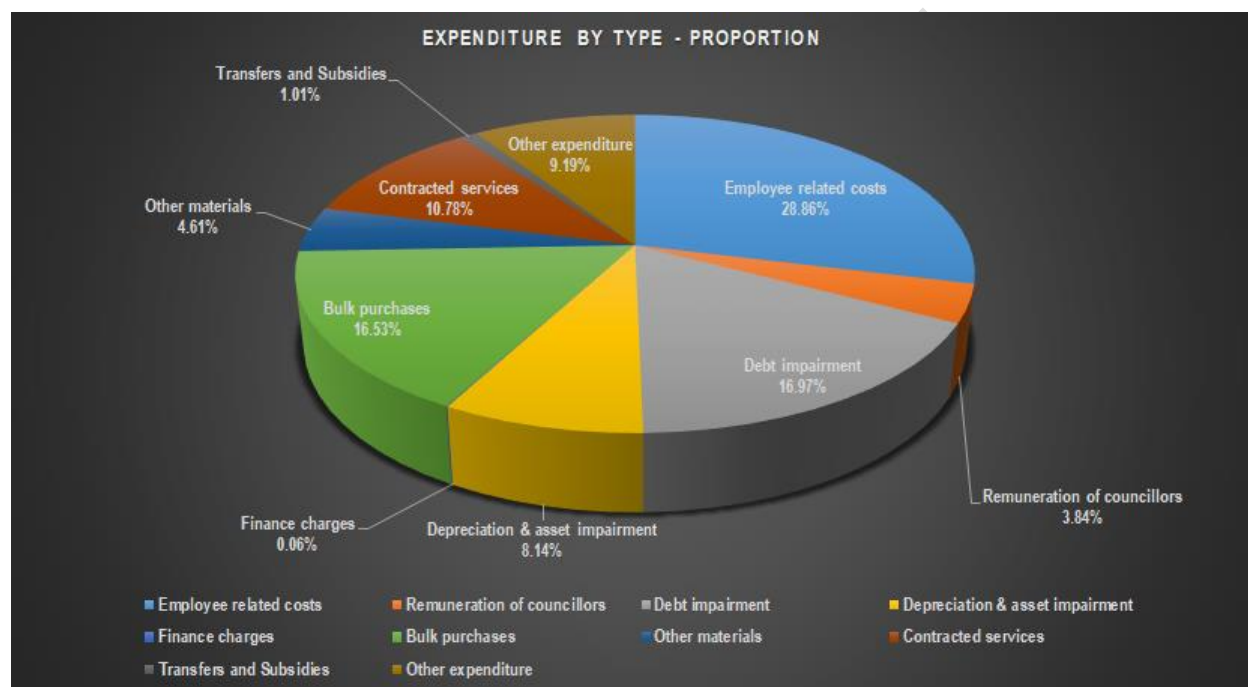
Other material comprises of amongst others the purchase of materials for maintenance, cleaning materials and chemicals. In line with the municipality's repairs and maintenance plan this group of expenditure has been prioritized to ensure sustainability of the municipality's infrastructure.

Contracted services comprise of 11% or R79, 208 million of the total operational budget for the 2024/25 financial year and increases to R83, 465 million and increases to R84, 116 million in the two respective outer years. The norm for

contracted services is 2% to 5% and as a result, the budget for contracted services through the MTREF period is excessive.

Other expenditure comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

The following diagram gives a breakdown of the main expenditure categories for the 2024/25 financial year.



**Figure 2 Main operational expenditure categories for the 2024/25 financial year**

### 1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2024/25 budget and MTREF provide for budget appropriations in the area of asset maintenance, as informed by the asset renewal and repairs and maintenance needs. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services.

During the compilation of the 2024/25 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. In this MTREF, repairs and maintenance budget has decreased from R33, 759 million in 2024/25 to R35, 155 million in 2025/26 then increases to R36, 474 million and increases to R36, 737 million respectively in the outer years. In addition, the municipality is still experiencing budgetary constraints can meet the required 8% that repairs and maintenance should contribute towards property, plant and equipment, and investment property. In relation to property, plant and equipment, repairs and maintenance comprises of 2% throughout the MTREF period and this percentage is however way below the set norm of 8% as stipulated by National Treasury.

For the 2024/25 financial year R15, 977 million of total repairs and maintenance will be spent on infrastructure assets. The other assets that have been catered for in the repairs and maintenance budget is buildings, roads, maintenance of website, machinery and equipment and transport assets. The overall budget for repairs and maintenance has decreased from R37, 397 million to R33, 759.

### **1.5.2 Free Basic Services: Basic Social Services Package**

The social package assists of households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. Details relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 10 MBRR A10 (Basic Service Delivery Measurement) on.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act and this package covers all the basic services provided by EMLM and these services include, property rates rebates, service charges electricity, and refuse removal.

### **1.6 Capital expenditure**

The major portion of capital expenditure budget is appropriated in vote 6 and for 2024/25 and the budget in vote 6 is mainly for electrification and road infrastructure capital projects. The other departments', *id-est* Corporate Services – the appropriations are mainly for procurement of operational equipment such as ICT equipment, Office furniture, and other equipment while Community Services – the appropriations are for fencing of cemeteries and landfill sites.

Some of the salient projects to be undertaken over the medium-term includes, amongst others:

- Electricity related projects – R17.7 million
- Roads related projects – R66.3 million
- Operational equipment – R7.7 million
- Solid waste infrastructure – R8.8 million
- Other assets – R3.1 million

### **1.7 Annual Budget Tables**

The following tables present the main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2024/25 annual budget and MTREF.

Table A1 - Budget Summary

| LIM472 Elias Motsoaledi - 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 2024/25                                 | Budget Year +1 2025/26 | Budget Year +2 2026/27 |
| <b>Financial Performance</b>   |                  |                  |                  |                      |                  |                    |                   |   |                        |                        |
| Property rates   | 39,442           | 39,913           | 54,993           | 63,025               | 60,026           | 60,026             | 60,026            | 62,968  | 65,864                 | 68,828                 |
| Service charges  | 102,363          | 107,753          | 99,950           | 125,701              | 125,520          | 125,520            | 125,520           | 147,266   | 172,905                | 203,229                |
| Investment revenue   | 585              | 2,308            | 2,996            | 2,306                | 8,678            | 8,678              | 8,678             | 9,103   | 9,522                  | 9,950                  |
| Transfer and subsidies - Operational                                 | 351,908          | 307,637          | 338,906          | 363,745              | 363,612          | 363,612            | 363,612           | 387,099   | 380,877                | 363,020                |
| Other own revenue  | 37,795           | 50,333           | 149,176          | 125,987              | 139,925          | 139,925            | 139,925           | 146,782   | 153,534                | 160,443                |
| <b>Total Revenue (excluding capital transfers and contributions)</b> | <b>532,093</b>   | <b>507,945</b>   | <b>646,021</b>   | <b>680,764</b>       | <b>697,762</b>   | <b>697,762</b>     | <b>697,762</b>    | <b>753,218</b>                                      | <b>782,702</b>         | <b>805,470</b>         |
| <b>Total Expenditure</b>   |                  |                  |                  |                      |                  |                    |                   |   |                        |                        |
| Employee costs   | 150,619          | 160,266          | 164,529          | 194,460              | 178,695          | 178,695            | 178,695           | 218,749   | 226,201                | 236,072                |
| Remuneration of councillors  | 24,279           | 24,998           | 24,787           | 26,490               | 28,006           | 28,006             | 28,006            | 28,178  | 30,996                 | 34,095                 |
| Depreciation and amortisation  | 59,566           | 52,828           | 63,916           | 66,153               | 60,050           | 60,050             | 60,050            | 59,690  | 62,436                 | 65,245                 |
| Interest   | 3,635            | 6,270            | 12,325           | 931                  | 1,543            | 1,543              | 1,543             | 406   | 1,737                  | 1,815                  |
| Inventory consumed and bulk purchases                                | 114,683          | 136,444          | 132,547          | 153,791              | 144,909          | 144,909            | 144,909           | 155,139   | 162,276                | 169,578                |
| Transfers and subsidies  | 16,576           | 1,547            | 4,161            | 3,176                | 7,131            | 7,131              | 7,131             | 7,404   | 7,821                  | 8,246                  |
| Other expenditure  | 182,359          | 152,614          | 265,833          | 209,216              | 257,340          | 257,340            | 257,340           | 269,939   | 280,304                | 284,678                |
| <b>Total Expenditure</b>   | <b>551,718</b>   | <b>534,967</b>   | <b>668,097</b>   | <b>654,217</b>       | <b>677,675</b>   | <b>677,675</b>     | <b>677,675</b>    | <b>739,506</b>                                      | <b>771,771</b>         | <b>799,730</b>         |
| <b>Surplus/(Deficit)</b>   | <b>(19,625)</b>  | <b>(27,022)</b>  | <b>(22,075)</b>  | <b>26,547</b>        | <b>20,087</b>    | <b>20,087</b>      | <b>20,087</b>     | <b>13,712</b>                                       | <b>10,932</b>          | <b>5,740</b>           |
| Transfers and subsidies - capital (monetary allocations)             | 68,450           | 74,316           | 90,896           | 79,756               | 76,056           | 76,056             | 76,056            | 91,968  | 73,047                 | 78,294                 |
| Transfers and subsidies - capital (in-kind)                          | -                | -                | 920              | -                    | 20               | 20                 | 20                | -   | -                      | -                      |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b> | <b>48,825</b>    | <b>47,294</b>    | <b>69,740</b>    | <b>106,303</b>       | <b>96,163</b>    | <b>96,163</b>      | <b>96,163</b>     | <b>105,680</b>                                      | <b>83,979</b>          | <b>84,034</b>          |
| Share of Surplus/Deficit attributable to Associate                   | -                | -                | -                | -                    | -                | -                  | -                 | -   | -                      | -                      |
| <b>Surplus/(Deficit) for the year</b>                                | <b>48,825</b>    | <b>47,294</b>    | <b>69,740</b>    | <b>106,303</b>       | <b>96,163</b>    | <b>96,163</b>      | <b>96,163</b>     | <b>105,680</b>                                      | <b>83,979</b>          | <b>84,034</b>          |
| <b>Capital expenditure &amp; funds sources</b>                       |                  |                  |                  |                      |                  |                    |                   |   |                        |                        |
| <b>Capital expenditure</b>   | <b>77,294</b>    | <b>111,180</b>   | <b>106,133</b>   | <b>84,156</b>        | <b>94,038</b>    | <b>94,038</b>      | <b>94,038</b>     | <b>103,595</b>                                      | <b>79,533</b>          | <b>82,796</b>          |
| Transfers recognised - capital                                       | 57,408           | 82,341           | 79,209           | 79,756               | 76,056           | 76,056             | 76,056            | 91,858  | 72,932                 | 78,173                 |
| Borrowing  | -                | -                | -                | -                    | -                | -                  | -                 | -   | -                      | -                      |
| Internally generated funds   | 10,062           | 6,189            | 24,180           | 4,400                | 17,982           | 17,982             | 17,982            | 11,627  | 6,486                  | 4,502                  |
| <b>Total sources of capital funds</b>                                | <b>67,470</b>    | <b>88,530</b>    | <b>103,388</b>   | <b>84,156</b>        | <b>94,038</b>    | <b>94,038</b>      | <b>94,038</b>     | <b>103,485</b>                                      | <b>79,418</b>          | <b>82,675</b>          |
| <b>Financial position</b>  |                  |                  |                  |                      |                  |                    |                   |   |                        |                        |
| Investments  | 1,465            | 1,465            | 1,465            | -                    | -                | -                  | -                 | 893   | 1,827                  | 2,803                  |
| <b>LIABILITIES</b>   | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>             | <b>-</b>         | <b>-</b>           | <b>-</b>          | <b>-</b>  | <b>-</b>               | <b>-</b>               |
| Financial liabilities  | (338)            | 14,616           | 9,357            | 5,456                | 7,637            | 7,637              | 7,637             | 13,093  | 12,333                 | 7,637                  |
| <b>NET ASSETS</b>  | <b>1,076,544</b> | <b>1,094,616</b> | <b>1,164,356</b> | <b>1,409,513</b>     | <b>1,389,914</b> | <b>1,389,914</b>   | <b>1,392,067</b>  | <b>1,495,625</b>                                    | <b>1,579,637</b>       | <b>1,663,708</b>       |
| Community wealth/Equity  | -                | -                | -                | -                    | -                | -                  | -                 | -   | -                      | -                      |
| <b>Cash flows</b>  |                  |                  |                  |                      |                  |                    |                   |   |                        |                        |
| Net cash from (used) operating                                       | (294,223)        | (278,095)        | (54,977)         | 56,732               | 60,501           | 60,501             | 60,501            | 182,671   | 161,495                | 160,509                |
| Net cash from (used) investing                                       | (76,404)         | (65,577)         | (99,203)         | (71,634)             | (82,800)         | (82,800)           | (82,800)          | (89,289)  | (69,583)               | (67,821)               |
| Net cash from (used) financing                                       | (8,534)          | (4,413)          | (7,025)          | (7,009)              | (9,257)          | (9,257)            | (9,257)           | 7,637   | 5,456                  | 4,696                  |
| <b>Cash/cash equivalents at the year end</b>                         | <b>(379,161)</b> | <b>(341,260)</b> | <b>(146,486)</b> | <b>19,757</b>        | <b>10,111</b>    | <b>10,111</b>      | <b>10,111</b>     | <b>110,228</b>                                      | <b>207,596</b>         | <b>304,981</b>         |
| <b>Cash backing/surplus reconciliation</b>                           |                  |                  |                  |                      |                  |                    |                   |   |                        |                        |
| Non current Investments  | 1,008            | 6,024            | 21,278           | 3,900                | 3,900            | 3,900              | 3,900             | 3,240   | 3,124                  | 3,004                  |
| Statutory requirements   | (68,388)         | (113,096)        | (103,541)        | (76,177)             | (89,428)         | (89,428)           | (89,428)          | 21,674  | 133,885                | 245,360                |
| <b>Balance - surplus (shortfall)</b>                                 | <b>69,397</b>    | <b>119,120</b>   | <b>124,818</b>   | <b>80,077</b>        | <b>93,328</b>    | <b>93,328</b>      | <b>93,328</b>     | <b>(18,435)</b>                                     | <b>(130,760)</b>       | <b>(242,357)</b>       |
| <b>Asset management</b>  |                  |                  |                  |                      |                  |                    |                   |   |                        |                        |
| Asset register summary (WDV)   | 1,030,166        | 1,047,966        | 1,037,835        | 1,273,184            | 1,279,919        | 1,279,919          |                   | 1,238,842   | 1,179,115              | 1,136,688              |
| Depreciation   | 59,188           | 57,072           | 59,260           | 65,402               | 59,298           | 59,298             |                   | 58,902  | 61,611                 | 64,384                 |
| Renewal and Upgrading of Existing Assets                             | (623)            | (26,580)         | 22,650           | 5,634                | 59,780           | 59,780             |                   | 1,538   | (30,090)               | (20,264)               |
| Repairs and Maintenance  | 18,143           | 37,223           | 37,457           | 29,085               | 35,494           | 35,494             |                   | 32,555  | 34,084                 | 35,618                 |
| <b>Free services</b>   |                  |                  |                  |                      |                  |                    |                   |   |                        |                        |
| Cost of Free Basic Services provided                                 | -                | -                | -                | -                    | -                | -                  | -                 | -   | -                      | -                      |
| Revenue cost of free services provided                               | 12,057           | 11,921           | 16,327           | 17,077               | 13,971           | 13,971             |                   | 14,656  | 15,330                 | 16,020                 |
| <b>Households below minimum service level</b>                        |                  |                  |                  |                      |                  |                    |                   |   |                        |                        |
| Water:   | -                | -                | -                | -                    | -                | -                  | -                 | -   | -                      | -                      |
| Sanitation/sewerage:   | -                | -                | -                | -                    | -                | -                  | -                 | -   | -                      | -                      |
| Energy:  | -                | -                | -                | -                    | -                | -                  | -                 | -   | -                      | -                      |
| Refuse:  | -                | -                | -                | -                    | -                | -                  | -                 | -   | -                      | -                      |

## Explanatory notes to Table A1 - Budget Summary

- Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

- The table provides an overview of the amounts contained in the annual budget for operating performance, resources deployed to capital expenditure, financial position, cash, and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
  - Financial management reforms emphasise the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow budgets, along with the capital budget. The budget summary provides the key information in this regard:
    - a. The operating surplus/deficit (after total expenditure net of non-cash items) is positive over the MTREF period.
    - b. Capital expenditure is balanced by capital funding sources, of which:
      - i. Transfers recognised is reflected on the Financial Performance budget.
      - ii. Internally generated funds are financed from a combination of the current operating surplus. The amount is incorporated in the Net cash from investing on the Cash Flow budget. The fact that the municipality's cash flow remains positive and is improving indicates that the necessary cash resources are available to fund the capital budget.
2. The Cash backing/surplus reconciliation shows that the municipality does not have reserves and consequently many of its obligations are not cash-backed. This place the municipality in a very vulnerable financial position with regards to replacement of assets since no capital replacement reserve is in place. Notwithstanding the absence of capital replacement reserves, at least the municipality is not operating on an over annual nor funding some of its capital projects through direct borrowings. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of free services shows that the amount spent on free basic services and the revenue cost of free services provided by the municipality has dropped and this is attributed to offering free basic services only to indigents and this function is not yet optimized.

**Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

| LIM472 Elias Motsoaledi - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification) |          |                 |                 |                 |                      |                 |                    |   |                        |                        |
|--|----------|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
| Functional Classification Description  | ###      | 2020/21         | 2021/22         | 2022/23         | Current Year 2023/24 |                 |                    | 2024/25 Medium Term Revenue & Expenditure Framework |                        |                        |
|  |          | 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>R thousand</b>  | <b>1</b> |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Revenue - Functional</b>  |          |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <i>Governance and administration</i>   |          | 283,899         | 259,344         | 288,068         | 300,481              | 304,943         | 304,943            | 319,102   | 316,665                | 317,098                |
| Executive and council  |          | 56,129          | 55,019          | 43,728          | 55,444               | 55,444          | 55,444             | 58,161  | 43,849                 | 45,822                 |
| Finance and administration   |          | 214,339         | 193,140         | 230,886         | 231,152              | 235,615         | 235,615            | 246,376   | 257,581                | 255,356                |
| Internal audit   |          | 13,430          | 11,184          | 13,455          | 13,884               | 13,884          | 13,884             | 14,565  | 15,235                 | 15,920                 |
| <i>Community and public safety</i>   |          | 32,058          | 24,389          | 143,059         | 129,150              | 137,108         | 137,108            | 143,827   | 150,443                | 157,213                |
| Community and social services  |          | 11,530          | 10,535          | 10,947          | 11,327               | 11,326          | 11,326             | 11,882  | 12,429                 | 12,988                 |
| Sport and recreation   |          | 17,675          | 11,608          | 17,031          | 17,595               | 17,595          | 17,595             | 18,457  | 19,306                 | 20,175                 |
| Public safety  |          | 2,853           | 2,245           | 115,082         | 100,228              | 108,186         | 108,186            | 113,487   | 118,708                | 124,050                |
| Housing  |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Health   |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>Economic and environmental services</i>   |          | 136,515         | 145,683         | 140,596         | 130,503              | 131,261         | 131,261            | 149,873   | 141,721                | 140,839                |
| Planning and development   |          | 30,467          | 24,294          | 21,923          | 22,674               | 22,508          | 22,508             | 23,847  | 22,215                 | 23,214                 |
| Road transport   |          | 104,431         | 118,491         | 117,863         | 106,992              | 107,916         | 107,916            | 123,545   | 116,912                | 114,913                |
| Environmental protection   |          | 1,617           | 2,898           | 811             | 836                  | 836             | 836                | 2,481   | 2,595                  | 2,712                  |
| <i>Trading services</i>  |          | 148,071         | 152,846         | 166,114         | 200,386              | 200,526         | 200,526            | 232,385   | 246,921                | 268,614                |
| Energy sources   |          | 114,068         | 123,719         | 129,775         | 151,238              | 150,886         | 150,886            | 180,312   | 194,452                | 220,785                |
| Water management   |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Waste water management   |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Waste management   |          | 34,003          | 29,126          | 36,339          | 49,148               | 49,641          | 49,641             | 52,073  | 52,468                 | 47,829                 |
| <i>Other</i>   | <b>4</b> | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Total Revenue - Functional</b>  | <b>2</b> | <b>600,543</b>  | <b>582,261</b>  | <b>737,837</b>  | <b>760,520</b>       | <b>773,838</b>  | <b>773,838</b>     | <b>845,186</b>                                      | <b>855,750</b>         | <b>883,764</b>         |
| <b>Expenditure - Functional</b>  |          |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <i>Governance and administration</i>   |          | 240,500         | 211,558         | 224,411         | 227,933              | 242,944         | 242,944            | 259,419   | 275,077                | 289,863                |
| Executive and council  |          | 43,134          | 41,806          | 43,147          | 45,702               | 47,115          | 47,115             | 50,179  | 54,089                 | 58,303                 |
| Finance and administration   |          | 189,320         | 159,302         | 169,293         | 170,758              | 183,871         | 183,871            | 196,727   | 207,916                | 217,921                |
| Internal audit   |          | 8,045           | 10,449          | 11,970          | 11,472               | 11,958          | 11,958             | 12,513  | 13,072                 | 13,639                 |
| <i>Community and public safety</i>   |          | 73,588          | 35,674          | 151,899         | 47,736               | 38,708          | 38,708             | 54,172  | 56,171                 | 58,658                 |
| Community and social services  |          | 7,158           | 11,679          | 9,424           | 9,467                | 7,004           | 7,004              | 16,922  | 17,505                 | 18,298                 |
| Sport and recreation   |          | 8,300           | 10,081          | 8,981           | 14,805               | 10,043          | 10,043             | 11,748  | 12,409                 | 13,076                 |
| Public safety  |          | 58,129          | 13,914          | 133,495         | 23,465               | 21,661          | 21,661             | 25,502  | 26,257                 | 27,284                 |
| Housing  |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Health   |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <i>Economic and environmental services</i>   |          | 89,737          | 112,425         | 121,277         | 198,907              | 207,826         | 207,826            | 224,610   | 230,427                | 235,809                |
| Planning and development   |          | 12,908          | 16,794          | 18,411          | 24,992               | 20,820          | 20,820             | 29,125  | 26,764                 | 26,834                 |
| Road transport   |          | 76,212          | 95,433          | 102,867         | 173,220              | 187,006         | 187,006            | 194,757   | 202,903                | 208,180                |
| Environmental protection   |          | 618             | 197             | -               | 695                  | 0               | 0                  | 727   | 761                    | 795                    |
| <i>Trading services</i>  |          | 147,893         | 175,310         | 170,509         | 179,641              | 188,196         | 188,196            | 201,305   | 210,095                | 215,400                |
| Energy sources   |          | 114,953         | 125,587         | 113,325         | 133,039              | 125,592         | 125,592            | 142,894   | 149,283                | 151,819                |
| Water management   |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Waste water management   |          | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| Waste management   |          | 32,940          | 49,723          | 57,184          | 46,602               | 62,604          | 62,604             | 58,411  | 60,812                 | 63,581                 |
| <i>Other</i>   | <b>4</b> | -               | -               | -               | -                    | -               | -                  | -   | -                      | -                      |
| <b>Total Expenditure - Functional</b>  | <b>3</b> | <b>551,718</b>  | <b>534,967</b>  | <b>668,097</b>  | <b>654,217</b>       | <b>677,675</b>  | <b>677,675</b>     | <b>739,506</b>                                      | <b>771,771</b>         | <b>799,730</b>         |
| <b>Surplus/(Deficit) for the year</b>  |          | <b>48,825</b>   | <b>47,294</b>   | <b>69,740</b>   | <b>106,303</b>       | <b>96,163</b>   | <b>96,163</b>      | <b>105,680</b>                                      | <b>83,979</b>          | <b>84,034</b>          |

**Explanatory notes to Table A2 - Budgeted Financial Performance (by standard classification)**

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into different functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
- Note the total revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.



**Table A3 - Budgeted Financial Performance (by vote)**

| Vote Description                              | 2020/21         | 2021/22         | 2022/23         | Current Year 2023/24 |                 |                    | 2024/25 Medium Term Revenue & |                        |                        |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------------------|------------------------|------------------------|
|   | 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 by Vote</b>                        |                 |                 |                 |                      |                 |                    |                               |                        |                        |
| Vote 1 - Executive & Council                  | 49,347          | 49,272          | 37,271          | 48,780               | 48,780          | 48,780             | 51,171                        | 36,538                 | 38,182                 |
| Vote 2 - Municipal Manager                    | 47,408          | 37,701          | 46,531          | 48,017               | 48,017          | 48,017             | 50,370                        | 52,687                 | 55,058                 |
| Vote 3 - Budget & Treasury                    | 86,858          | 101,671         | 215,975         | 116,810              | 120,601         | 120,601            | 126,321                       | 132,003                | 126,817                |
| Vote 4 - Corporate Services                   | 51,431          | 46,074          | 50,657          | 52,321               | 52,992          | 52,992             | 54,994                        | 57,524                 | 57,422                 |
| Vote 5 - Community Services                   | 75,047          | 64,581          | 76,536          | 188,606              | 200,542         | 200,542            | 211,973                       | 219,724                | 222,612                |
| Vote 6 - Technical Services                   | 251,715         | 239,933         | 287,828         | 276,162              | 273,247         | 273,247            | 319,009                       | 327,214                | 352,260                |
| Vote 7 - Developmental Planning               | 21,988          | 16,808          | 13,673          | 14,423               | 14,257          | 14,257             | 15,191                        | 13,161                 | 13,753                 |
| Vote 8 - Executive Support                    | 22,675          | 24,534          | 14,925          | 15,401               | 15,401          | 15,401             | 16,156                        | 16,899                 | 17,660                 |
| <b>Total Revenue by Vote</b>                  | <b>606,468</b>  | <b>580,575</b>  | <b>743,394</b>  | <b>760,520</b>       | <b>773,838</b>  | <b>773,838</b>     | <b>845,185</b>                | <b>855,749</b>         | <b>883,763</b>         |
| <b>Expenditure by Vote to be appropriated</b> |                 |                 |                 |                      |                 |                    |                               |                        |                        |
| Vote 1 - Executive & Council                  | 37,311          | 35,993          | 35,446          | 37,797               | 40,914          | 40,914             | 41,789                        | 45,322                 | 49,153                 |
| Vote 2 - Municipal Manager                    | 47,145          | 45,860          | 45,914          | 46,270               | 44,275          | 44,275             | 49,158                        | 52,358                 | 55,785                 |
| Vote 3 - Budget & Treasury                    | 79,320          | 76,287          | 130,515         | 61,056               | 78,940          | 78,940             | 83,308                        | 87,143                 | 90,899                 |
| Vote 4 - Corporate Services                   | 31,806          | 28,369          | 27,772          | 41,928               | 31,596          | 31,596             | 44,987                        | 45,745                 | 46,455                 |
| Vote 5 - Community Services                   | 122,250         | 93,637          | 121,891         | 175,066              | 206,991         | 206,991            | 230,735                       | 237,711                | 244,273                |
| Vote 6 - Technical Services                   | 205,570         | 218,275         | 273,717         | 254,734              | 233,989         | 233,989            | 254,804                       | 267,652                | 275,501                |
| Vote 7 - Developmental Planning               | 8,333           | 12,208          | 13,119          | 18,039               | 14,114          | 14,114             | 16,141                        | 16,238                 | 15,841                 |
| Vote 8 - Executive Support                    | 21,476          | 22,638          | 23,567          | 19,327               | 26,855          | 26,855             | 18,579                        | 19,597                 | 21,819                 |
| <b>Total Expenditure by Vote</b>              | <b>553,212</b>  | <b>533,266</b>  | <b>671,940</b>  | <b>654,217</b>       | <b>677,675</b>  | <b>677,675</b>     | <b>739,502</b>                | <b>771,766</b>         | <b>799,726</b>         |
| <b>Surplus/(Deficit) for the year</b>         | <b>53,256</b>   | <b>47,309</b>   | <b>71,455</b>   | <b>106,303</b>       | <b>96,163</b>   | <b>96,163</b>      | <b>105,683</b>                | <b>83,983</b>          | <b>84,037</b>          |

**Explanatory notes to Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)**

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of the Municipality.

**Table A4 - Budgeted Financial Performance (revenue and expenditure)**

LIM472 Elias Motsoaledi - Table A4 Budgeted Financial Performance (revenue and expenditure)

| Description  | ###      | 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        | 93,438          | 98,371          | 90,414          | 115,903              | 113,616         | 113,616            | 113,616           | 134,778   | 159,843                | 189,579                |
| Service charges - Water  | 2        | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Service charges - Waste Water Management                             | 2        | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Service charges - Waste Management                                   | 2        | 8,926           | 9,383           | 9,537           | 9,798                | 11,904          | 11,904             | 11,904            | 12,488  | 13,062                 | 13,650                 |
| Sale of Goods and Rendering of Services                              |          | 1,120           | 727             | 894             | 1,212                | 1,931           | 1,931              | 1,931             | 2,026   | 2,119                  | 2,215                  |
| Agency services  |          | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Interest   |          | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Interest earned from Receivables                                     |          | 13,500          | 3,526           | 2,645           | 5,189                | 9,462           | 9,462              | 9,462             | 9,925   | 10,382                 | 10,849                 |
| Interest earned from Current and Non Current Assets                  |          | 585             | 2,308           | 2,996           | 2,306                | 8,678           | 8,678              | 8,678             | 9,103   | 9,522                  | 9,950                  |
| Dividends  |          | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Rent on Land   |          | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Rental from Fixed Assets   |          | 1,007           | 1,461           | 950             | 913                  | 2,721           | 2,721              | 2,721             | 2,855   | 2,986                  | 3,120                  |
| Licence and permits  |          | -               | -               | -               | -                    | 6,961           | 6,961              | 6,961             | 7,302   | 7,638                  | 7,982                  |
| Operational Revenue  |          | 714             | 1,328           | 353             | 1,473                | 923             | 923                | 923               | 968   | 1,012                  | 1,058                  |
| <b>Non-Exchange Revenue</b>  |          |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Property rates   | 2        | 39,442          | 39,913          | 54,993          | 63,025               | 60,026          | 60,026             | 60,026            | 62,968  | 65,864                 | 68,828                 |
| Surcharges and Taxes   |          | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Fines, penalties and forfeits  |          | 2,861           | 2,236           | 115,439         | 100,528              | 108,430         | 108,430            | 108,430           | 113,743   | 118,975                | 124,329                |
| Licences or permits  |          | 4,635           | 5,966           | 6,062           | 7,176                | -               | -                  | -                 | -   | -                      | -                      |
| Transfer and subsidies - Operational                                 |          | 351,908         | 307,637         | 338,906         | 363,745              | 363,612         | 363,612            | 363,612           | 387,099   | 380,877                | 363,020                |
| Interest   |          | 3,341           | 15,229          | 11,554          | 9,497                | 9,497           | 9,497              | 9,497             | 9,963   | 10,421                 | 10,890                 |
| Fuel Levy  |          | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Operational Revenue  |          | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Gains on disposal of Assets  |          | 101             | 1,074           | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Other Gains  |          | 10,514          | 18,786          | 11,277          | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Discontinued Operations  |          | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Total Revenue (excluding capital transfers and cont</b>           |          | <b>532,093</b>  | <b>507,945</b>  | <b>646,021</b>  | <b>680,764</b>       | <b>697,762</b>  | <b>697,762</b>     | <b>697,762</b>    | <b>753,218</b>                                      | <b>782,702</b>         | <b>805,470</b>         |
| <b>Expenditure</b>   |          |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Employee related costs   | 2        | 150,619         | 160,266         | 164,529         | 194,460              | 178,695         | 178,695            | 178,695           | 218,749   | 226,201                | 236,072                |
| Remuneration of councillors  |          | 24,279          | 24,998          | 24,787          | 26,490               | 28,006          | 28,006             | 28,006            | 28,178  | 30,996                 | 34,095                 |
| Bulk purchases - electricity   | 2        | 88,246          | 97,964          | 93,185          | 113,017              | 107,455         | 107,455            | 107,455           | 121,144   | 126,717                | 132,419                |
| Inventory consumed   | 8        | 26,438          | 38,479          | 39,362          | 40,774               | 37,454          | 37,454             | 37,454            | 33,995  | 35,559                 | 37,159                 |
| Debt impairment  | 3        | 61,327          | 19,690          | 126,100         | 94,855               | 118,607         | 118,607            | 118,607           | 124,419   | 129,142                | 130,998                |
| Depreciation and amortisation  |          | 59,566          | 52,828          | 63,916          | 66,153               | 60,050          | 60,050             | 60,050            | 59,690  | 62,436                 | 65,245                 |
| Interest   |          | 3,635           | 6,270           | 12,325          | 931                  | 1,543           | 1,543              | 1,543             | 406   | 1,737                  | 1,815                  |
| Contracted services  |          | 77,129          | 88,573          | 75,939          | 61,720               | 73,821          | 73,821             | 73,821            | 79,028  | 83,465                 | 84,116                 |
| Transfers and subsidies  |          | 16,576          | 1,547           | 4,161           | 3,176                | 7,131           | 7,131              | 7,131             | 7,404   | 7,821                  | 8,246                  |
| Irrecoverable debts written off                                      |          | 1               | -               | -               | -                    | 7,748           | 7,748              | 7,748             | 8,116   | 8,490                  | 8,872                  |
| Operational costs  |          | 43,481          | 37,838          | 58,011          | 52,641               | 57,117          | 57,117             | 57,117            | 58,325  | 59,155                 | 60,637                 |
| Losses on disposal of Assets   |          | 421             | 5,900           | 5,782           | -                    | 48              | 48                 | 48                | 50  | 53                     | 55                     |
| Other Losses   |          | -               | 612             | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Total Expenditure</b>   |          | <b>551,718</b>  | <b>534,967</b>  | <b>668,097</b>  | <b>654,217</b>       | <b>677,675</b>  | <b>677,675</b>     | <b>677,675</b>    | <b>739,506</b>                                      | <b>771,771</b>         | <b>799,730</b>         |
| <b>Surplus/(Deficit)</b>   |          | <b>(19,625)</b> | <b>(27,022)</b> | <b>(22,075)</b> | <b>26,547</b>        | <b>20,087</b>   | <b>20,087</b>      | <b>20,087</b>     | <b>13,712</b>                                       | <b>10,932</b>          | <b>5,740</b>           |
| Transfers and subsidies - capital (monetary allocations)             | 6        | 68,450          | 74,316          | 90,896          | 79,756               | 76,056          | 76,056             | 76,056            | 91,968  | 73,047                 | 78,294                 |
| Transfers and subsidies - capital (in-kind)                          | 6        | -               | -               | 920             | -                    | 20              | 20                 | 20                | -   | -                      | -                      |
| <b>Surplus/(Deficit) after capital transfers &amp; contributions</b> |          | <b>48,825</b>   | <b>47,294</b>   | <b>69,740</b>   | <b>106,303</b>       | <b>96,163</b>   | <b>96,163</b>      | <b>96,163</b>     | <b>105,680</b>                                      | <b>83,979</b>          | <b>84,034</b>          |
| Income Tax   |          | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Surplus/(Deficit) after income tax</b>                            |          | <b>48,825</b>   | <b>47,294</b>   | <b>69,740</b>   | <b>106,303</b>       | <b>96,163</b>   | <b>96,163</b>      | <b>96,163</b>     | <b>105,680</b>                                      | <b>83,979</b>          | <b>84,034</b>          |
| Share of Surplus/Deficit attributable to Joint Venture               |          | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Share of Surplus/Deficit attributable to Minorities                  |          | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Surplus/(Deficit) attributable to municipality</b>                |          | <b>48,825</b>   | <b>47,294</b>   | <b>69,740</b>   | <b>106,303</b>       | <b>96,163</b>   | <b>96,163</b>      | <b>96,163</b>     | <b>105,680</b>                                      | <b>83,979</b>          | <b>84,034</b>          |
| Share of Surplus/Deficit attributable to Associate                   | 7        | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Intercompany/Parent subsidiary transactions                          |          | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Surplus/(Deficit) for the year</b>                                | <b>1</b> | <b>48,825</b>   | <b>47,294</b>   | <b>69,740</b>   | <b>106,303</b>       | <b>96,163</b>   | <b>96,163</b>      | <b>96,163</b>     | <b>105,680</b>                                      | <b>83,979</b>          | <b>84,034</b>          |

**Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)**

- Operating revenue is R753, 327 million in 2024/25 and escalates to R782, 817 million and R805, 590 million in the outer years.



2. Services charges relating to electricity and refuse removal, these revenue sources contribute significantly to the revenue basket of the municipality and the contribution thereof totals R147, 266 million for the 2024/25 financial year and increasing to R172, 905 million in 2024/25 and increasing to R203, 229 million in 2026/27 financial year.
3. Service charges electricity is based on consideration of the actual performance and adjusted estimates for the remaining months of 2023/24 financial year and in conjunction with the audited amount and CPI.
4. An increase in revenue sources below was based on CPI:
  - Fines
  - Interest earned - outstanding debtors.
  - Licences and permits.
  - Other Revenue
  - Property Rates
  - Interest on investment.
  - Rental of facilities and equipment
  - Service charges - refuse revenue.
5. Transfers recognized operational – includes the local government equitable share, financial management grant, extended public works programme grant and the allocation is as per DORA.
6. Interest on outstanding debtors – an increase is due to an increase in debtors computed at prime rate (currently 11.75%) plus 1%.
7. Operating expenditure is R739, 502 million in 2024/25 and escalates to R771, 766 million and R799, 726 million in the outer years.
8. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.
9. Bulk purchases increased by 12.74% as per anticipated tariff increase by NERSA based on prior year approval.
10. Finance cost is based on finance lease amortization schedule for the third year which reduced as compared to second year.
11. Transfer and grants – free basic electricity subsidies increased by 12.74% in line with bulk purchases and by high rate of configuration of registered indigents by Eskom.
12. Contracted services – the budget is based on services the municipality is contracted to using the bill of quantity.
13. An increase in expenditure sources below was based on CPI:
  - Debt impairment
  - Depreciation
  - Remuneration of councillors
  - Other expenditure.

14. An increase in employee related cost is due to majority of director's posts being vacant and chances to fill all posts in 2024-25 are very high and CPI adjustment. Additionally, the municipality appointed numerous general workers and is anticipating appointing numerous traffic wardens.
15. Inventory consumed decreased due to decrease in store items issued and not anticipated to be kept at stores anymore i.e transformers. Though other material decreased, budget on fuel has increased due load shedding.

**Table A5 - Budgeted Capital Expenditure by standard classification and funding source**

| Vote Description   | 2020/21         | 2021/22         | 2022/23         | Current Year 2023/24 |                 |                    |                   | 2024/25 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|  | 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>                     | 1,111           | 1,903           | 5,393           | 1,000                | 2,123           | 2,123              | 1,008             | 6,920   | 1,475                  | 1,542                  |
| Executive and council                                    | -               | -               | -               |                      |                 |                    | -                 | -   | -                      | -                      |
| Finance and administration                               | 1,111           | 1,903           | 5,393           | 1,000                | 2,123           | 2,123              | 1,008             | 6,920   | 1,475                  | 1,542                  |
| Internal audit   | -               | -               | -               |                      |                 |                    | -                 | -   | -                      | -                      |
| <b>Community and public safety</b>                       | 2,063           | 498             | 3,608           | 100                  | 250             | 250                | 97                | 1,200   | 1,814                  | 1,328                  |
| Community and social services                            | 598             | 498             | 2,363           | -                    | -               | -                  | -                 | 900   | 1,500                  | 1,000                  |
| Sport and recreation                                     | 1,465           | -               | 799             | 100                  | 250             | 250                | 97                | 300   | 314                    | 328                    |
| Public safety  | -               | -               | 445             | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Housing  | -               | -               |                 |                      |                 |                    | -                 | -   | -                      | -                      |
| Health   | -               | -               |                 |                      |                 |                    | -                 | -   | -                      | -                      |
| <b>Economic and environmental services</b>               | 62,035          | 57,924          | 75,538          | 66,256               | 69,900          | 69,900             | 39,016            | 76,749  | 70,028                 | 74,225                 |
| Planning and development                                 | -               | -               | 1,075           | -                    | -               | -                  | -                 |   |                        |                        |
| Road transport   | 62,035          | 57,924          | 74,463          | 66,256               | 69,900          | 69,900             | 39,016            | 76,749  | 70,028                 | 74,225                 |
| Environmental protection                                 | -               | -               | -               |                      |                 |                    | -                 | -   | -                      | -                      |
| <b>Trading services</b>                                  | 19,894          | 28,030          | 25,638          | 16,800               | 21,765          | 21,765             | 14,036            | 18,727  | 6,216                  | 5,701                  |
| Energy sources   | 19,894          | 28,030          | 22,857          | 15,000               | 20,559          | 20,559             | 14,010            | 17,727  | 5,707                  | 5,183                  |
| Waste management   | -               | -               | 2,780           | 1,800                | 1,206           | 1,206              | 26                | 1,000   | 509                    | 519                    |
| <b>Other</b>   | -               | -               | -               | -                    | -               |                    | -                 | -   | -                      | -                      |
| <b>Total Capital Expenditure - Functional</b>            | <b>85,102</b>   | <b>88,355</b>   | <b>110,176</b>  | <b>84,156</b>        | <b>94,038</b>   | <b>94,038</b>      | <b>54,156</b>     | <b>103,595</b>                                      | <b>79,533</b>          | <b>82,796</b>          |
| <b>Funded by:</b>  |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| National Government                                      | 79,029          | 74,316          | 81,238          | 79,756               | 75,385          | 75,385             | 41,051            | 87,701  | 73,047                 | 78,294                 |
| Provincial Government                                    | -               | -               | -               |                      |                 |                    |                   |   |                        |                        |
| District Municipality                                    | -               | -               |                 |                      |                 | -                  | -                 | -   | -                      | -                      |
| Transfers and subsidies - capital (monetary allocations) |                 |                 |                 |                      |                 |                    |                   | -   | -                      | -                      |
| <b>Transfers recognised - capital</b>                    | <b>79,029</b>   | <b>74,316</b>   | <b>81,238</b>   | <b>79,756</b>        | <b>75,385</b>   | <b>75,385</b>      | <b>41,051</b>     | <b>87,701</b>                                       | <b>73,047</b>          | <b>78,294</b>          |
| <b>Borrowing</b>   | -               | -               |                 |                      |                 | -                  | -                 | -   | -                      | -                      |
| <b>Internally generated funds</b>                        | 6,073           | 14,040          | 28,939          | 4,400                | 18,653          | 18,653             | 13,105            | 15,894  | 6,486                  | 4,502                  |
| <b>Total Capital Funding</b>                             | <b>85,102</b>   | <b>88,355</b>   | <b>110,176</b>  | <b>84,156</b>        | <b>94,038</b>   | <b>94,038</b>      | <b>54,156</b>     | <b>103,595</b>                                      | <b>79,533</b>          | <b>82,796</b>          |

**Explanatory notes to Table A5 - Budgeted Capital Expenditure by standard classification and funding source**

Capital projects are funded from Municipal Infrastructure Grant (MIG); Integrated National Electrification Programme (INEP), LGSETA and internal generated revenue.

From table A4 point of view the municipality has budgeted for non-cash items, the effect thereof is the surplus of R13 million however the internal generated funding is based on the surplus from A7 cash flow, which is exclusive of non-cash item.

**Table A5A - Budgeted Capital Expenditure by vote**

| Vote Description                                 | 2020/21         | 2021/22         | 2022/23         | Current Year 2023/24 |                 |                    |                   | 2024/25 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
|  | 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 - Municipal Vote</b>      |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Multi-year expenditure appropriation             |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Vote 1 - Executive & Council                     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 2 - Municipal Manager                       | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 3 - Budget & Treasury                       | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 4 - Corporate Services                      | 1,105           | 824             | 2,648           | 700                  | 1,823           | 1,823              | 727               | 1,110   | 1,161                  | 1,214                  |
| Vote 5 - Community Services                      | -               | -               | 4,714           | 1,000                | 1,000           | 1,000              | -                 | -   | -                      | -                      |
| Vote 6 - Technical Services                      | 7,468           | 46,398          | 44,322          | 73,356               | 80,685          | 80,685             | 47,714            | 66,688  | 72,095                 | 53,190                 |
| Vote 7 - Developmental Planning                  | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 8 - Executive Support                       | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Capital multi-year expenditure sub-total</b>  | <b>8,574</b>    | <b>47,222</b>   | <b>51,684</b>   | <b>75,056</b>        | <b>83,508</b>   | <b>83,508</b>      | <b>48,440</b>     | <b>67,798</b>                                       | <b>73,256</b>          | <b>54,404</b>          |
| <b>Single-year expenditure appropriation</b>     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Vote 1 - Executive & Council                     |                 | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 2 - Municipal Manager                       |                 | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 3 - Budget & Treasury                       |                 | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 4 - Corporate Services                      | -               | -               | -               | 300                  | 300             | 300                | 281               | 5,810   | 314                    | 328                    |
| Vote 5 - Community Services                      | 1,972           | 498             | 1,674           | 900                  | 456             | 456                | 123               | 2,200   | 2,323                  | 1,847                  |
| Vote 6 - Technical Services                      | 74,557          | 40,635          | 55,743          | 7,900                | 9,774           | 9,774              | 5,312             | 27,787  | 3,640                  | 26,218                 |
| Vote 7 - Developmental Planning                  | -               | -               | 1,075           | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Vote 8 - Executive Support                       |                 | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| <b>Capital single-year expenditure sub-total</b> | <b>76,528</b>   | <b>41,133</b>   | <b>58,492</b>   | <b>9,100</b>         | <b>10,530</b>   | <b>10,530</b>      | <b>5,716</b>      | <b>35,797</b>                                       | <b>6,277</b>           | <b>28,392</b>          |
| <b>Total Capital Expenditure</b>                 | <b>85,102</b>   | <b>88,355</b>   | <b>110,176</b>  | <b>84,156</b>        | <b>94,038</b>   | <b>94,038</b>      | <b>54,156</b>     | <b>103,595</b>                                      | <b>79,533</b>          | <b>82,796</b>          |

**Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

1. Table A5 is a breakdown of the capital projects in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2024/25 R67, 798 million has been allocated of the total R103, 595 million. This allocation increases to R73, 256 million in 2024/25 and decreases to R54, 404 million in 2026/27.
3. Single-year capital expenditure has been appropriated at R35, 797 million for the 2024/25 financial year and declines to R6, 277 million in 2025/26 and then increases to R28, 392 million in 2026/27 financial year.

4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years. The capital projects are funded from capital grants and transfers and internally generated funds from current year surpluses.

Table A6 - Budgeted Financial Position

| LIM472 Elias Motsoaledi - Table A6 Budgeted Financial Position |   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
|--|---|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| Description  |   | ### | 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 | Pre-audit outcome | Budget Year 2024/25                                 | Budget Year +1 2025/26 | Budget Year +2 2026/27 |
| ASSETS   |   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Current assets   |   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
|  |   |     | 6,825           | 14,719          | 33,102          | 18,804               | 9,209           | 9,209              | 9,209             | 109,281   | 822,352                | 1,543,736              |
|  | 1 |     | 60,881          | 71,389          | 68,333          | 69,351               | 72,272          | 72,272             | 72,272            | 59,267  | 46,666                 | 33,510                 |
|  | 1 |     | 26,329          | 30,683          | 46,022          | 109,569              | 85,471          | 85,471             | 85,471            | 91,381  | 99,487                 | 111,926                |
|  |   |     | 304             | 824             | 1,026           | 119                  | 119             | 119                | 119               | 119   | 119                    | 119                    |
|  | 2 |     | 11,082          | 18,416          | 24,610          | 38,571               | 41,891          | 41,891             | 41,891            | 7,896   | (27,662)               | (64,821)               |
|  |   |     | 36,951          | 44,891          | 68,196          | 12,050               | 12,050          | 12,050             | 12,050            | 12,050  | 12,050                 | 12,050                 |
|  |   |     | 15,576          | 16,442          | 16,596          | —                    | —               | —                  | —                 | —   | —                      | —                      |
| Total current assets   |   |     | 157,948         | 197,365         | 257,885         | 248,465              | 221,013         | 221,013            | 221,013           | 279,995   | 953,012                | 1,636,520              |
| Non current assets   |   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
|  |   |     | 1,465           | 1,465           | 1,465           | —                    | —               | —                  | —                 | 893   | 1,827                  | 2,803                  |
|  |   |     | 81,077          | 96,399          | 103,831         | 48,032               | 48,032          | 48,032             | 48,032            | 47,492  | 46,927                 | 46,337                 |
|  | 3 |     | 1,040,399       | 1,079,151       | 1,112,251       | 1,310,538            | 1,326,411       | 1,326,411          | 1,326,411         | 1,370,830   | 1,388,465              | 1,406,577              |
|  |   |     | —               | —               | —               | —                    | —               | —                  | —                 | —   | —                      | —                      |
|  |   |     | —               | —               | —               | —                    | —               | —                  | —                 | —   | —                      | —                      |
|  |   |     | 463             | 463             | 463             | 463                  | 463             | 463                | 463               | 463   | 463                    | 463                    |
|  |   |     | 23              | 13              | 6               | 606                  | 671             | 671                | 671               | 647   | 622                    | 595                    |
|  |   |     | —               | —               | —               | 18,499               | 18,499          | 18,499             | 18,499            | 18,499  | 18,499                 | 18,499                 |
|  |   |     | —               | —               | —               | —                    | —               | —                  | —                 | —   | —                      | —                      |
|  |   |     | —               | —               | —               | —                    | —               | —                  | —                 | —   | —                      | —                      |
| Total non current assets                                       |   |     | 1,123,426       | 1,177,490       | 1,218,016       | 1,378,138            | 1,394,076       | 1,394,076          | 1,394,076         | 1,438,824   | 1,456,803              | 1,475,274              |
| TOTAL ASSETS   |   |     | 1,281,374       | 1,374,855       | 1,475,901       | 1,626,603            | 1,615,089       | 1,615,089          | 1,615,089         | 1,718,819   | 2,409,815              | 3,111,795              |
| LIABILITIES  |   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Current liabilities  |   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
|  |   |     | —               | —               | —               | —                    | —               | —                  | —                 | —   | —                      | —                      |
|  |   |     | 3,014           | 4,766           | 7,622           | 7,246                | 9,494           | 9,494              | 9,494             | 11,675  | 10,254                 | 14,190                 |
|  |   |     | 5,797           | 5,621           | 5,757           | 5,937                | 5,937           | 5,937              | 5,937             | 5,937   | 5,937                  | 5,937                  |
|  | 4 |     | 88,109          | 100,644         | 98,011          | 99,306               | 102,962         | 102,962            | 102,962           | 91,232  | 690,783                | 1,299,323              |
|  | 5 |     | 1,207           | 6,489           | 22,101          | 7,905                | 7,904           | 7,904              | 7,904             | 7,794   | 15,082                 | 22,783                 |
|  |   |     | 630             | 7,085           | 9,754           | 2,750                | 2,750           | 2,750              | 2,750             | 2,750   | 2,750                  | 2,750                  |
|  |   |     | 28,339          | 30,492          | 47,379          | —                    | —               | —                  | —                 | —   | —                      | —                      |
|  |   |     | 2,645           | 948             | 904             | 1,076                | 1,076           | 1,076              | (1,076)           | 3,299   | 5,623                  | 8,053                  |
| Total current liabilities                                      |   |     | 129,740         | 156,045         | 191,528         | 124,219              | 130,123         | 130,123            | 127,970           | 122,686   | 730,430                | 1,353,035              |
| Non current liabilities  |   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
|  | 6 |     | (338)           | 14,616          | 9,357           | 5,456                | 7,637           | 7,637              | 7,637             | 13,093  | 12,333                 | 7,637                  |
|  | 7 |     | 53,749          | 85,995          | 87,650          | 46,097               | 46,097          | 46,097             | 46,097            | 46,097  | 46,097                 | 46,097                 |
|  |   |     | —               | —               | —               | —                    | —               | —                  | —                 | —   | —                      | —                      |
|  |   |     | 21,679          | 23,583          | 23,010          | 41,318               | 41,318          | 41,318             | 41,318            | 41,318  | 41,318                 | 41,318                 |
| Total non current liabilities                                  |   |     | 75,090          | 124,194         | 120,017         | 92,871               | 95,052          | 95,052             | 95,052            | 100,508   | 99,748                 | 95,052                 |
| TOTAL LIABILITIES  |   |     | 204,830         | 280,239         | 311,545         | 217,091              | 225,174         | 225,174            | 223,022           | 223,194   | 830,178                | 1,448,087              |
| NET ASSETS   |   |     | 1,076,544       | 1,094,616       | 1,164,356       | 1,409,513            | 1,389,914       | 1,389,914          | 1,392,067         | 1,495,625   | 1,579,637              | 1,663,708              |
| COMMUNITY WEALTH/EQUITY  |   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
|  | 8 |     | 1,084,079       | 1,094,571       | 1,164,356       | 1,409,513            | 1,389,914       | 1,389,914          | 1,389,914         | 1,495,595   | 1,579,574              | 1,663,607              |
|  | 9 |     | —               | —               | —               | —                    | —               | —                  | —                 | 30  | 64                     | 100                    |
|  |   |     | —               | —               | —               | —                    | —               | —                  | —                 | —   | —                      | —                      |
| TOTAL COMMUNITY WEALTH/EQUITY                                  |   |     | 1,084,079       | 1,094,571       | 1,164,356       | 1,409,513            | 1,389,914       | 1,389,914          | 1,389,914         | 1,495,625   | 1,579,637              | 1,663,708              |

## Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).

2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents assets less liabilities as “accounting” community wealth. The order of items within each group illustrates items in order of liquidity, i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. The municipal equivalent of equity is community wealth/equity. The justification is that ownership and the net assets of the municipality belong to the community.
4. Any movement on the budgeted financial performance or the capital budget will inevitably impact on the budgeted financial position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition, the funding compliance assessment is informed directly by forecasting the statement of financial position.
5. Table A6 is supported by an extensive table of notes that provide detailed analysis of the major components of a number of items, including:
  - Call investments deposits.
  - Consumer debtors.
  - Property, plant and equipment.
  - Trade and other payables.
  - Provisions non-current.
  - Changes in net assets; and
  - Reserves.
6. Included in trade and other payables are the following non-cash items:
  - Accrued leave pay.
  - Accrued bonus.

Table A7 - Budgeted Cash Flow Statement

| LIM472 Elias Motsoaledi - Table A7 Budgeted Cash Flows |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| Description  | ### | 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 | Pre-audit outcome | Budget Year 2024/25                                 | Budget Year +1 2025/26 | Budget Year +2 2026/27 |
| CASH FLOW FROM OPERATING ACTIVITIES                    |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Receipts   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Property rates   |     | –               | –               | 1,165           | 54,392               | 52,892          | 52,892             | 52,892            | 53,245  | 55,695                 | 58,200                 |
| Service charges  |     | 1,954           | 1,530           | 1,922           | 124,873              | 123,772         | 123,772            | 123,772           | 149,966   | 175,721                | 206,162                |
| Other revenue  |     | (68)            | 287             | 2,203           | 21,801               | 24,839          | 24,839             | 24,839            | 28,365  | 29,675                 | 31,005                 |
| Transfers and Subsidies - Operational                  | 1   | 36,298          | 115,158         | 378,202         | 363,745              | 363,612         | 363,612            | 363,612           | 387,099   | 380,877                | 363,020                |
| Transfers and Subsidies - Capital                      | 1   | 4               | –               | –               | 79,756               | 75,385          | 75,385             | 75,385            | 91,858  | 72,932                 | 78,173                 |
| Interest   |     | 44              | 1,236           | 1,320           | 1,455                | 7,826           | 7,826              | 7,826             | 8,210   | 8,588                  | 8,974                  |
| Dividends  |     | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Payments   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Suppliers and employees                                |     | (332,455)       | (396,306)       | (439,790)       | (585,182)            | (579,150)       | (579,150)          | (579,150)         | (528,262)   | (552,434)              | (574,964)              |
| Interest   |     | –               | –               | –               | (931)                | (1,543)         | (1,543)            | (1,543)           | (406)   | (1,737)                | (1,815)                |
| Transfers and Subsidies                                | 1   | –               | –               | –               | (3,176)              | (7,132)         | (7,132)            | (7,132)           | (7,404)   | (7,821)                | (8,246)                |
| NET CASH FROM/(USED) OPERATING ACTIVITIES              |     | (294,223)       | (278,095)       | (54,977)        | 56,732               | 60,501          | 60,501             | 60,501            | 182,671   | 161,495                | 160,509                |
| CASH FLOWS FROM INVESTING ACTIVITIES                   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Receipts   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Proceeds on disposal of PPE                            |     | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Decrease (increase) in non-current receivables         |     | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Decrease (increase) in non-current investments         |     | –               | –               | –               | 851                  | 851             | 851                | 851               | 893   | 934                    | 976                    |
| Payments   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Capital assets   |     | (76,404)        | (65,577)        | (99,203)        | (72,485)             | (83,652)        | (83,652)           | (83,652)          | (90,182)  | (70,517)               | (68,797)               |
| NET CASH FROM/(USED) INVESTING ACTIVITIES              |     | (76,404)        | (65,577)        | (99,203)        | (71,634)             | (82,800)        | (82,800)           | (82,800)          | (89,289)  | (69,583)               | (67,821)               |
| CASH FLOWS FROM FINANCING ACTIVITIES                   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Receipts   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Short term loans                                       |     | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Borrowing long term/refinancing                        |     | –               | –               | –               | –                    | –               | –                  | –                 | –   | –                      | –                      |
| Increase (decrease) in consumer deposits               |     | –               | –               | –               | 237                  | 237             | 237                | 237               | –   | –                      | –                      |
| Payments   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Repayment of borrowing                                 |     | (8,534)         | (4,413)         | (7,025)         | (7,246)              | (9,494)         | (9,494)            | (9,494)           | 7,637   | 5,456                  | 4,696                  |
| NET CASH FROM/(USED) FINANCING ACTIVITIES              |     | (8,534)         | (4,413)         | (7,025)         | (7,009)              | (9,257)         | (9,257)            | (9,257)           | 7,637   | 5,456                  | 4,696                  |
| NET INCREASE/ (DECREASE) IN CASH HELD                  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Cash/cash equivalents at the year begin:               | 2   | –               | 6,825           | 14,719          | 41,668               | 41,668          | 41,668             | 41,668            | 9,209   | 110,228                | 207,596                |
| Cash/cash equivalents at the year end:                 | 2   | (379,161)       | (341,260)       | (146,486)       | 19,757               | 10,111          | 10,111             | 10,111            | 110,228   | 207,596                | 304,981                |

**Explanatory notes to Table A7 - Budgeted Cash Flow Statement**

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash level of the Municipality is projected to consistently increase, however the achievement of these results, requires implementation of stringent credit control.
4. The 2024/25 MTREF has been informed by the planning principle of ensuring adequate cash and cash equivalent over the medium-term and as a result, the cash and investment management policy is now in place.
5. Capital assets payment is exclusive of retention amounting to 10% of the work done.

**Cash flow from operating activities**

Receipts and payments are in line with budget made under table A4. Payments to suppliers and employees exclude non-cash items relating to store issues (inventory consumed, printing and stationary) and post-employment medical aid benefits and long service leave – current service and interest charge. Mscoa eliminated store items to be non-funding and in true essences store items are not funded where department's requests item from stores. Funding is required when the municipality procures goods from service provider therefore Treasury must consider this matter during funding process.

Included in the property rates and service charges is interest on outstanding debtors computed using its collection rate of 30% and 50% respectively.

Included in payment to suppliers and employees are other cash payment like retention release amongst others.

As per National Treasury guideline, transfer and grant is aligned to Transferred to Revenue/Capital Expenditure as opposed to "withdrawals" hence the treatment of the amount is slightly different from the norm.

### **Cash flow from investing activities.**

Proceeds from disposal of property plant and equipment adjustment is as a result of land to be disposed.

The budget on capital assets takes into account retention and anticipated unspent portion of conditional grant.

### **Cash flow from financing activities**

The repayment of borrowings relates to finance lease agreement the municipality entered into.

### **Collection rate for revenue services**

The base assumption is that tariff and rating increases will increase at a rate CPI rate or slightly higher over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term. The rate of revenue collection is budgeted as a percentage of annual billings as follows: property rates 78%; Services charges electricity 100%; Services charges refuse 61%; other revenue 100%; Rental on facilities 100%; traffic fines 13% and Interest on outstanding debtors (exchange) of 30% and (non-exchange) of 50%. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

Comparing A7 Capital assets and A5 total Capex the inconsistency is due retention that will be held by the municipality and unspent conditional grant.

**Table A8 – Budgeted cash backed reserves/ accumulated surplus reconciliation.**

| LIM472 Elias Motsoaledi - Table A8 Cash backed reserves/accumulated surplus reconciliation |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
|--|-----|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------|---|------------------------|------------------------|
| Description  | Ref | 2020/21         | 2021/22         | 2022/23         | Current Year 2023/24 |                 |                    |                   | 2024/25 Medium Term Revenue & Expenditure Framework |                        |                        |
|  |     | 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 |
| R thousand   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Cash and investments available   |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Cash/cash equivalents at the year end  | 1   | (379,161)       | (341,260)       | (146,486)       | 19,757               | 10,111          | 10,111             | 10,111            | 110,228   | 207,596                | 304,981                |
| Other current investments > 90 days  |     | 385,986         | 355,980         | 179,588         | (952)                | (902)           | (902)              | (902)             | (847)   | 614,756                | 1,238,756              |
| Non current Investments  | 1   | 1,465           | 1,465           | 1,465           | -                    | -               | -                  | -                 | 893   | 1,827                  | 2,803                  |
| Cash and investments available:  |     | 8,290           | 16,184          | 34,567          | 18,804               | 9,209           | 9,209              | 9,209             | 110,174   | 824,179                | 1,546,539              |
| Application of cash and investments  |     |                 |                 |                 |                      |                 |                    |                   |   |                        |                        |
| Unspent conditional transfers  |     | 1,008           | 6,024           | 21,278          | 3,900                | 3,900           | 3,900              | 3,900             | 3,240   | 3,124                  | 3,004                  |
| Unspent borrowing  |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Statutory requirements   | 2   | (15,715)        | 14,578          | 8,160           | (12,050)             | (12,050)        | (12,050)           | (12,050)          | (12,050)  | (12,050)               | (12,050)               |
| Other working capital requirements   | 3   | 88,109          | 100,644         | 98,011          | 99,306               | 102,962         | 102,962            | 102,962           | 91,232  | 690,783                | 1,299,323              |
| Other provisions   |     | 3,275           | 8,033           | 10,658          | 3,826                | 3,826           | 3,826              | 3,826             | 6,048   | 8,373                  | 10,802                 |
| Long term investments committed  | 4   | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Reserves to be backed by cash/investments  | 5   | -               | -               | -               | -                    | -               | -                  | -                 | 30  | 64                     | 100                    |
| Total Application of cash and investments:   |     | 76,678          | 129,280         | 138,107         | 94,982               | 98,637          | 98,637             | 98,637            | 88,500  | 690,294                | 1,301,179              |
| Surplus(shortfall) - Excluding Non-Current Creditors Trf to Debt Relief Benefits           |     | (68,388)        | (113,096)       | (103,541)       | (76,177)             | (89,428)        | (89,428)           | (89,428)          | 21,674  | 133,885                | 245,360                |
| Creditors transferred to Debt Relief - Non-Current portion                                 |     | -               | -               | -               | -                    | -               | -                  | -                 | -   | -                      | -                      |
| Surplus(shortfall) - Including Non-Current Creditors Trf to Debt Relief Benefits           |     | (68,388)        | (113,096)       | (103,541)       | (76,177)             | (89,428)        | (89,428)           | (89,428)          | 21,674  | 133,885                | 245,360                |

### **Explanatory notes - Cash Backed Reserves/Accumulated Surplus Reconciliation**

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.



2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the above table, it is clearly indicated that the municipality has surplus over MTREF.

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Table A9 - Asset Management

| Description                               | 2020/21         | 2021/22         | 2022/23         | Current Year 2023/24 |                 |                    | 2024/25 Medium Term Revenue & |                        |                        |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------------------|------------------------|------------------------|
|   | 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>CAPITAL EXPENDITURE</b>                |                 |                 |                 |                      |                 |                    |                               |                        |                        |
| <b>Total New Assets</b>                   | <b>24,589</b>   | <b>24,449</b>   | <b>32,567</b>   | <b>17,800</b>        | <b>36,344</b>   | <b>36,344</b>      | <b>2,174</b>                  | <b>1,739</b>           | <b>-</b>               |
| Roads Infrastructure                      | -               | -               | -               | -                    | 1,430           | 1,430              | -                             | -                      | -                      |
| Storm water Infrastructure                | -               | -               | -               | 800                  | -               | -                  | 2,174                         | 1,739                  | -                      |
| Electrical Infrastructure                 | 20,000          | 22,332          | 22,713          | 15,000               | 20,559          | 20,559             | -                             | -                      | -                      |
| Solid Waste Infrastructure                | -               | -               | 734             | -                    | 11,650          | 11,650             | -                             | -                      | -                      |
| <b>Infrastructure</b>                     | <b>20,000</b>   | <b>22,332</b>   | <b>23,447</b>   | <b>15,800</b>        | <b>33,639</b>   | <b>33,639</b>      | <b>2,174</b>                  | <b>1,739</b>           | <b>-</b>               |
| <b>Community Facilities</b>               | <b>-</b>        | <b>-</b>        | <b>2,745</b>    | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>-</b>                      | <b>-</b>               | <b>-</b>               |
| Sport and Recreation Facilities           | -               | -               | 249             | -                    | -               | -                  | -                             | -                      | -                      |
| <b>Community Assets</b>                   | <b>-</b>        | <b>-</b>        | <b>2,994</b>    | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>-</b>                      | <b>-</b>               | <b>-</b>               |
| Other Assets                              | 2,339           | -               | 908             | -                    | -               | -                  | -                             | -                      | -                      |
| <b>Licences and Rights</b>                | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>-</b>                      | <b>-</b>               | <b>-</b>               |
| <b>Intangible Assets</b>                  | <b>-</b>        | <b>-</b>        | <b>-</b>        | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>-</b>                      | <b>-</b>               | <b>-</b>               |
| Computer Equipment                        | 250             | 824             | 1,930           | 700                  | 1,823           | 1,823              | -                             | -                      | -                      |
| Furniture and Office Equipment            | 800             | -               | 1,060           | 1,100                | 506             | 506                | -                             | -                      | -                      |
| Machinery and Equipment                   | 1,200           | 214             | 2,227           | 200                  | 376             | 376                | -                             | -                      | -                      |
| <b>Transport Assets</b>                   | <b>-</b>        | <b>1,079</b>    | <b>-</b>        | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>-</b>                      | <b>-</b>               | <b>-</b>               |
| <b>Total Renewal of Existing Assets</b>   | <b>47,540</b>   | <b>44,874</b>   | <b>32,184</b>   | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>-</b>                      | <b>400</b>             | <b>400</b>             |
| Roads Infrastructure                      | 39,222          | 39,750          | 26,294          | -                    | -               | -                  | -                             | 300                    | 300                    |
| Electrical Infrastructure                 | -               | 5,124           | -               | -                    | -               | -                  | -                             | -                      | -                      |
| <b>Solid Waste Infrastructure</b>         | <b>7,719</b>    | <b>-</b>        | <b>3,347</b>    | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>-</b>                      | <b>-</b>               | <b>-</b>               |
| <b>Infrastructure</b>                     | <b>46,940</b>   | <b>44,874</b>   | <b>29,641</b>   | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>-</b>                      | <b>300</b>             | <b>300</b>             |
| <b>Community Facilities</b>               | <b>600</b>      | <b>-</b>        | <b>1,376</b>    | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>-</b>                      | <b>-</b>               | <b>-</b>               |
| Sport and Recreation Facilities           | -               | -               | -               | -                    | -               | -                  | -                             | -                      | -                      |
| <b>Community Assets</b>                   | <b>600</b>      | <b>-</b>        | <b>1,376</b>    | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>-</b>                      | <b>-</b>               | <b>-</b>               |
| Other Assets                              | -               | -               | 247             | -                    | -               | -                  | -                             | -                      | -                      |
| Machinery and Equipment                   | -               | -               | 920             | -                    | -               | -                  | -                             | 100                    | 100                    |
| <b>Total Upgrading of Existing Assets</b> | <b>12,973</b>   | <b>19,032</b>   | <b>45,426</b>   | <b>66,356</b>        | <b>57,694</b>   | <b>57,694</b>      | <b>-</b>                      | <b>-</b>               | <b>-</b>               |
| <b>Roads Infrastructure</b>               | <b>12,370</b>   | <b>18,534</b>   | <b>43,515</b>   | <b>65,356</b>        | <b>56,694</b>   | <b>56,694</b>      | <b>-</b>                      | <b>-</b>               | <b>-</b>               |
| Solid Waste Infrastructure                | -               | -               | 836             | 1,000                | 1,000           | 1,000              | -                             | -                      | -                      |
| Infrastructure                            | 12,370          | 18,534          | 44,351          | 66,356               | 57,694          | 57,694             | -                             | -                      | -                      |
| <b>Community Facilities</b>               | <b>602</b>      | <b>498</b>      | <b>-</b>        | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>-</b>                      | <b>-</b>               | <b>-</b>               |
| Community Assets                          | 602             | 498             | -               | -                    | -               | -                  | -                             | -                      | -                      |
| Operational Buildings                     | -               | -               | 1,075           | -                    | -               | -                  | -                             | -                      | -                      |
| <b>Other Assets</b>                       | <b>-</b>        | <b>-</b>        | <b>1,075</b>    | <b>-</b>             | <b>-</b>        | <b>-</b>           | <b>-</b>                      | <b>-</b>               | <b>-</b>               |
| <b>Total Capital Expenditure</b>          | <b>85,102</b>   | <b>88,355</b>   | <b>110,176</b>  | <b>84,156</b>        | <b>94,038</b>   | <b>94,038</b>      | <b>2,174</b>                  | <b>2,139</b>           | <b>400</b>             |
| Roads Infrastructure                      | 51,592          | 58,284          | 69,808          | 65,356               | 58,124          | 58,124             | -                             | 300                    | 300                    |
| Storm water Infrastructure                | -               | -               | -               | 800                  | -               | -                  | 2,174                         | 1,739                  | -                      |
| <b>Electrical Infrastructure</b>          | <b>20,000</b>   | <b>27,456</b>   | <b>22,713</b>   | <b>15,000</b>        | <b>20,559</b>   | <b>20,559</b>      | <b>-</b>                      | <b>-</b>               | <b>-</b>               |
| Solid Waste Infrastructure                | 7,719           | -               | 4,917           | 1,000                | 12,650          | 12,650             | -                             | -                      | -                      |
| Infrastructure                            | 79,311          | 85,740          | 97,439          | 82,156               | 91,333          | 91,333             | 2,174                         | 2,039                  | 300                    |
| Community Facilities                      | 1,202           | 498             | 4,120           | -                    | -               | -                  | -                             | -                      | -                      |

| Description  | 2020/21          | 2021/22          | 2022/23          | Current Year 2023/24 |                  |                    | 2024/25 Medium Term Revenue & |                        |                        |
|--|------------------|------------------|------------------|----------------------|------------------|--------------------|-------------------------------|------------------------|------------------------|
|  | 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>CAPITAL EXPENDITURE</b>                                   |                  |                  |                  |                      |                  |                    |                               |                        |                        |
| Sport and Recreation Facilities                              | -                | -                | 249              | -                    | -                | -                  | -                             | -                      | -                      |
| Community Assets   | 1,202            | 498              | 4,369            | -                    | -                | -                  | -                             | -                      | -                      |
| Other Assets   | 2,339            | -                | 2,231            | -                    | -                | -                  | -                             | -                      | -                      |
| Licences and Rights  | -                | -                | -                | -                    | -                | -                  | -                             | -                      | -                      |
| Intangible Assets  | -                | -                | -                | -                    | -                | -                  | -                             | -                      | -                      |
| Computer Equipment   | 250              | 824              | 1,930            | 700                  | 1,823            | 1,823              | -                             | -                      | -                      |
| Furniture and Office Equipment                               | 800              | -                | 1,060            | 1,100                | 506              | 506                | -                             | -                      | -                      |
| Machinery and Equipment                                      | 1,200            | 214              | 3,147            | 200                  | 376              | 376                | -                             | 100                    | 100                    |
| Transport Assets   | -                | 1,079            | -                | -                    | -                | -                  | -                             | -                      | -                      |
| <b>TOTAL CAPITAL EXPENDITURE - Asset class</b>               | <b>85,102</b>    | <b>88,355</b>    | <b>110,176</b>   | <b>84,156</b>        | <b>94,038</b>    | <b>94,038</b>      | <b>2,174</b>                  | <b>2,139</b>           | <b>400</b>             |
| ASSET REGISTER SUMMARY - PPE (WDV)                           | 1,307,733        | 1,318,166        | 1,328,703        | 1,324,991            | 1,311,438        | 1,250,030          | 1,416,594                     | 1,487,111              | 1,555,908              |
| Roads Infrastructure   | 635,955          | 642,315          | 648,738          | 660,703              | 660,042          | 660,042            | 752,305                       | 812,169                | 876,419                |
| Electrical Infrastructure                                    | 100,799          | 101,807          | 102,825          | 104,118              | 104,014          | 104,014            | 104,118                       | 104,222                | 104,326                |
| Solid Waste Infrastructure                                   | 15,731           | 15,888           | 16,047           | 17,044               | 16,232           | 16,232             | 17,044                        | 17,215                 | 17,387                 |
| Infrastructure   | 752,485          | 760,010          | 767,610          | 781,864              | 780,289          | 780,289            | 873,467                       | 933,605                | 998,131                |
| <b>Community Assets</b>                                      | <b>89,840</b>    | <b>90,739</b>    | <b>91,646</b>    | <b>92,798</b>        | <b>92,705</b>    | <b>92,705</b>      | <b>92,798</b>                 | <b>92,891</b>          | <b>92,984</b>          |
| Heritage Assets  | 449              | 454              | 458              | 487                  | 463              | 463                | 487                           | 491                    | 496                    |
| Investment properties  | 41,175           | 41,587           | 42,003           | 44,612               | 42,488           | 42,488             | 44,612                        | 45,059                 | 45,509                 |
| Other Assets   | 69,787           | 70,485           | 71,190           | 75,613               | 72,012           | 72,012             | 75,613                        | 76,369                 | 77,133                 |
| Intangible Assets  | 291              | 294              | 297              | 194                  | 185              | 185                | 194                           | 196                    | 198                    |
| Computer Equipment   | 4,647            | 4,694            | 4,741            | 4,801                | 4,796            | 4,796              | 4,801                         | 4,805                  | 4,810                  |
| Furniture and Office Equipment                               | 3,524            | 3,559            | 3,594            | 3,640                | 3,636            | 3,636              | 3,640                         | 3,643                  | 3,647                  |
| Machinery and Equipment                                      | 30,017           | 30,317           | 30,620           | 31,005               | 30,974           | 30,974             | 31,005                        | 31,036                 | 31,067                 |
| Transport Assets   | 51,073           | 51,583           | 52,099           | 49,059               | 49,010           | 49,010             | 49,059                        | 49,108                 | 49,157                 |
| Land   | 264,445          | 264,445          | 264,445          | 240,918              | 234,879          | 173,471            | 240,918                       | 249,907                | 252,775                |
| <b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>              | <b>1,307,733</b> | <b>1,318,166</b> | <b>1,328,703</b> | <b>1,324,991</b>     | <b>1,311,438</b> | <b>1,250,030</b>   | <b>1,416,594</b>              | <b>1,487,111</b>       | <b>1,555,908</b>       |
| <b>EXPENDITURE OTHER ITEMS</b>                               | <b>67,163</b>    | <b>74,162</b>    | <b>95,416</b>    | <b>97,506</b>        | <b>103,346</b>   | <b>103,346</b>     | <b>96,273</b>                 | <b>100,990</b>         | <b>105,737</b>         |
| Depreciation   | 56,514           | 58,788           | 57,070           | 59,780               | 60,910           | 60,910             | 65,402                        | 68,607                 | 71,831                 |
| Repairs and Maintenance by Asset Class                       | 10,649           | 15,373           | 38,346           | 37,726               | 42,436           | 42,436             | 30,871                        | 32,383                 | 33,905                 |
| Roads Infrastructure   | 161              | 4,892            | 13,895           | 15,467               | 21,167           | 21,167             | 10,940                        | 11,476                 | 12,015                 |
| Electrical Infrastructure                                    | 2,180            | 1,845            | 12,201           | 8,263                | 5,763            | 5,763              | 6,073                         | 6,371                  | 6,670                  |
| Solid Waste Infrastructure                                   | 2,778            | 2,993            | 4,175            | 1,722                | 2,722            | 2,722              | 1,243                         | 1,304                  | 1,365                  |
| Infrastructure   | 5,119            | 9,729            | 30,270           | 25,453               | 29,653           | 29,653             | 18,255                        | 19,150                 | 20,050                 |
| Community Facilities   | -                | -                | 166              | 594                  | 544              | 544                | 573                           | 601                    | 629                    |
| Operational Buildings  | 1,497            | 1,845            | 541              | 1,129                | 1,495            | 1,495              | 1,575                         | 1,652                  | 1,730                  |
| Other Assets   | 1,497            | 1,845            | 541              | 1,129                | 1,495            | 1,495              | 1,575                         | 1,652                  | 1,730                  |
| Intangible Assets  | -                | 425              | 38               | 200                  | 100              | 100                | 211                           | 221                    | 231                    |
| Machinery and Equipment                                      | 1,306            | 1,520            | 3,214            | 6,556                | 6,849            | 6,849              | 6,262                         | 6,569                  | 6,878                  |
| Transport Assets   | 2,727            | 1,854            | 4,117            | 3,794                | 3,794            | 3,794              | 3,995                         | 4,191                  | 4,388                  |
| <b>TOTAL EXPENDITURE OTHER ITEMS</b>                         | <b>67,163</b>    | <b>74,162</b>    | <b>95,416</b>    | <b>97,506</b>        | <b>103,346</b>   | <b>103,346</b>     | <b>96,273</b>                 | <b>100,990</b>         | <b>105,737</b>         |
| Renewal and upgrading of Existing Assets as % of total capex | 71.1%            | 72.3%            | 70.4%            | 78.8%                | 61.4%            | 61.4%              | 0.0%                          | 18.7%                  | 100.0%                 |
| Renewal and upgrading of Existing Assets as % of deprecn     | 107.1%           | 108.7%           | 136.0%           | 111.0%               | 94.7%            | 94.7%              | 0.0%                          | 0.6%                   | 0.6%                   |
| R&M as a % of PPE  | 1.0%             | 1.4%             | 3.4%             | 2.9%                 | 3.2%             | 3.2%               | 2.2%                          | 2.2%                   | 2.2%                   |
| Renewal and upgrading and R&M as a % of PPE                  | 5%               | 6%               | 9%               | 8%                   | 8%               | 8%                 | 2%                            | 2%                     | 2%                     |

### Explanatory notes to Table A9 - Asset Management

- Table A9 provides an overview of municipal capital allocations to construct and/procure new assets, renewal, and upgrading of existing assets, as well as spending on repairs and maintenance by asset class.
- National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal and upgrading of existing assets, and allocations to repairs and maintenance should be 8 per cent of property plant and equipment. The municipality allocated 78% of the capital budget to the renewal and upgrading of existing assets which is considered to be an achievement.
- The renewal and upgrading of existing assets target have been met throughout the MTEF period, however, the achievement of repairs and maintenance target remains a challenge.

## 2 PART 2 – SUPPORTING DOCUMENTATION

### 2.1 Overview of the annual budget process

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition, Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager, councillors responsible for financial matters, chief financial officer, senior managers responsible for at least the three largest votes in the municipality, manager responsible for budgeting, manager responsible for planning and any technical experts on infrastructure.

The primary aim of the Budget Steering Committee is to ensure:

- that the process followed to compile the budget complies with legislation and good budget practices.
- that there is proper alignment between the policy and service delivery priorities set out in the Municipality's IDP and the budget, taking into account the need to protect the financial sustainability of municipality.
- that the municipality's revenue and tariff setting strategies ensure that the cash resources needed to deliver services are available; and
- that the various spending priorities of the different municipal departments are properly evaluated and prioritised in the allocation of resources.

## **2.1 Overview of budget related-policies**

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

### **2.1.1 Review of credit control and debt collection procedures/policies**

The credit control and debt collection policy as approved by Council in the past is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money, there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition, emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2024/25 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 85 per cent on current billings. In addition, the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

### **2.1.2 Asset Management, Investment and Funding Policy**

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the municipality's revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

### **2.1.3 Budget Policy**

The budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

### **2.1.4 Supply Chain Management Policy**

The Supply Chain Management policy was adopted by Council in September 2007 and the policy has been getting reviewed on annual basis and the changes made now are incorporated and presented in the resolutions paragraph.

### **2.1.5 Virement Policy**

The Virement policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the municipality's system of delegations. The Virement policy was approved by Council in the past and is getting reviewed every financial year in respect of both Operating and Capital Budget Fund Transfers.

### **2.1.6 Cash Management and Investment Policy**

The municipality's Cash Management and Investment Policy was amended by Council in February 2013. The aim of the policy is to ensure that the municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalent required at any point in time and introduces time frames to achieve certain benchmarks.

### **2.1.7 Tariff Policies**

The municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation.

All the above policies are available on the municipality's website, as well as the following budget related policies:

- Indigent
- Petty Cash

- Property rates
- Borrowing
- Cost containment
- Insurance management

## **2.2 Overview of budget assumptions**

### **External factors**

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the municipality's finances.

### **General inflation outlook and its impact on the municipal activities**

There are five key factors that have been taken into consideration in the compilation of the 2024/25 MTREF:

- National Government macro-economic targets.
- The general inflationary outlook and the impact on municipality's residents and businesses.
- The impact of municipal cost drivers.
- The increase in prices for bulk electricity; and
- The increase in the cost of remuneration.

### **Collection rate for revenue services**

The base assumption is that tariff and rating decreases will decrease at a rate CPI rate or slightly lower over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term. The rate of revenue collection is budgeted as a percentage of annual billings as follows: property rates 78%; Services charges electricity 100%; Services charges refuse 61%; other revenue 100%; Traffic fines 13%. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

### **Growth or decline in tax base of the municipality.**

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the municipality, household formation growth rate and the poor household change rate. In addition, the following are some of the assumptions that have direct impact on debtors and collection rate as well revenue generation:

- Property rates – 78%
- Service charge electricity - 100%
- Service charge refuse removal - 61%
- Rental on facilities - 100%
- Other revenue – 100%
- Interest on outstanding debtors (exchange) - 30%
- Interest on outstanding debtors (non-exchange) - 50%
- Traffic fines – 13%

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

#### **Salary increases**

MFMA circular 128 did not stipulate the salary increase projection and as a result, the proposal on salary and wage collective agreement was used. The proposed salary increases to be as follows:

- 2024/25 – CPI 4.9%
- 2024/25 – CPI 4.6%
- 2026/27 – CPI 4.5%

#### **Impact of national, provincial and local policies**

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and in this regard various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

### **Ability of the municipality to spend and deliver on the programmes**

It is estimated that a spending rate of at least 95% will be achieved on operating expenditure and 100% on the capital programme for the 2024/25 MTREF of which performance has been factored into the cash flow budget.

## **2.3 Overview of budget funding**

### **2.3.1 Medium-term outlook: operating revenue**

The following table is a breakdown of the operating revenue over the medium-term and presents operating surplus of R13, 715 million in 2024/25 that is relatively not enough.

#### **Figure 5 Breakdown of operating revenue over the 2024/25 MTREF**

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as electricity and solid waste removal, property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the municipality and economic development.
- Revenue management and enhancement.
- Achievement of 85 per cent annual collection rate for consumer revenue.
- National Treasury guidelines.
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval.
- Achievement of full cost recovery of specific user charges.
- Determining tariff escalation rate by establishing/calculating revenue requirements.
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.



The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts. The proposed tariff increases for the 2024/25 MTREF on the different revenue categories are:

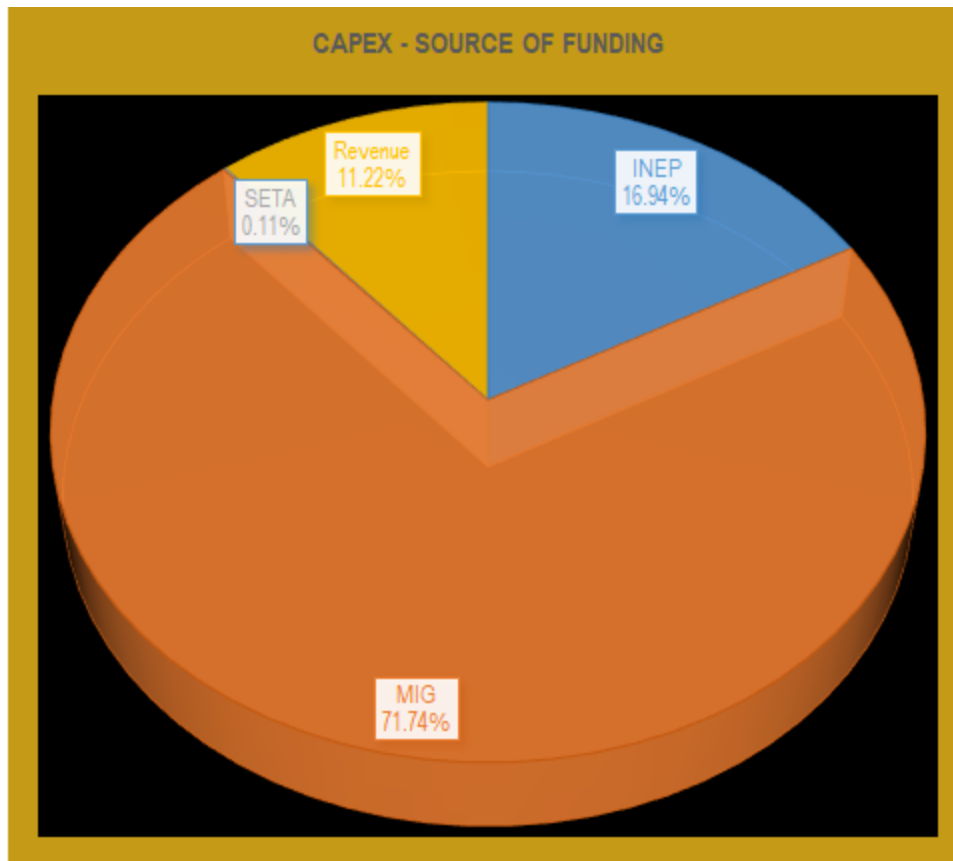
- Property rates
- Refuse removal
- Electricity
- Other

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a budgeted actual surplus of R13, 715 million, R10, 935 million and R5, 743 million in each of the financial years. This surplus is not entirely intended to fund capital expenditure from own sources.

### **2.6.2 Medium-term outlook: capital revenue**

#### **Sources of capital revenue over the MTREF**

The above table is graphically represented as follows for the 2024/25 financial year.



**Figure 6 Breakdown of the source of funding for 2024/25 MTREF**

Capital grants and receipts equate to 89% of the total funding source which represents R91, 968 million for the 2024/25 financial year and decreases to R73, 047 million and increases to R78, 294 million in 2025/26 and 2026/27 financial years respectively. Only 11% of capital budgets is funded from internally generated revenue.

## 2.7 Expenditure on grants and reconciliation of unspent funds

Table SA18 - Transfers and Grants Receipts

| Description   | 2020/21         | 2021/22         | 2022/23         | Current Year 2023/24 |                 |                    | 2024/25 Medium Term Revenue & Expenditure Framework |                        |                        |
|---|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|   | 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>                                    |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>Operating Transfers and Grants</b>               |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>National Government:</b>                         | <b>351,908</b>  | <b>307,637</b>  | <b>338,905</b>  | <b>363,745</b>       | <b>363,612</b>  | <b>363,612</b>     | <b>383,099</b>                                      | <b>376,877</b>         | <b>363,020</b>         |
| Local Government Equitable Share                    | 347,526         | 302,788         | 334,259         | 358,519              | 358,519         | 358,519            | 377,690   | 374,077                | 360,220                |
| Finance Management                                  | 2,600           | 2,650           | 2,850           | 2,850                | 2,850           | 2,850              | 2,800   | 2,800                  | 2,800                  |
| EPWP Incentive                                      | 1,681           | 2,199           | 1,796           | 2,376                | 2,243           | 2,243              | 2,609   | –                      | –                      |
| Disaster Relief Grant                               | –               | –               | –               | –                    | –               | –                  | –   | –                      | –                      |
| Education Training and Development Practices SETA   | 102             | –               | –               | –                    | –               | –                  | –   | –                      | –                      |
| <b>Energy Efficiency and Demand Management</b>      | <b>–</b>        | <b>–</b>        | <b>–</b>        | <b>–</b>             | <b>–</b>        | <b>–</b>           | <b>–</b>  | <b>–</b>               | <b>–</b>               |
| District Municipality:                              |                 |                 |                 | –                    | –               | –                  | –   | –                      | –                      |
| <b>[insert description]</b>                         |                 |                 | –               | –                    | –               | –                  | –   |                        |                        |
| Other grant providers:                              | –               | –               | –               | –                    | –               | –                  | –   | –                      | –                      |
| <b>Total Operating Transfers and Grants</b>         | <b>351,908</b>  | <b>307,637</b>  | <b>338,905</b>  | <b>363,745</b>       | <b>363,612</b>  | <b>363,612</b>     | <b>383,099</b>                                      | <b>376,877</b>         | <b>363,020</b>         |
| <b>Capital Transfers and Grants</b>                 |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>National Government:</b>                         | <b>68,891</b>   | <b>79,332</b>   | <b>111,606</b>  | <b>79,756</b>        | <b>75,385</b>   | <b>75,385</b>      | <b>91,858</b>                                       | <b>72,932</b>          | <b>78,173</b>          |
| Municipal Infrastructure Grant (MIG)                | 53,891          | 57,984          | 94,606          | 65,356               | 60,985          | 60,985             | 74,314  | 67,416                 | 73,190                 |
| Integrated National Electrification Grant           | 15,000          | 21,348          | 17,000          | 14,400               | 14,400          | 14,400             | 17,544  | 5,516                  | 4,983                  |
| <b>Other capital transfers/grants [insert desc]</b> |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Provincial Government:                              | –               | –               | –               | –                    | –               | –                  | –   | –                      | –                      |
| <b>Coghsta - Development</b>                        | <b>–</b>        | <b>–</b>        | <b>–</b>        | <b>–</b>             | <b>–</b>        | <b>–</b>           |   |                        |                        |
| District Municipality:                              | –               | –               | –               | –                    | –               | –                  | –   | –                      | –                      |
| <b>Other grant providers:</b>                       | <b>–</b>        | <b>–</b>        | <b>–</b>        | <b>–</b>             | <b>–</b>        | <b>–</b>           | <b>110</b>  | <b>115</b>             | <b>121</b>             |
| LGSETA  |                 |                 |                 |                      |                 |                    | 110   | 115                    | 121                    |
| <b>Total Capital Transfers and Grants</b>           | <b>68,891</b>   | <b>79,332</b>   | <b>111,606</b>  | <b>79,756</b>        | <b>75,385</b>   | <b>75,385</b>      | <b>91,968</b>                                       | <b>73,047</b>          | <b>78,294</b>          |
| <b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>     | <b>420,799</b>  | <b>386,969</b>  | <b>450,511</b>  | <b>443,501</b>       | <b>438,997</b>  | <b>438,997</b>     | <b>475,067</b>                                      | <b>449,924</b>         | <b>441,314</b>         |

Table SA19 - Expenditure on transfers and grants expenditure

| Description  | 2020/21         | 2021/22         | 2022/23         | Current Year 2023/24 |                 |                    | 2024/25 Medium Term Revenue & |                        |                        |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|-------------------------------|------------------------|------------------------|
|  | 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>EXPENDITURE:</b>                                      |                 |                 |                 |                      |                 |                    |                               |                        |                        |
| <b>Operating expenditure of Transfers and Grants</b>     |                 |                 |                 |                      |                 |                    |                               |                        |                        |
| <b>National Government:</b>                              | <b>351,908</b>  | <b>307,637</b>  | <b>338,905</b>  | <b>363,745</b>       | <b>363,612</b>  | <b>363,612</b>     | <b>383,099</b>                | <b>376,877</b>         | <b>363,020</b>         |
| Local Government Equitable Share                         | 347,526         | 302,788         | 334,259         | 358,519              | 358,519         | 358,519            | 377,690                       | 374,077                | 360,220                |
| Finance Management                                       | 2,600           | 2,650           | 2,850           | 2,850                | 2,850           | 2,850              | 2,800                         | 2,800                  | 2,800                  |
| EPWP Incentive   | 1,681           | 2,199           | 1,796           | 2,376                | 2,243           | 2,243              | 2,609                         | –                      | –                      |
| Disaster Relief Grant                                    | –               | –               | –               | –                    | –               | –                  |                               |                        |                        |
| Education Training and Development Practices SETA        | 102             | –               | –               | –                    | –               | –                  |                               |                        |                        |
| <b>Energy Efficiency and Demand Management</b>           | <b>–</b>        | <b>–</b>        | <b>–</b>        | <b>–</b>             | <b>–</b>        | <b>–</b>           |                               |                        |                        |
| District Municipality:                                   | –               | –               | –               | –                    | –               | –                  | –                             | –                      | –                      |
| <b>Other grant providers:</b>                            | <b>–</b>        | <b>–</b>        | <b>–</b>        | <b>–</b>             | <b>–</b>        | <b>–</b>           | <b>–</b>                      | <b>–</b>               | <b>–</b>               |
| Total operating expenditure of Transfers and Grants:     | 351,908         | 307,637         | 338,905         | 363,745              | 363,612         | 363,612            | 383,099                       | 376,877                | 363,020                |
| <b>Capital expenditure of Transfers and Grants</b>       |                 |                 |                 |                      |                 |                    |                               |                        |                        |
| <b>National Government:</b>                              | <b>68,450</b>   | <b>74,316</b>   | <b>90,896</b>   | <b>79,756</b>        | <b>75,385</b>   | <b>75,385</b>      | <b>91,858</b>                 | <b>72,932</b>          | <b>78,173</b>          |
| <b>Municipal Infrastructure Grant (MIG)</b>              | <b>53,891</b>   | <b>57,924</b>   | <b>73,896</b>   | <b>65,356</b>        | <b>60,985</b>   | <b>60,985</b>      | <b>74,314</b>                 | <b>67,416</b>          | <b>73,190</b>          |
| Integrated National Electrification Grant                | 14,559          | 16,392          | 17,000          | 14,400               | 14,400          | 14,400             | 17,544                        | 5,516                  | 4,983                  |
| Other capital transfers/grants [insert desc]             |                 |                 |                 |                      |                 |                    |                               |                        |                        |
| <b>Provincial Government:</b>                            | <b>–</b>        | <b>–</b>        | <b>–</b>        | <b>–</b>             | <b>–</b>        | <b>–</b>           | <b>–</b>                      | <b>–</b>               | <b>–</b>               |
| Coghsta - Development                                    | –               | –               | –               | –                    | –               | –                  |                               |                        |                        |
| <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 expenditure of Transfers and Grants</b> | <b>68,450</b>   | <b>74,316</b>   | <b>90,896</b>   | <b>79,756</b>        | <b>75,385</b>   | <b>75,385</b>      | <b>91,858</b>                 | <b>72,932</b>          | <b>78,173</b>          |
| <b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>         | <b>420,359</b>  | <b>381,953</b>  | <b>429,801</b>  | <b>443,501</b>       | <b>438,997</b>  | <b>438,997</b>     | <b>474,957</b>                | <b>449,809</b>         | <b>441,193</b>         |

Table SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

| Description  | 2020/21         | 2021/22         | 2022/23         | Current Year 2023/24 |                 |                    | 2024/25 Medium Term Revenue & Expenditure Framework |                        |                        |
|--|-----------------|-----------------|-----------------|----------------------|-----------------|--------------------|---|------------------------|------------------------|
|  | 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>Operating transfers and grants:</b>                         |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>National Government:</b>                                    |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Balance unspent at beginning of the year                       | –               | –               | –               | –                    | –               | –                  | –   | –                      | –                      |
| Current year receipts  | 351,908         | 307,637         | 338,905         | 363,745              | 363,612         | 363,612            | 387,099   | 380,877                | 363,020                |
| Conditions met - transferred to revenue                        | 351,908         | 307,637         | 338,905         | 363,745              | 363,612         | 363,612            | 387,099   | 380,877                | 363,020                |
| <b>Conditions still to be met - transferred to liabilities</b> |                 | <b>267</b>      | <b>267</b>      | <b>625</b>           |                 |                    |   |                        |                        |
| <b>Total operating transfers and grants revenue</b>            | <b>351,908</b>  | <b>307,637</b>  | <b>338,905</b>  | <b>363,745</b>       | <b>363,612</b>  | <b>363,612</b>     | <b>387,099</b>                                      | <b>380,877</b>         | <b>363,020</b>         |
| <b>Total operating transfers and grants - CTBM</b>             | <b>–</b>        | <b>267</b>      | <b>267</b>      | <b>625</b>           | <b>–</b>        | <b>–</b>           | <b>–</b>  | <b>–</b>               | <b>–</b>               |
| <b>Capital transfers and grants:</b>                           |                 |                 |                 |                      |                 |                    |   |                        |                        |
| <b>National Government:</b>                                    |                 |                 |                 |                      |                 |                    |   |                        |                        |
| Balance unspent at beginning of the year                       | 4,749           | 441             | 5,397           | –                    | –               | –                  | –   | –                      | –                      |
| Current year receipts  | 68,891          | 79,332          | 96,551          | 79,756               | 75,385          | 75,385             | 91,968  | 73,047                 | 78,294                 |
| Conditions met - transferred to revenue                        | 79,029          | 74,316          | 81,238          | 79,756               | 75,385          | 75,385             | 92,079  | 73,047                 | 78,294                 |
| Conditions still to be met - transferred to liabilities        | (5,389)         | 5,457           | 20,710          | –                    |                 |                    |   |                        |                        |
| <b>Total capital transfers and grants revenue</b>              | <b>79,029</b>   | <b>74,316</b>   | <b>81,238</b>   | <b>79,756</b>        | <b>75,385</b>   | <b>75,385</b>      | <b>92,079</b>                                       | <b>73,047</b>          | <b>78,294</b>          |
| <b>Total capital transfers and grants - CTBM</b>               | <b>(5,389)</b>  | <b>5,457</b>    | <b>20,710</b>   | <b>–</b>             | <b>–</b>        | <b>–</b>           | <b>–</b>  | <b>–</b>               | <b>–</b>               |
| <b>TOTAL TRANSFERS AND GRANTS REVENUE</b>                      | <b>430,938</b>  | <b>381,953</b>  | <b>420,143</b>  | <b>443,501</b>       | <b>438,997</b>  | <b>438,997</b>     | <b>479,178</b>                                      | <b>453,924</b>         | <b>441,314</b>         |
| <b>TOTAL TRANSFERS AND GRANTS - CTBM</b>                       | <b>(5,389)</b>  | <b>5,724</b>    | <b>20,977</b>   | <b>625</b>           | <b>–</b>        | <b>–</b>           | <b>–</b>  | <b>–</b>               | <b>–</b>               |

**Table SA36–Capital project list**

| Function           | Project Description                                   | Type      | Asset Class                | Asset Sub-Class         | 2024/25 Medium Term Revenue & Expenditure Framework |                      |                     |                        |                        |
|--------------------|---|-----------|----------------------------|-------------------------|---|----------------------|---------------------|------------------------|------------------------|
|                    |   |           |                            |                         | Audited Outcome 2022/23                             | Current Year 2023/24 | Budget Year 2024/25 | Budget Year +1 2025/26 | Budget Year +2 2026/27 |
| Technical Services | Aircons   | New       | Machinery and Equipment    | Machinery and Equipment | 300,000   | 174,000              | 182,526             | 190,922                | 199,514                |
| Technical Services | Electrification of Doorom (Designs)                   | New       | Electrical Infrastructure  | MV Networks             | 4,530,000   | -                    | 200,000             | -                      | 3,675,000              |
| Technical Services | Electrification of Luckau Maganagobuswa               | New       | Electrical Infrastructure  | MV Networks             | -   | -                    | 5,277,000           | -                      | -                      |
| Technical Services | Electrification of Lusaka (Designs)                   | New       | Electrical Infrastructure  | MV Networks             | -   | -                    | 200,000             | -                      | -                      |
| Technical Services | Electrification of Magukubjane                        | New       | Electrical Infrastructure  | MV Networks             | -   | 244,295              | 4,267,000           | -                      | -                      |
| Technical Services | Electrification of Makaepa                            | New       | Electrical Infrastructure  | MV Networks             | -   | 1,400,000            | -                   | -                      | -                      |
| Technical Services | Electrification of Mantrombi Section                  | New       | Electrical Infrastructure  | MV Networks             | -   | -                    | 2,000,000           | -                      | -                      |
| Technical Services | Electrification of Masakaneng                         | New       | Electrical Infrastructure  | MV Networks             | 6,722,000   | 6,600,000            | -                   | -                      | -                      |
| Technical Services | Electrification of Phoko                              | New       | Electrical Infrastructure  | MV Networks             | -   | 1,400,000            | 3,000,000           | -                      | -                      |
| Technical Services | Electrification of Matlala Lehwelere                  | New       | Electrical Infrastructure  | MV Networks             | 4,428,000   | -                    | -                   | -                      | -                      |
| Technical Services | Electrification of Phomola                            | New       | Electrical Infrastructure  | MV Networks             | -   | 2,000,000            | -                   | -                      | -                      |
| Technical Services | Electrification of Motetema High view                 | New       | Electrical Infrastructure  | MV Networks             | -   | 2,000,000            | 2,000,000           | -                      | -                      |
| Technical Services | Electrification of Ntswelomose                        | New       | Electrical Infrastructure  | MV Networks             | -   | -                    | 200,000             | 2,940,000              | -                      |
| Technical Services | Electrification of Oorlog (Designs)                   | New       | Electrical Infrastructure  | MV Networks             | -   | -                    | 200,000             | -                      | 1,308,000              |
| Technical Services | Electrification of Zaaiplass Police Station (Designs) | New       | Electrical Infrastructure  | MV Networks             | 1,332,000   | -                    | 200,000             | 2,576,000              | -                      |
| Technical Services | Electrification of Vlakfontein                        | New       | Electrical Infrastructure  | MV Networks             | 1,476,012   | 1,000,000            | -                   | -                      | -                      |
| Technical Services | Groblersdal Landfillsite                              | New       | Solid Waste Infrastructure | Landfill Sites          | -   | 11,650,000           | 8,000,000           | -                      | -                      |
| Technical Services | Machinery and Equipment                               | New       | Machinery and Equipment    | Machinery and Equipment | -   | -                    | -                   | -                      | -                      |
| Technical Services | Culverts and Road signs                               | New       | Roads Infrastructure       | Roads                   | -   | -                    | -                   | 600,000                | 750,000                |
| Technical Services | Groblersdal Stormwater                                | New       | Roads Infrastructure       | Roads                   | -   | -                    | 2,173,913           | 1,739,130              | -                      |
| Technical Services | Masakaneng Roads                                      | New       | Roads Infrastructure       | Roads                   | 299,764   | -                    | -                   | -                      | -                      |
| Technical Services | Motetema Streets Upgrade                              | New       | Roads Infrastructure       | Roads                   | -   | -                    | -                   | -                      | -                      |
| Technical Services | Upgrading of Nyakurone Internal Access Road(Int)      | Upgrading | Roads Infrastructure       | Roads                   | -   | -                    | -                   | -                      | -                      |
| Technical Services | Upgrading of Stompo Bus Road                          | New       | Roads Infrastructure       | Roads                   | -   | 695,652              | -                   | -                      | -                      |
|                    |   |           |                            |                         | <b>87,255,315</b>                                   | <b>94,038,145</b>    | <b>103,595,130</b>  | <b>79,533,050</b>      | <b>82,795,706</b>      |

| Function                      | Project Description  | Type      | Asset Class                    | Asset Sub-Class                | 2024/25 Medium Term Revenue & Expenditure Framework |                      |                     |                        |                        |
|-------------------------------|--|-----------|--------------------------------|--------------------------------|---|----------------------|---------------------|------------------------|------------------------|
|                               |  |           |                                |                                | Audited Outcome 2022/23                             | Current Year 2023/24 | Budget Year 2024/25 | Budget Year +1 2025/26 | Budget Year +2 2026/27 |
| Technical Services            | Renewal of Hlogotlou to Bopanang Internal Streets                  | Renewal   | Roads Infrastructure           | Roads                          | 19,542,254  | -                    | -                   | 14,121,000             | 9,342,000              |
| Technical Services            | Upgrading of Tafelkop stadium                                      | Upgrading | Roads Infrastructure           | Roads                          | 17,622,551  | -                    | 10,000,000          | -                      | 20,000,000             |
| Technical Services            | Upgrading of Hlogotlou-Bopanang Road                               | Upgrading | Roads Infrastructure           | Roads                          | -   | -                    | -                   | -                      | -                      |
| Technical Services            | Upgrading of Kgobokwane-Kgaphamadi Road (MIG)                      | Upgrading | Roads Infrastructure           | Roads                          | -   | 13,580,400           | 11,000,000          | 29,419,600             | -                      |
| Technical Services            | Upgrading of Malaeneng A Ntwane Access Road                        | Upgrading | Roads Infrastructure           | Roads                          | -   | 11,000,000           | 17,750,000          | -                      | -                      |
| Technical Services            | Upgrading of Malaeneng A Ntwane Access Road (Internal)             | Upgrading | Roads Infrastructure           | Roads                          | 750,000   | -                    | -                   | -                      | -                      |
| Technical Services            | Upgrading of Mokumong access road to Marateng taxi rank (Internal) | Upgrading | Roads Infrastructure           | Roads                          | 700,000   | -                    | 10,989,800          | 16,710,200             | -                      |
| Technical Services            | Upgrading of Mokumong access road to Marateng taxi rank (MIG)      | Upgrading | Roads Infrastructure           | Roads                          | -   | 16,500,000           | -                   | -                      | -                      |
| Technical Services            | Upgrading of Maraganeng internal Access road (Internal)            | Upgrading | Roads Infrastructure           | Roads                          | 750,000   | -                    | -                   | -                      | -                      |
| Technical Services            | Upgrading of Maraganeng internal Access road (MIG)                 | Upgrading | Roads Infrastructure           | Roads                          | -   | 8,254,600            | 16,574,200          | -                      | -                      |
| Technical Services            | Upgrading of Waalkral Bus route (MIG)                              | Upgrading | Roads Infrastructure           | Roads                          | -   | -                    | -                   | 7,165,200              | 43,848,000             |
| Technical Services            | Machinery and Equipment(tools)                                     | New       | Machinery and Equipment        | Machinery and Equipment        | -   | -                    | 260,870             | 272,870                | 285,149                |
| Technical Services            | Upgrading of Masoing Bus route                                     | Upgrading | Roads Infrastructure           | Roads                          | -   | 734,100              | -                   | -                      | -                      |
| Technical Services            | Upgrading of Tafelkop stadium 600                                  | Upgrading | Roads Infrastructure           | Roads                          | 17,652,215  | 7,359,000            | -                   | -                      | -                      |
| Information Technology        | Computer Equipment   | New       | Computer Equipment             | Computer Equipment             | 860,000   | 1,152,000            | 1,000,000           | 1,046,000              | 1,093,070              |
| Human Resources               | Furniture and Office Equipment                                     | New       | Furniture and Office Equipment | Furniture and Office Equipment | -   | 506,000              | 300,000             | 313,800                | 327,921                |
| Human Resources               | Computer Equipment - SETA  | New       | Computer Equipment             | Computer Equipment             | 1,078,503   | 671,134              | 110,256             | 115,328                | 120,518                |
| Human Resources               | Printers   | New       | Furniture and Office Equipment | Furniture and Office Equipment | -   | -                    | 5,509,565           | -                      | -                      |
| Community Services            | Furniture and Office Equipment                                     | New       | Furniture and Office Equipment | Furniture and Office Equipment | -   | -                    | 200,000             | 209,200                | 218,614                |
| Community Services            | Fencing of Elandsdoorn Cemeteries                                  | Renewal   | Community Facilities           | Cemeteries/Crematoria          | 500,000   | -                    | -                   | -                      | -                      |
| Community Services            | Upgrading and Development of Parks                                 | Upgrading | Community Facilities           | Parks                          | -   | -                    | -                   | -                      | -                      |
| Community Services            | Machinery and Equipment  | New       | Machinery and Equipment        | Machinery and Equipment        | -   | 126,000              | -                   | -                      | -                      |
| Community Services            | Alternative Energy Solution  | New       | Machinery and Equipment        | Machinery and Equipment        | -   | 5,740,964            | -                   | -                      | -                      |
| Community Services            | 500 Twenty Skip Bins   | New       | Solid Waste Infrastructure     | Capital Spares                 | -   | -                    | 500,000             | -                      | -                      |
| Community Services            | Disaster Management Centre & Emergency Relief Store room           | New       | Community Facilities           | Centres                        | -   | -                    | -                   | -                      | -                      |
| Community Services            | Fencing of Roossenekal Landfill Site                               | New       | Solid Waste Infrastructure     | Capital Spares                 | -   | 1,000,000            | -                   | -                      | -                      |
| Community Services            | Two trailers   | New       | Community assets               | Machinery and Equipment        | -   | -                    | -                   | -                      | -                      |
| Community Services            | Construction of Skip Bin Ramps at Hlogotlou Waste Transfers        | New       | Solid Waste Infrastructure     | Waste Transfer Stations        | -   | -                    | -                   | 300,000                | 300,000                |
| Community Services            | Fencing of Elandsdoorn/Ntwane Cemetery                             | Renewal   | Community Facilities           | Cemeteries                     | -   | -                    | 900,000             | -                      | -                      |
| Community Services            | Construction of Washbay at Groblersdal landfill Site               | New       | Solid Waste Infrastructure     | Landfill Sites                 | -   | -                    | 300,000             | -                      | -                      |
| Economic Development Planning | Fencing of Groblersdal Cemetry                                     | Upgrading | Community Facilities           | Cemeteries/Crematoria          | -   | -                    | -                   | 1,500,000              | 1,000,000              |
| Technical Services            | Professional Lawn Mowers and Industrial Bruch Cutters              | New       | Machinery and Equipment        | Machinery and Equipment        | 3,587,740   | 250,000              | 300,000             | 313,800                | 327,921                |
| Technical Services            | Groblersdal Smart Metering   | New       | Electrical Infrastructure      | MV Networks                    | 5,124,276   | -                    | -                   | -                      | -                      |
|                               |  |           |                                |                                | 87,255,315  | 94,038,145           | 103,595,130         | 79,533,050             | 82,795,706             |

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