

THE 2024/25 TO 2026/27 BUDGET

[FOR APPROVAL BY COUNCIL]

26TH JUNE 2024



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1. BUDGET ASSUMPTIONS

1.1. INTRODUCTORY REMARKS

The budget principles and guidelines that informed the 2024/25 MTREF:

- The priorities and targets in the IDP;
- A process for the forthcoming financial year's budget commences as soon as Council approves the Budget **(NB: Any delays in the approval of the Budget, impact on the implementation of projects in the next financial year)**;
- The level of Property Rates and other tariff increases to ensure sustainable service delivery, whilst at the same time considering Budget Guidelines as issued by National Treasury in terms of Budget Circulars;
- Consideration of Budget Circulars as issued by National Treasury **(e.g. Circulars 126 and 128)**;
- Prior year commitments with budgetary implications to be taken into account.
- The impact of the Collection Rate and escalating arrear debt.
- Achieving a “credible” and “funded budget” in line with the MFMA requirements.

1.2. BUDGET AND FINANCIAL PLANNING ASSUMPTIONS FOR 2024/25 MTREF

(a) Overview

*The Municipal fiscal environment is **influenced** by, amongst others, the following:*

- National Electricity Regulator (NERSA) regulates bulk electricity tariff increases;
- Department of Water Affairs (DWA) regulates bulk water tariff increases;
- SALGBC regulates salary increases for local government **(NB: No Collective Agreement at the moment for 2024/25 MTREF)**; and
- Government Departments **(i.e. Nationally and Provincially)** affect service delivery through the level of grants and subsidies.

(b) Budget Principles Adopted

Principles and guidelines that inform the compilation of the Budget:

- The budgeted Collection Rate must be realistic and achievable;
- Level of Property Rates and Tariff increases to provide for maintenance and replacement of infrastructure, including expansion of services.

2. HIGH LEVEL BUDGET STATUS (AT TABLING OF THE BUDGET IN COUNCIL FOR NOTING)

2.1. OVERVIEW OF THE 2024/25 MTREF

R thousands	Original Budget 2023/24	Adjusted Budget 2023/24	Budget Year 2024/25	Budget Year 2025/26	Budget Year 2026/27
Total Operating Revenue (Including Fuel Levy)	16,055,279	16,421,777	17,856,596	19,444,285	21,280,495
Total Operating Expenditure	17,272,541	16,889,122	18,160,490	19,781,295	22,003,484
Actual Surplus/(Deficit)	(1,217,262)	(467,345)	(303,894)	(337,010)	(722,988)
Total Capital expenditure (Incl. Entity)	1,995,960	1,807,476	2,035,552	1,976,546	1,775,381

NB: A DEFICIT BUDGET BY R1.4bln OVER 2024/25 MTREF PERIOD, WHICH WOULD BE NON-COMPLIANT WHEN TABLING THE BUDGET FOR APPROVAL BY COUNCIL (SEE CIRCULAR 126 PARAGRAPH 5.1)

3. HIGH LEVEL BUDGET STATUS (THE FINAL BUDGET POSITION AT APPROVAL STAGE)

3.1. OVERVIEW OF THE 2024/25 MTREF

R thousands	Original Budget 2023/24	Adjusted Budget 2023/24	Budget Year 2024/25	Budget Year 2025/26	Budget Year 2026/27
Total Operating Revenue (Including Fuel Levy)	16,055,279	16,421,777	18,117,063	19,332,662	20,797,583
Total Operating Expenditure	17,272,541	16,889,122	18,116,061	19,330,659	20,795,580
Actual Surplus/(Deficit)	(1,217,262)	(467,345)	1,001	2,003	2,003
Total Capital expenditure (Incl. Entity)	1,995,960	1,807,476	1,965,324	1,971,046	1,770,381

NB: A SURPLUS BUDGET REQUIRED IN TERMS NATIONAL TREASURY BUDGET CIRCULAR 126 (See Para 5.1 on Page 405 of Council Agenda)

4. GRANTS TO BE AVAILED TO THE CITY

4.1. GRANTS ALLOCATED FROM THE NATIONAL FISCUS (OPERATING & CAPITAL) (2024/25 MTREF)

ALLOCATION OF GRANTS i.t.o. THE DIVISION OF REVENUE BILL (2024/2025 to 2026/27)				
GRANT NAME	GRANT TYPE (CONDITIONAL / UNCONDITIONAL)	2024/25	2025/26 (1st Outer Year Projections)	2026/27 (2nd Outer Year Projections)
OPERATING GRANTS				
		R'000	R'000	R'000
Equitable Share (Schedule 3)	Unconditional	1,523,361,000	1,643,573,000	1,775,087,000
Financial Management Grant	Conditional	1,000,000	1,000,000	1,200,000
Infrastructure Skills Development Grant	Conditional	13,800,000	13,800,000	14,000,000
EPWP	Conditional	3,480,000	-	-
City Led Public Employment Program (Included in the NDPG)	Conditional	15,000,000		
General Fuel Levy	Unconditional	824,005,000	860,980,000	900,487,000
Programme and Project Preparation Support Grant	Conditional	15,000,000	20,000,000	25,000,000
TOTAL - OPERATING		2,395,646,000	2,539,353,000	2,715,774,000
GRANT NAME	GRANT TYPE (CONDITIONAL / UNCONDITIONAL)	2024/25	2025/26 (1st Outer Year Projections)	2026/27 (2nd Outer Year Projections)
CAPITAL GRANTS				
		R'000	R'000	R'000
Urban Settlements Development Grant (USDG) Annexure W5)	Conditional	635,473,000	663,817,000	786,561,000
Informal Settlement Upgrading Partnership Grant	Conditional	361,684,000	377,887,000	395,200,000
Neighbourhood Partnership Development Grant (NDPG)	Conditional	17,213,000	25,000,000	35,000,000
Public Transport Network Operations Grant	Conditional	339,948,000	333,476,000	323,165,000
Regional Bulk Infrastructure Grant (Page 312 of 336)	Conditional	250,000,000	390,000,000	
Energy Efficiency and Demand Side Management Grant	Conditional	7,000,000	7,000,000	8,500,000
TOTAL - CAPITAL		1,611,318,000	1,797,180,000	1,548,426,000
TOTAL GRANTS (OPERATING AND CAPITAL)		4,006,964,000	4,336,533,000	4,264,200,000

NB: The delayed Business Plan approvals re ISUP-G and that RBIG is only up to 2025/26 financial year. The whole RBIG allocation will be transferred to CDC as per the SLA.

5. EQUITABLE SHARE ALLOCATION & HOW IT IS SPLIT

5.1. ALLOCATION OF EQUITABLE SHARE BETWEEN FREE BASIC SERVICES & OTHER MUNICIPAL OPERATIONS (2024/25 MTREF)

Various Services	2024/2025	2025/2026	2026/2027
	Budget	Budget	Budget
Debtors Management Collections_ Property Rates	2,287,710	2,413,540	2,558,360
Rates and Related Income_ Property Rates	173,454,650	182,994,660	193,974,340
Income_ Electricity	24,291,930	25,266,530	26,299,860
Income_ Water	150,070,080	154,572,190	159,209,360
Sewerage Administration	218,175,560	224,720,920	231,462,550
Refuse Administration	91,754,000	96,554,000	107,099,000
Water Loss Detection	31,852,280	34,180,390	36,687,420
Chemical Toilets	21,565,070	22,642,980	23,785,560
TOTAL - Various Services	713,451,280	743,345,210	781,076,450
Indigent Control _ ATTP Administration	27,920,200	34,961,470	32,521,210
Safety & Security	781,989,430	865,266,320	961,489,340
TOTAL - Other	809,909,720	900,227,790	994,010,550
TOTAL - Gazetted Allocation (Equitable Share)	1,523,361,000	1,643,573,000	1,775,087,000

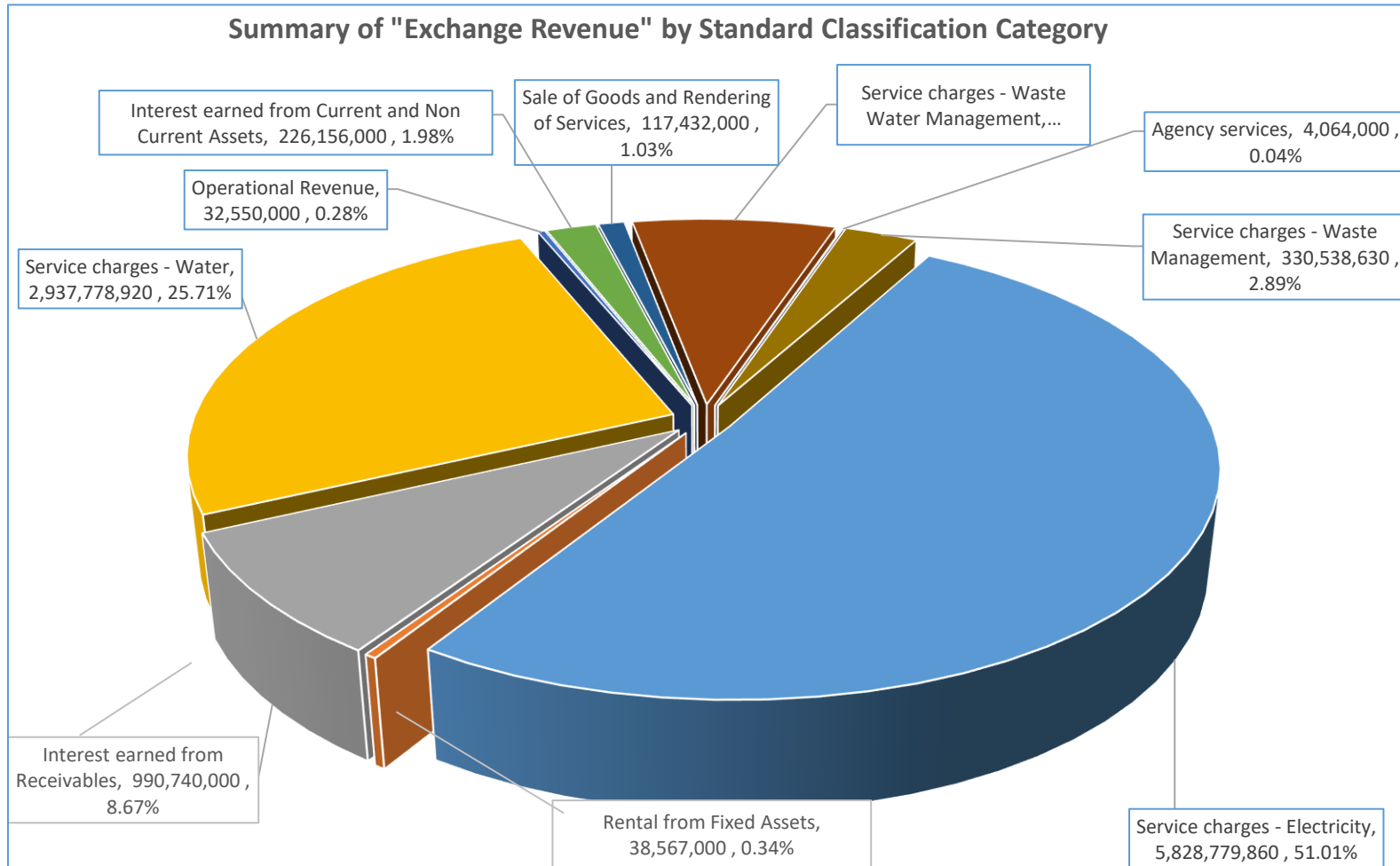
NB: The Equitable Share (an Unconditional Grant) is utilised primarily to finance ATTP implementation, however, other municipal operations can also be funded. In this case Safety & Security Directorate is the beneficiary by between 51% to 54% of the E-Share over the MTREF period.

6. OPERATING AND CAPITAL BUDGET

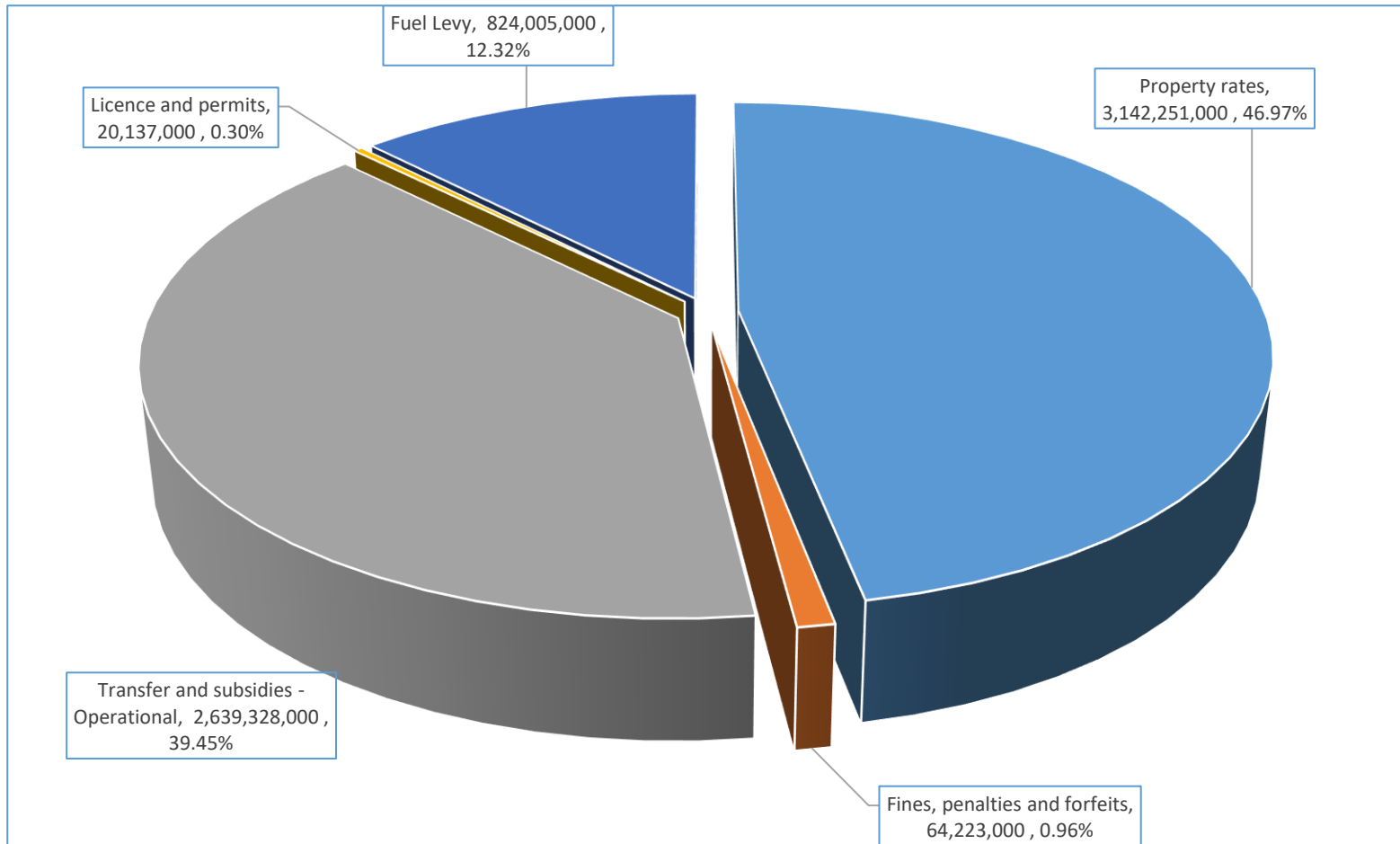
6.1. HIGH LEVEL OPERATING REVENUE

Description	Current Year 2023/24	2024/25 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	Budget Year 2024/25	%	Budget Year +1 2025/26	%	Budget Year +2 2026/27	%
Revenue							
Exchange Revenue							
Service charges - Electricity	5,171,943,090	5,828,779,860	32.17	6,569,035,000	33.98	7,403,302,330	35.60
Service charges - Water	2,912,998,980	2,937,778,920	16.22	3,128,734,190	16.18	3,347,746,110	16.10
Service charges - Waste Water Management	868,502,020	920,612,140	5.08	980,451,930	5.07	1,048,968,000	5.04
Service charges - Waste Management	311,828,840	330,538,630	1.82	352,023,580	1.82	374,905,110	1.80
Sale of Goods and Rendering of Services	113,104,000	117,432,000	0.65	109,985,000	0.57	118,094,000	0.57
Agency services	3,870,000	4,064,000	0.02	4,287,000	0.02	4,519,000	0.02
Interest earned from Receivables	883,722,000	990,740,000	5.47	1,071,131,000	5.54	1,158,091,000	5.57
Interest earned from Current and Non-Current Assets	207,878,000	226,156,000	1.25	236,501,000	1.22	254,082,000	1.22
Rental from Fixed Assets	37,584,000	38,567,000	0.21	40,990,000	0.21	43,568,000	0.21
Licence and permits	18,221,000	20,137,000	0.11	21,459,000	0.11	22,862,000	0.11
Operational Revenue	32,796,000	32,550,000	0.18	34,272,000	0.18	36,055,000	0.17
Property rates	2,944,079,000	3,142,251,000	17.34	3,315,074,000	17.15	3,513,960,000	16.90
Fines, penalties and forfeits	46,185,000	64,223,000	0.35	67,754,000	0.35	71,411,000	0.34
Transfer and subsidies - Operational	2,085,586,000	2,639,328,000	14.57	2,530,119,000	13.09	2,499,533,000	12.02
Fuel Levy	783,478,000	824,005,000	4.55	870,980,000	4.51	900,487,000	4.33
Total Revenue (excluding capital transfers and contributions)	16,421,775,930	18,117,162,550	100	19,332,796,700	100	20,797,583,550	100

6.2. OUR MAIN REVENUE SOURCES “GRAPHICALLY” – OPERATING BUDGET (CONSOLIDATED NMBM) – EXCHANGE REVENUE



6.3. OUR MAIN REVENUE SOURCES “GRAPHICALLY” – OPERATING BUDGET (CONSOLIDATED NMBM) – NON-EXCHANGE REVENUE

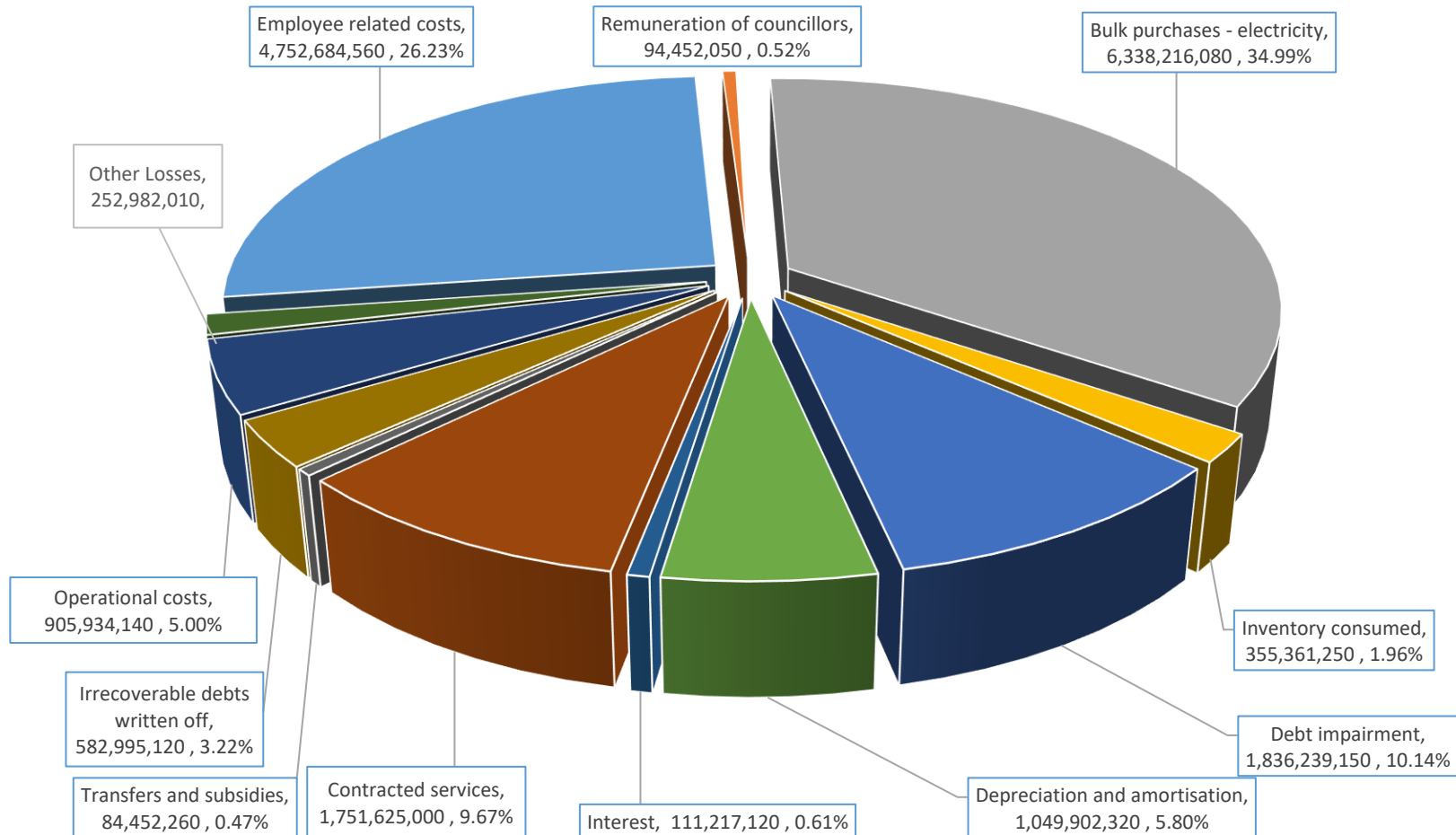


6.4. HIGH LEVEL OPERATING EXPENDITURE

Description	2024/25 Medium Term Revenue & Expenditure Framework					
	Budget Year 2024/25	%	Budget Year +1 2025/26	%	Budget Year +2 2026/27	%
Expenditure						
Employee related costs	4,752,684,560	26.23	5,115,988,410	26.47	5,515,005,560	26.52
Remuneration of councillors	94,452,050	0.52	98,217,590	0.51	102,132,520	0.49
Bulk purchases - electricity	6,338,216,080	34.99	7,143,169,530	36.95	8,050,352,070	38.71
Inventory consumed	355,361,250	1.96	375,199,010	1.94	370,013,030	1.78
Debt impairment	1,836,239,150	10.14	1,861,668,050	9.63	1,882,477,010	9.05
Depreciation and amortisation	1,049,902,320	5.80	1,081,399,230	5.59	1,087,971,050	5.23
Interest	111,217,120	0.61	88,016,150	0.46	75,081,020	0.36
Contracted services	1,751,625,000	9.67	1,693,346,240	8.76	1,742,749,060	8.38
Transfers and subsidies	84,452,260	0.47	92,163,130	0.48	94,355,420	0.45
Irrecoverable debts written off	582,995,120	3.22	619,554,040	3.21	661,375,050	3.18
Operational costs	905,934,140	5.00	892,512,010	4.62	925,783,020	4.45
Other Losses	252,982,010	1.40	269,425,850	1.39	288,285,510	1.39
Total Expenditure	18,116,061,060	100	19,330,659,240	100	20,795,580,320	100

NB: Bulk Purchases (Electricity) are a biggest Cost Driver of the Operating Budget, followed by Employee Related Costs and Debt Impairment. The more our Debt Collection improves the more the Debt Impairment Budget reduces, however, for now we require to base it on realistic collectable billed Revenue.

6.5. THE MAIN COST DRIVERS “GRAPHICALLY” OF THE CONSOLIDATED NMBM’S OPERATING EXPENDITURE



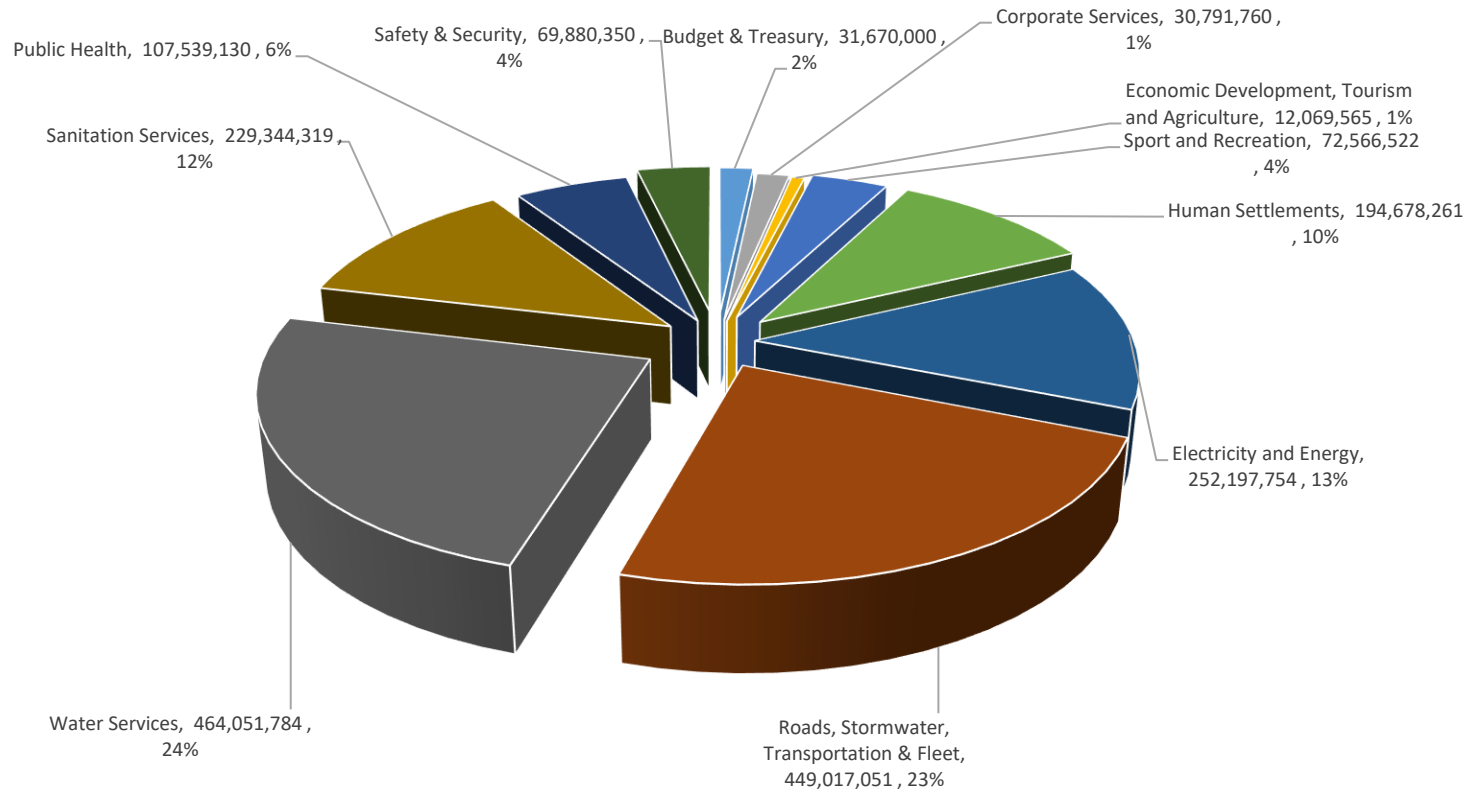
NB: Our main Operational Costs Drivers...

6.6. CAPITAL BUDGET PER DIRECTORATE (EXCL ENTITY CAPITAL CONTRIBUTION)

Directorate	2023/24 Approved Capital Adjustments Budget	Final 2024/25 Capital Budget to be approved	% Allocation vs Total Capital Budget	Final 2025/26 Capital Budget to be approved	% Allocation vs Total Capital Budget	Final 2026/27 Capital Budget to be approved	% Allocation vs Total Capital Budget
Budget & Treasury	5,712,000	31,670,000	1.7%	6,000,000	0.3%	700,000	0%
Corporate Services	36,943,240	30,791,760	1.6%	31,000,000	1.6%	29,000,000	2%
Economic Development, Tourism and Agriculture	6,279,566	12,069,565	0.6%	2,000,000	0.1%	-	0%
Sport and Recreation	26,246,080	72,566,522	3.8%	42,500,000	2.2%	36,000,000	2%
Human Settlements	134,311,780	194,678,261	10.2%	479,197,391	25.0%	493,652,174	29%
Electricity and Energy	304,382,680	252,197,754	13.2%	159,796,157	8.4%	163,100,504	10%
Roads, Stormwater, Transportation & Fleet	514,430,334	449,017,051	23.5%	392,739,130	20.5%	419,545,783	25%
Water Services	467,229,738	464,051,784	24.2%	547,946,607	28.6%	201,900,000	12%
Sanitation Services	141,896,048	229,344,319	12.0%	134,595,560	7.0%	247,180,344	14%
Public Health	79,221,290	107,539,130	5.6%	83,900,000	4.4%	87,300,000	5%
Safety & Security	36,416,600	69,880,350	3.7%	33,650,000	1.8%	32,550,000	2%
TOTAL NMBM CAPITAL BUDGET	1,753,069,357	1,913,806,496	100%	1,913,324,845	100%	1,710,928,805	100%

NB: In the 2024/25 and 2025/26 the RBIG allocation of R217.4m (Excl Vat) and R339.1m (Excl Vat) will be xferred to CDC so the Capex Budget for Water Service, will be reduced and Opex be increased for both financial years as per Council's resolution dated 6 April 2023.

6.7. CAPEX ALLOCATION PER DIRECTORATE (GRAPHICAL)



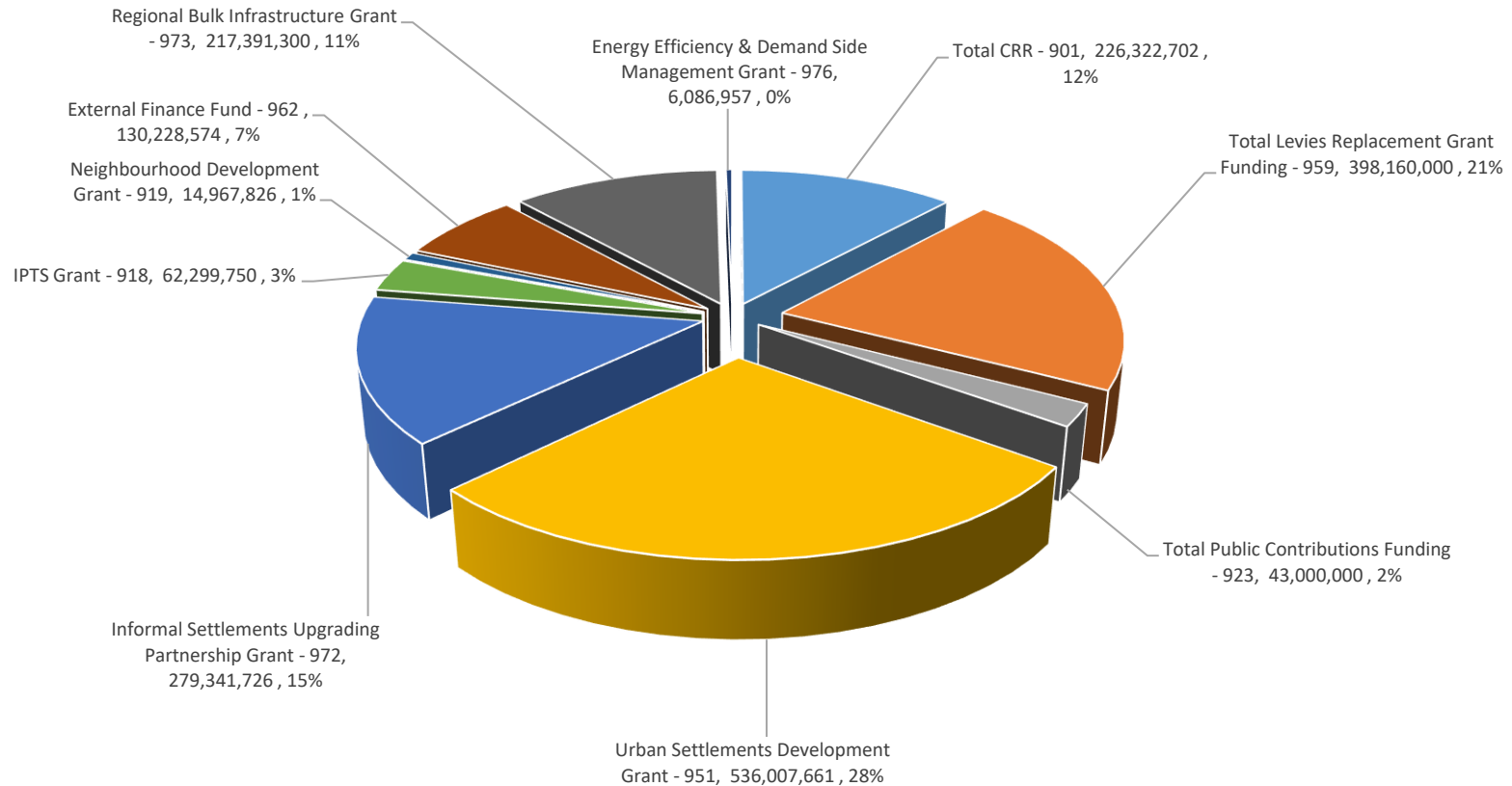
NB: Where does the Capital Budget go in terms of services?

6.8. HOW IS THE CAPITAL BUDGET FUNDED?

Funding Source	2023/24 Approved Capital Adjustments Budget	Final 2024/25 Capital Budget to be approved	% Allocation vs Total Capital Budget	Final 2025/26 Capital Budget to be approved	% Allocation vs Total Capital Budget	Final 2026/27 Capital Budget to be approved	% Allocation vs Total Capital Budget
Total CRR - 901	79,486,600	226,322,702	11.8%	125,685,728	6.6%	124,172,440	7.3%
Total Levies Replacement Grant Funding - 959	372,290,240	398,160,000	20.8%	409,820,000	21.4%	414,720,000	24.2%
Total Public Contributions Funding - 923	55,000,000	43,000,000	2.2%	43,000,000	2.2%	43,000,000	2.5%
Urban Settlements Development Grant - 951	493,533,016	536,007,661	28.0%	559,915,209	29.3%	663,447,104	38.8%
Informal Settlements Upgrading Partnership Grant - 972	305,333,377	279,341,726	14.6%	328,597,391	17.2%	343,652,174	20.1%
IPTS Grant - 918	88,039,000	62,299,750	3.3%	79,350,000	4.1%	84,111,000	4.9%
Neighbourhood Development Grant - 919	8,434,780	14,967,826	0.8%	21,739,130	1.1%	30,434,783	1.8%
External Finance Fund - 962	58,865,396	130,228,574	6.8%	-	0.0%	-	0.0%
Regional Bulk Infrastructure Grant - 973	285,356,520	217,391,300	11.4%	339,130,430	17.7%	-	0.0%
Energy Efficiency & Demand Side Management Grant - 976	6,730,428	6,086,957	0.3%	6,086,957	0.3%	7,391,304	0.4%
Total Capital Budget Funding (Excl. Entity)	1,753,069,357	1,913,806,496	100%	1,913,324,845	100%	1,710,928,805	100%

NB: As indicated / alluded to the RBIG funded allocation will be transferred to Coega Development Corporation i.t.o. SLA and agreement with the National Transferring Officers (i.e. National Treasury & DWS)

6.9. HOW IS THE CAPITAL BUDGET FUNDED (GRAPHICAL PRESENTATION)



6.10. BUDGET HIGHLIGHTS (OPERATING / CAPITAL)

DIRECTORATE	PROJECT NAME	2024/25	2025/26	2026/27	TOTAL OVER MTREF
Human Settlements	Walmer Airport Valley (Area B&C) - Roadworks (HS)	24,150,000	-	-	24,150,000
Human Settlements	Walmer Airport Valley (Area B&C) - Stormwater Reticulation (HS)	7,800,000	-	-	7,800,000
Human Settlements	Walmer Airport Valley (Area B&C) - Water Reticulation (HS)	8,650,000	-	-	8,650,000
Human Settlements	Walmer Airport Valley (Area B&C) - Sewer Reticulation (HS)	17,400,000	-	-	17,400,000
Human Settlements	Top Structures Grant - NMBM	123,019,877	-	-	123,019,877
Roads and Stormwater	Resurfacing Tar roads	30,000,000	30,000,000	30,000,000	90,000,000
Roads and Stormwater	Rehabilitation of roads	15,000,000	12,000,000	12,000,000	39,000,000
Roads and Stormwater	Tarring of Gravel Roads - Priority 2	76,500,000	99,000,000	99,000,000	274,500,000
Roads and Stormwater	Roads - Tarring of Circles - New Brighton	10,000,000	10,000,000	8,000,000	28,000,000
Roads and Stormwater	2024 ISUP - Vastrap- Con of road - Bristol, Bentley, Bugatti	21,005,217	-	-	21,005,217
Roads and Stormwater	2024 ISUP - Joe Slovo Ward 41	18,396,522	-	-	18,396,522
Roads and Stormwater	2025 ISUP - Khayamnandi -Nonkwini, Sakhisizwe, Ngcezi ward 41	18,396,522	-	-	18,396,522
Roads and Stormwater	2025 ISUP - Motherwell NU12 (Area C) - ward 54	18,011,304	-	-	18,011,304
Roads and Stormwater	2025 ISUP -Vistarus/Rolihlaha -Jan, Xolani and Mpendula str	21,005,217	-	-	21,005,217
Roads and Stormwater	2025 ISUP - Construction of Middle Street ward 48	10,434,783	-	-	10,434,783
Roads and Stormwater	Roads - Njoli Square Redevelopment	14,967,826	21,739,130	30,434,783	67,141,739
Roads and Stormwater	Roads - Reconstruction of Old PE - Uitenhage Road	12,000,000	10,000,000	5,000,000	27,000,000
Roads and Stormwater	Provision of Sidewalks - Phase 25	10,000,000	10,000,000	10,000,000	30,000,000
Roads and Stormwater	Aluta Continua Access Road - Joe Slovo 41	10,000,000	12,000,000	11,000,000	33,000,000
Sanitation Services	Sanitation: Renewal of Sewerage Pipelines & Infrastructure	39,631,289	8,000,000	8,430,344	56,061,633
Sanitation Services	Sanitation: Cape Recife Construction of Rising Main Pipeline	20,500,000	10,000,000	5,200,000	35,700,000
Sanitation Services	Fishwater Flats WWTW: Grit and Sludge Treatment Facility	27,000,000	50,000,000	2,000,000	79,000,000
TOTAL		553,868,557	272,739,130	221,065,127	1,047,672,814

6.10. BUDGET HIGHLIGHTS (OPERATING / CAPITAL) (End...)

DIRECTORATE	PROJECT NAME	2024/25	2025/26	2026/27	TOTAL OVER MTREF
Water Services	Upgrading of Churchill Water Treatment Works	17,000,000	20,500,000	46,000,000	83,500,000
Water Services	Renewal of Water Pipelines	69,009,614	36,930,449	23,300,000	129,240,063
Water Services	Rehabilitation of Reservoirs	25,000,000	25,000,000	16,000,000	66,000,000
Electricity & Energy	Electrification of State Subsidised Houses	26,839,200	26,839,200	26,839,200	80,517,600
Electricity & Energy	Public Lighting	10,000,000	10,000,000	10,000,000	30,000,000
Electricity & Energy	Public Lighting - Refurbishment/Retro fit	10,000,000	10,000,000	10,000,000	30,000,000
Public Health	Replacement of Refuse Compactors	30,000,000	30,000,000	30,000,000	90,000,000
Public Health	Waste - Fencing of Arlington disposal site	13,543,478	500,000	1,000,000	15,043,478
Safety & Security	PURCHASE OF HYDRAULIC PLATFORM FOR FIRE & EMERGENCY SERVICES	15,000,000	-	-	15,000,000
Safety & Security	Safer City: Servers for Intelligent Operations System	3,611,950	-	-	3,611,950
Safety & Security	Safer City: Fibre Optic Cabling for CCTV cameras	2,000,000	-	-	2,000,000
Safety & Security	Safer City: Purchase & Install IP & smart cameras	4,750,000	-	-	4,750,000
Safety & Security	Safer City: New CCTV Software System with smart technology	4,758,050	-	-	4,758,050
Safety & Security	Safer City: Purchase & Installation of Video Wall Equipment	1,300,000	-	-	1,300,000
Budget & Treasury	Acquisition of Budgeting & Financial Management Software	5,000,000	3,000,000	-	8,000,000
SRAC	Re-Construction of Kwanobuhle Library	12,230,000	5,000,000	-	17,230,000
SRAC	Upgrade and Restoration of Main Library - Phase 2	17,300,000	2,000,000	-	19,300,000
TOTAL		267,342,292	169,769,649	163,139,200	600,251,141
GRAND TOTAL		821,210,849	442,508,779	384,204,327	1,647,923,955

6.11. HOW IS THE FUEL LEVY CAPITAL ALLOCATION IS SPLIT ACROSS THE DIRECTORATES

FUEL LEVY ALLOCATION / BREAKDOWN PER DIRECTORATE								
DIRECTORATES	2024/25	%NTAGE ALLOCATION	2025/26	%NTAGE ALLOCATION	2026/27	%NTAGE ALLOCATION	MTREF TOTAL	%NTAGE ALLOCATION
B&T	830,000	0.2%	500,000	0.1%	200,000	0.0%	1,530,000	0.1%
Corporate Services	22,500,000	5.7%	27,500,000	6.7%	28,000,000	6.8%	78,000,000	6.4%
SRAC	38,130,000	9.6%	34,500,000	8.4%	28,000,000	6.8%	100,630,000	8.2%
Human Settlements	1,200,000	0.3%	600,000	0.1%	-	0.0%	1,800,000	0.1%
Electricity & Energy	57,870,000	14.5%	57,870,000	14.1%	59,870,000	14.4%	175,610,000	14.4%
Roads & Stormwater	174,980,000	43.9%	192,650,000	47.0%	200,000,000	48.2%	567,630,000	46.4%
Water Services	56,900,000	14.3%	44,400,000	10.8%	44,400,000	10.7%	145,700,000	11.9%
Sanitation	3,750,000	0.9%	3,750,000	0.9%	5,000,000	1.2%	12,500,000	1.0%
Public Health	33,800,000	8.5%	37,100,000	9.1%	40,300,000	9.7%	111,200,000	9.1%
Safety	8,200,000	2.1%	10,950,000	2.7%	8,950,000	2.2%	28,100,000	2.3%
TOTAL	398,160,000	100%	409,820,000	100%	414,720,000	100%	1,222,700,000	100%

6.12. PROJECTS FUNDED FROM THE TOP STRUCTURES GRANT FROM PROVINCIAL HUMAN SETTLEMENTS

PROJECT NAME	2024 B/P TARGET	Ward No	BUDGET
Uitenhage Kwanobuhle - ERF 8228 (111) 56 units (NMBM)	41	42	R7 080 987
Tyrville 104 consolidation Sub	10	45	R 1 000 000
Motherwell NU30 - (200) 45 units (NMBM)	17	54	R 4 235 638
Motherwell NU30 - 1820 (200)	35	54	R 10 635 350
Uitenhage Joe Slovo 216 PH 2	5	48	R 863 535
PE Masakhane 125	65	24	R 8 341 209
PE Motherwell NU29 (2101)	20	54	R 1 000 000
Joe Modise 15 subs	15	47	R 1000 000
PE Walmer Q PH 3 (194)	2	4	R 595 014
Uitenhage Joe Slovo 398 subs	4	48	R 690 828
Kwanobuhle Area 11 Phase 1-3 (1414 subs)	20	45	R 700 000
Kwanobuhle Area 11 Phase 4 (564) subs	20	45	R 700 000
Kwanobuhle Area 8 Phase 4 (266) subs	20	43	R 700 000
Motherwell High Density (109) subs	20	58	R 1000 000
Uitenhage Rosedale 249 subs	55	53	R 6 498 885
Kamesh Erf 3179 (42) subs	20	45	R 3 454 140
Kamesh Erf 12931 & 12872 (65) subs	10	45	R 1 727 070
Kamesh Erf 10015 (12) subs	12	45	R 1000 000
Malabar 6 PH 2 (299) subs	10	10	R 1 727 070
Uitenhage KwanobuhleArea 7 PH4 (242)	10	43&44	R 1 410 000
Uitenhage Kabah Langa PH6 54 Units (NMBM)	40	50	R 6 908 280
Uitenhage Doornhoek 40 Units (NMBM)	20	47	R 3 454 140
PE Jachtlakte 327 subs (NMBM)	50	29	R 10 362 420
PE Qaqawuli 780 PH 2 - 390 Subs (NMBM)	43	16	R 8 327 070
PE Ebhongweni 44	44	18	R 7 599 108
Uitenhage Rosedale 299 PH 2	50	53	R 3 635 350
TOTAL NMBM PROJECTS (UNITS)	658		R 94 646 091

NB: NMBM & EC Human Settlements are concluding technical readiness on targeted / listed projects as above.

6.13. PROJECTS FUNDED FROM THE TOP STRUCTURES GRANT FROM PROVINCIAL HUMAN SETTLEMENTS

PROJECT NAME	2024 B/P TARGET	Ward No	BUDGET
PE Bethelsdorp Erf 1542 (278)	10	31	R 900 000
PE Chetty 3&4 (766)	11	29	R 1 848 000
PE Malabar (207)	10	10	R 1 680 000
PE Govan Mbeki 2300 (1758)	40	33	R 6 720 000
Uitenhage Area 5 (245)	5	45	R 1 988 000
Uitenhage Langa 335	21	50	R 3 528 000
Uitenhage Gunguluza Area 9 (745)	34	45	R 5 712 000
Colchester 131	5	53	R 840 000
TOTAL	136		R 23 216 000

NB: NMBM & EC Human Settlements are concluding technical readiness on targeted / listed projects as above.

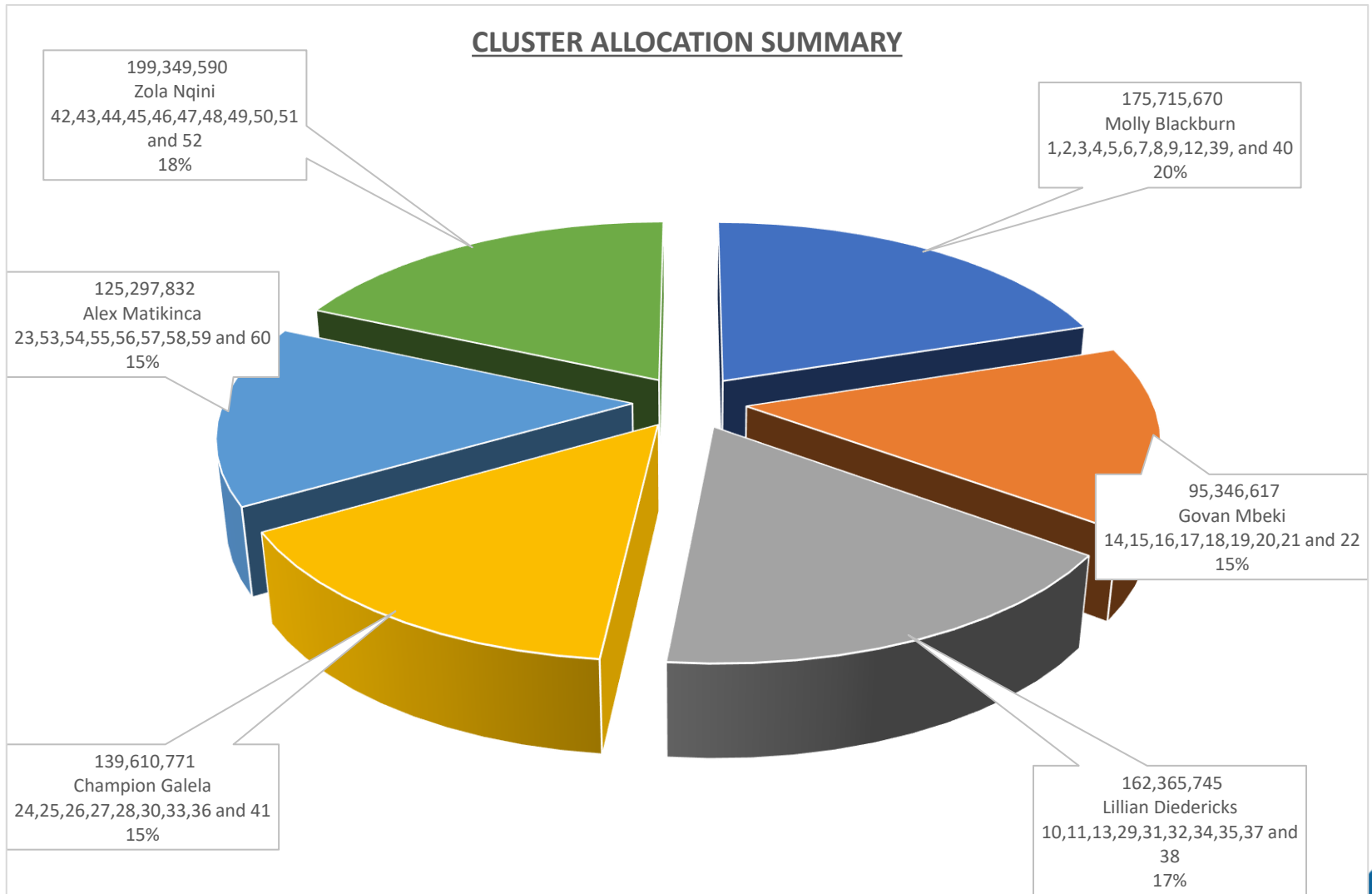
6.14. WARD BUDGET IN SUMMARY & AT CLUSTER LEVEL

CLUSTER NAME	SPECIFIC WARDS	TOTAL NUMBER OF WARDS	2024/25	%NTAGE vs. TOTAL ALLOCATION
Molly Blackburn	1,2,3,4,5,6,7,8,9,12,39, and 40	12	175,715,670	19.6%
Govan Mbeki	14,15,16,17,18,19,20,21 and 22	9	95,346,617	10.6%
Lillian Diedericks	10,11,13,29,31,32,34,35,37 and 38	10	162,365,745	18.1%
Champion Galela	24,25,26,27,28,30,33,36 and 41	9	139,610,771	15.6%
Alex Matikinca	23,53,54,55,56,57,58,59 and 60	9	125,297,832	14.0%
Zola Nqini	42,43,44,45,46,47,48,49,50,51 and 52	11	199,349,590	22.2%
TOTAL ALLOCATED TO WARDS		60	897,686,224	100%

The above summarises the status of the Ward Budget for Financial Year 2024/25 in terms of the six Clusters of the NMBM based on projects that could be linked directly to Wards upon Sessions or Input by various Directorates. It must also be noted that the allocation of *Top Structures Grant* is also included in the above Ward Allocation.

6.15. WARD BUDGET PER CLUSTER – GRAPHICAL PRESENTATION

CLUSTER ALLOCATION SUMMARY



7. TARIFFS

7.1. 2024/25: THE PROPOSED TARIFF INCREASES (YEAR-ON-YEAR)

Property Rates	-	5%
Water	-	6%
Sanitation	-	6%
Refuse	-	6%
Electricity	-	12.74% (On average as per NERSA guidelines).

Collection rate = Has been calculated per service and on average is approximately 80.5% for 2024/25.

7.2. HISTORIC TARIFF INCREASES - NMBM (2014/15 TO 2024/25)

VARIOUS SERVICES	2024/25	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15
	%	%	%	%	%	%	%	%	%	%	%
Electricity	12.74 (average)	18.49 (average)	7.47 (average)	14.59 (average)	6.22 (average)	13.04	5.43 (average)	1.88	7.64	12.2	7.39
Water	6	6	5	6	6	7.5	8.5	9	9	13	12
Sanitation	6	6	5	6	6	7.5	8.5	9	9	12	12
Property Rates	5	5	5.5	6	6	7.77	5	4.4	9.5	9.5	9.5
Refuse	6	6	5	6	6	7.5	7.5	9	9	11	12

8. THE RISKS ASSOCIATED WITH THE BUDGET (POSSIBLE IMPEDIMENTS)

8.1. THE ESCALATING ARREAR DEBT AS AT END MAY 2024

OVERDUE AMOUNTS			
Detail	June 2023	At the End of May-24	Difference
<i>Debtors Age Analysis By Revenue Source</i>			
Trade and Other Receivables from Exchange Transactions - Water	R 8,136,133,033	R 7,129,250,974	-R 1,006,882,059
Trade and Other Receivables from Exchange Transactions - Electricity	R 653,630,400	R 672,525,412	R 18,895,012
Receivables from Non-exchange Transactions - Property Rates	R 1,335,540,279	R 1,550,593,901	R 215,053,622
Receivables from Exchange Transactions - Waste Water Management	R 1,163,788,465	R 1,204,085,562	R 40,297,097
Receivables from Exchange Transactions - Waste Management	R 661,209,036	R 603,439,656	-R 57,769,380
Receivables from Exchange Transactions - Property Rental Debtors	R 40,177,773	R 45,633,376	R 5,455,603
Interest on Arrear Debtor Accounts	R 1,947,366,721	R 2,524,362,236	R 576,995,515
Other	R 399,930,189	R 387,945,437	-R 11,984,752
Total By Income Source	R 14,337,775,896	R 14,117,836,554	-R 219,939,342
<i>Debtors Age Analysis By Customer Group</i>			
Government	R 180,626,258	R 242,576,649	R 61,950,391
Business	R 1,693,956,774	R 1,946,880,797	R 252,924,023
Households	R 12,418,048,260	R 11,874,086,827	-R 543,961,433
Other (NMBM)	R 45,144,604	R 54,292,281	R 9,147,677
Total By Customer Group	R 14,337,775,896	R 14,117,836,554	-R 219,939,342

NB: There are various strategies that are being implemented to improve the above situation including the latest Multi-Disciplinary Blitz that have been implemented since late April 2024 and other strategies such as Data Cleansing to be implemented in the coming financial year, hence the Collection Rate is projected to be higher in Years 2 and 3.

8.2. THE TRADING SERVICE FINANCIAL POSITION – ELECTRICITY SERVICE

<u>ELECTRICITY AND ENERGY SERVICE</u>						
Revenue Category	2022/2023 Actuals	2023/2024 Budget	2023/2024 Revised	2024/2025 Budget	2025/2026 Budget	2026/2027 Budget
Service Charges	4,817,229,974	5,163,606,820	5,171,943,090	5,828,779,860	6,569,035,000	7,403,302,330
Interest Earned - Outstanding Debtors	97,625,462	104,287,600	83,733,180	90,766,770	98,391,180	106,656,040
Fines	660,111	850,000	1,217,400	1,278,270	1,348,580	1,421,430
Government Grants and Subsidies	69,759,286	42,562,910	43,042,910	39,004,970	39,979,570	41,408,550
Rental of Facilities and Equipment	15,763	15,000	15,770	16,560	17,480	18,430
Sale of Goods and Rendering of Services	62,093	65,000	65,000	68,250	72,010	75,910
Operational Revenue	454,650	230,000	31,900	33,500	35,350	37,270
TOTAL - REVENUE	4,985,807,339	5,311,617,330	5,300,049,250	5,959,948,180	6,708,879,170	7,552,919,960
Expenditure Category	2022/2023 Actuals	2023/2024 Budget	2023/2024 Revised	2024/2025 Budget	2025/2026 Budget	2026/2027 Budget
Employee Related Costs	411,045,010	487,305,520	495,257,220	525,450,570	569,391,080	580,777,930
Impairment - Receivables	48,541,901	111,346,940	111,346,940	114,687,360	118,127,980	121,671,820
Contracted Services	45,983,864	50,174,840	43,653,840	52,955,200	55,703,850	53,346,820
Depreciation	145,884,465	187,448,270	140,586,180	147,615,510	152,043,970	130,705,300
Repairs and Maintenance	97,954,037	122,650,000	123,900,000	142,249,510	150,716,000	127,454,260
Finance Cost	36,953,421	34,860,900	34,860,900	29,730,290	24,687,770	21,364,340
Bulk Purchases	4,705,197,690	5,632,329,340	5,632,844,790	6,338,216,080	7,143,169,530	8,050,352,070
General Expenses	23,755,599	39,477,730	36,346,050	42,590,610	44,055,430	41,697,810
Operating Leases	1,546,653	1,948,330	2,048,330	2,150,760	2,269,180	2,391,660
Inventory	5,599,834	10,757,390	11,588,390	11,658,130	12,293,330	12,950,750
Loss on disposal of PPE	-703,540	0	0	0	0	0
TOTAL - EXPENDITURE	5,521,758,934	6,678,299,260	6,632,432,640	7,407,304,020	8,272,458,120	9,142,712,760
REVENUE - EXPENDITURE	-535,951,595	-1,366,681,930	-1,332,383,390	-1,447,355,840	-1,563,578,950	-1,589,792,800
Service Charges vs. Bulk Purchases	112,032,284	-468,722,520	-460,901,700	-509,436,220	-574,134,530	-647,049,740

NB: An Electricity Service is supposed to be financing other non-revenue generating services, however, the status quo as above does not allow so.

8.3. SAFETY & SECURITY SERVICE

Revenue Category	2022/2023 Actuals	2023/2024 Budget	2023/2024 Revised	2024/2025 Budget	2025/2026 Budget	2026/2027 Budget
Fines	38,605,876	27,479,510	12,779,510	29,168,510	30,772,790	32,434,550
Licences and permits	19,855,317	16,334,030	16,334,030	18,251,590	19,483,360	20,793,910
Government Grants and Subsidies	581,307,550	866,921,510	605,603,670	781,989,430	865,266,320	961,489,340
Rental of Facilities and Equipment	19,200	21,520	21,520	22,600	23,730	24,920
Sale of Goods and Rendering of Services	3,755,228	2,574,500	2,574,500	2,703,250	2,851,810	2,992,320
Operational Revenue	225,644,368	201,588,520	201,694,200	217,398,840	243,960,810	64,859,660
TOTAL - REVENUE	869,187,539	1,114,919,590	839,007,430	1,049,534,220	1,162,358,820	1,082,594,700
Expenditure Category	2022/2023 Actuals	2023/2024 Budget	2023/2024 Revised	2024/2025 Budget	2025/2026 Budget	2026/2027 Budget
Employee Related Costs	860,442,691	1,051,209,790	1,016,540,010	1,069,296,740	1,156,963,910	1,261,223,840
Impairment - Receivables	165,865	0	0	0	0	0
Contracted Services	21,776,467	91,058,330	83,938,330	62,504,040	65,958,460	69,507,350
Impairment - OTHER	34,433,525	28,631,500	26,381,500	27,431,500	27,531,500	27,581,500
Repairs and Maintenance	8,615,597	20,076,200	22,526,000	17,492,710	18,638,890	20,076,930
Finance Cost	1,167,707	1,314,770	1,314,770	644,730	575,380	498,090
General Expenses	20,416,534	33,361,300	36,852,630	36,331,230	37,891,930	39,531,820
Operating Leases	971,260	1,093,130	1,243,130	1,147,820	1,210,990	1,276,410
Inventory	11,419,987	16,616,230	17,865,230	18,106,170	19,090,990	20,114,400
TOTAL - EXPENDITURE	959,409,633	1,243,361,250	1,206,661,600	1,232,954,940	1,327,862,050	1,439,810,340
REVENUE - EXPENDITURE	-90,222,094	-128,441,660	-367,654,170	-183,420,720	-165,503,230	-357,215,640

NB: It is to be noted that for the Safety & Security Directorate that employee related costs vs. total expenditure as employee is very high at over 84% of the total Operating Expenditure per financial year, which is not financially sustainable.

8.4. UNDER FUNDED MANDATES – LIBRARY SERVICES

<i>LIBRARY SERVICES - NMBM</i>						
Revenue Category	2022/2023 Actuals	2023/2024 Budget	2023/2024 Revised	2024/2025 Budget	2025/2026 Budget	2026/2027 Budget
Fines	482,137	1,263,620	571,870	578,860	609,100	640,420
Government Grants and Subsidies	15,870,000	15,870,000	15,870,000	19,210,000	19,210,000	19,210,000
Rental of Facilities and Equipment	6,818	604,030	31,200	27,210	27,630	28,060
Sale of Goods and Rendering of Services	74,241	164,640	84,500	85,500	89,910	94,490
Operational Revenue	410	94,650	0	210	210	210
TOTAL - REVENUE	16,433,606	17,996,940	16,557,570	19,901,780	19,936,850	19,973,180
Expenditure Category	2022/2023 Actuals	2023/2024 Budget	2023/2024 Revised	2024/2025 Budget	2025/2026 Budget	2026/2027 Budget
Employee Related Costs	91,526,282	108,544,030	105,672,780	119,141,040	129,269,570	140,256,070
Impairment - Receivables	523,876	0	0	0	0	0
Contracted Services	1,431,728	2,496,850	2,486,850	3,183,610	3,248,930	3,309,210
Depreciation	179,667	317,550	238,150	250,070	257,580	265,300
Repairs and Maintenance	762,042	1,396,440	1,266,440	1,388,980	1,430,530	1,484,280
General Expenses	4,727,572	9,123,560	8,671,560	10,315,520	10,614,650	10,917,500
Operating Leases	813,855	1,461,400	1,461,400	1,343,670	1,409,940	1,480,250
Inventory	1,547,091	2,328,600	2,328,600	2,427,960	2,656,960	2,551,990
TOTAL - EXPENDITURE	101,512,113	125,668,430	122,125,780	138,050,850	148,888,160	160,264,600
REVENUE - EXPENDITURE	-85,078,507	-107,671,490	-105,568,210	-118,149,070	-128,951,310	-140,291,420

NB: It will cost the ratepayer about R386 million over the 2024/25 MTREF period to subsidise the Library Services which “constitutionally” should be the responsibility of Provincial / National spheres of Government. Another reason we battle to present a surplus budget.

8.5. SUPPLY CHAIN MANAGEMENT OPERATIONS

EPWP AND GRADUATE STAFF			
UNIT / SECTION	EPWP	GRADUATES (SKILLS)	TOTAL
Demand Management	0	0	0
Acquisition Management	4	5	9
Logistics Management	9	0	9
Contracts Management	9	0	9
SCM Risk and Performance Management	2	1	3
Total	24	6	30

NB: One of our main inhibiting factors in spending the Budget which include Conditional Grants is the status of the Supply Chain Management Unit. As per the above Table we can see that about 30 EPWP / Unemployed Graduates are currently being utilised to fulfil the permanent operations of our SCM which is not sustainable. That is why that SCM vacancies for TASK Graded positions have been prioritised in terms of this Budget for them to be filled.

9. BUDGET CHALLENGES

9.1. NOTABLE CHALLENGES RELATING TO THE 2024/25 BUDGET PREPARATION PROCESS

- The declining **collection rate** and its impact on the financial sustainability of the municipality.
- Inability to budget for a surplus on the Operating Budget, due to prior year commitments with financial implications on the budget.
- **The poor financial performance of the Electricity Service.**
- Ensuring that **electricity and water losses are reduced** to acceptable levels.
- Allocation of the required operating budget provision for newly created infrastructure and facilities, with a consequential impact on the level of property rates and tariff increases.
- Allocation of the required budget provision for the rehabilitation and maintenance of infrastructure.
- **Underfunded mandates negatively** impacting on the municipality's budget, such as the Library Services.
- Financial commitments emanating from prior year Council decisions, such as the insourcing of security guards, which become a permanent cost in the municipality's payroll.

10. COMPARISON WITH OTHER METROPOLITAN MUNICIPALITIES

10.1. THE EQUITABLE SHARE (NMBM COMPARED TO OTHER METROS)

METRO'S COMPARATIVE EQUITABLE SHARE ALLOCATION PER METROPOLITAN MUNICIPALITY (2024/25 to 2026/27)

METROPOLITAN MUNICIPALITY	2024/25	% Allocation per Metro vs. Total Allocation	2025/26	2026/27
Nelson Mandela Metro	1,523,361,000	5	1,643,573,000	1,775,087,000
Buffalo City	1 218 324 000	4	1 298 635 000	1 381 886 000
Mangaung	1 113 938 000	4	1 201 841 000	1 298 009 000
Ekurhuleni	5 534 652 000	18	5 971 405 000	6 449 217 000
Joburg	7 571 601 000	25	8 169 095 000	8 822 758 000
Tshwane	4 287 120 000	14	4 625 428 000	4 995 539 000
eThekweni	4 827 914 000	16	5 208 897 000	5 625 695 000
Cape Town	4 365 700 000	14	4 710 608 000	5 087 103 000
TOTAL EQUITABLE SHARE	30,442,610,000	100	32,829,482,000	35,435,294,000

NB: This information has been sourced from the NT Website re DORA allocations.

10.2. THE USDG ALLOCATION (NMBM COMPARED TO OTHER METROS)

METRO'S COMPARATIVE URBAN SETTLEMENTS DEVELOPMENT GRANT (USDG) (2024/25 TO 2026/27)				
METROPOLITAN MUNICIPALITY	2024/25	% Allocation per Metro vs. Total Allocation	2025/26	2026/27
Nelson Mandela Metro	635 473 000	7	663 817 000	786 561 000
Buffalo City	535 365 000	6	559 244 000	662 652 000
Mangaung	530 611 000	6	554 277 000	656 766 000
Ekurhuleni	1 383 500 000	16	1 445 207 000	1 712 433 000
Joburg	1 953 667 000	22	2 320 637 000	1 608 673 000
Tshwane	1 126 600 000	13	1 176 848 000	1 394 455 000
eThekweni	1 498 083 000	17	1 441 639 000	1 708 207 000
Cape Town	1 041 825 000	12	1 088 295 000	1 289 526 000
TOTAL USDG	8,705,124,000	100	9,249,964,000	9,819,273,000

NB: This information has been sourced from the NT Website re DORA allocations.

10.3. THE ISUP-G ALLOCATION (NMBM COMPARED TO OTHER METROS)

METRO'S COMPARATIVE INFORMAL SETTLEMENT UPGRADING PARTNERSHIP GRANT (ISUP-G) (2024/25 TO 2026/27)

METROPOLITAN MUNICIPALITY	2024/25	% Allocation per Metro vs. Total Allocation	2025/26	2026/27
Nelson Mandela Metro	361 684 000	8	377 887 000	395 200 000
Buffalo City	304 707 000	7	318 357 000	332 943 000
Mangaung	302 002 000	7	315 531 000	329 986 000
Ekurhuleni	787 428 000	17	822 707 000	860 397 000
Joburg	739 714 000	16	772 854 000	808 263 000
Tshwane	641 212 000	14	669 938 000	700 630 000
eThekweni	785 485 000	17	820 674 000	858 273 000
Cape Town	592 962 000	13	619 527 000	647 910 000
TOTAL USDG	4,515,194,000	100	4,717,475,000	4,933,602,000

NB: This information has been sourced from the NT Website re DORA allocations.

11. THE FUNDING STATUS OF THE BUDGET

11.1. TABLE A7 – BUDGETED CASHFLOW STATEMENT

Description	Current year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year 2025/26	Budget Year 2026/27
R thousands						
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Property rates	2,652,874	2,627,874	2,627,874	2,828,026	2,983,567	3,162,564
Service charges	7,144,625	7,152,625	7,152,625	9,293,524	10,325,690	11,076,026
Other revenue	2,410,416	821,062	821,062	2,200,281	1,167,944	1,189,409
Transfers and Subsidies - Operational	1,964,652	1,768,469	1,768,469	2,138,293	2,181,768	2,071,284
Transfers and Subsidies - Capital	1,387,960	1,242,427	1,242,427	1,210,250	1,290,720	1,165,060
Interest	208,088	207,878	207,878	226,156	236,501	254,082
Dividends	-	-	-	-	-	-
Payments						
Suppliers and employees	-14,133,263	-11,734,420	-11,734,420	-14,697,330	-15,379,104	-16,240,314
Finance charges	- 128,228	- 130,278	- 130,278	- 111,217	- 88,016	- 75,081
Transfers and Subsidies	- 62,687	- 84,625	- 84,625	- 84,452	- 92,163	- 94,355
NET CASH FROM/(USED) OPERATING ACTIVITIES	1,444,437	1,871,012	1,871,012	3,003,531	2,626,907	2,508,675
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-16,572	-16,572	-160,820	-162,175	-163,106
Decrease (increase) in non-current investments	-	-	-	-	-	-
Payments						
Capital assets	- 1,822,952	- 1,901,227	- 1,901,227	- 2,012,773	- 1,985,350	- 1,882,435
NET CASH FROM/(USED) INVESTING ACTIVITIES	-1,822,952	-1,917,799	-1,917,799	-2,173,593	-2,147,525	-2,045,541
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Short term loans	-	-	-	-	-	-
Borrowing long term/refinancing	-	- 281,943	- 281,943	- 130,229	-	-
Increase (decrease) in consumer deposits	-	-	-	-	-	-
Payments						
Repayment of borrowing	- 139,993	- 192,376	- 192,376	- 213,799	- 129,971	- 143,198
NET CASH FROM/(USED) FINANCING ACTIVITIES	- 139,993	- 192,376	- 192,376	- 344,028	- 129,971	- 143,198
NET INCREASE/ (DECREASE) IN CASH HELD	-518,508	-239,163	-239,163	485,910	349,411	319,936
Cash/cash equivalents at the year begin:	4,797,650	4,815,036	4,815,036	4,575,873	5,061,783	5,411,194
Cash/cash equivalents at the year-end:	4,279,142	4,575,873	4,575,873	5,061,783	5,411,194	5,731,130

11.2. CASH BACKED RESERVES / ACCUMULATED SURPLUS RECONCILIATION

Description	Current year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework			
	R thousands	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2024/25	Budget Year 2025/26	Budget Year 2026/27
Cash and investments available								
Cash/cash equivalents at the year end	4,273,131	4,820,128	4,820,128	-	5,061,783	5,411,194	5,731,130	
Other current investments > 90 days	413,054			-				
Cash and investments available:	4,686,185	4,820,128	4,820,128	-	5,061,783	5,411,194	5,731,130	
Application of cash and investments								
Unspent conditional transfers	55,600	270,761	270,761	-	156,238	154,809	162,549	
Unspent borrowing	-			-	130,229	-	-	
Statutory requirements	613,872			-	495,130	652,930	689,085	
Other working capital requirements	1,241,068	986,911	986,911	-	1,321,880	1,351,820	958,230	
Other provisions	229,572	909,063	909,063	-	2,384,230	2,406,551	2,496,948	
Long term investments committed	-	-	-	-	-	-	-	
Reserves to be backed by cash/investments	907,030	584,588	584,588	-	585,129	585,710	586,295	
Total Application of cash and investments:	565,006	777,501	777,501	-	479,638	772,698	734,414	
Surplus(shortfall) – Excl Non-Current Creditors Trf to Debt Relief Benefits	4,121,179	4,042,627	4,042,627	-	2,908,714	3,220,878	3,711,061	
Creditors transferred to Debt Relief - Non-Current portion	-	-	-	-	2,153,069	2,190,316	2,020,069	
Surplus(shortfall) -Incl Non-Current Creditors Trf to Debt Relief Benefits	4,121,179	4,042,627	4,042,627	-	2,153,069	2,190,316	2,020,069	

12. THE FUNDING STATUS OF THE DRAFT BUDGET AS ASSESSED BY NATIONAL TREASURY (13TH MAY 2024)

Cash Backed

NMA - Nelson Mandela Bay

CURRENT YEAR

MEDIUM TERM REVENUE & EXPENDITURE FRAMEWORK

Description	2023/24	2023/24	2024/25	2024/25	2025/26	2025/26	2026/27	2026/27
	Adjusted Budget	Treasury Calculation	Budget Year +0	Treasury Calculation	Budget Year +1	Treasury Calculation	Budget Year +2	Treasury Calculation
Cash and investments available								
Cash/cash equivalents at the year end	1 616 919	4 723 076	6 012 392	4 919 615	6 199 487	5 361 937	5 968 435	5 441 095
Other current investments > 90 days	3 209 219	-	(944 947)	(0)	(1 030 693)	(0)	(696 265)	(0)
Cash and investments available:	4 826 138	4 723 076	5 067 445	4 919 615	5 168 794	5 361 937	5 272 170	5 441 095
Application of cash and investments								
Unspent conditional transfers	312 695	126 069	313 007	126 069	313 321	126 069	313 634	126 069
Unspent borrowing	-	58 865	-	130 229	-	-	-	-
Statutory requirements	381 567	229 162	340 561	484 266	287 890	756 682	231 889	1 045 618
Other working capital requirements	(2 894 422)	(1 698 261)	(1 581 137)	(1 316 793)	(963 684)	(1 050 763)	(902 267)	(735 916)
Other provisions	395 759	2 879 541	396 155	2 892 130	396 551	2 905 790	396 948	2 920 610
Reserves to be backed by cash/investments	584 588	584 588	585 173	585 173	585 757	585 757	586 344	586 344
Total Application of cash and investments:	(1 219 813)	2 953 773	53 759	2 901 074	619 835	3 323 535	626 548	3 942 726
Surplus(shortfall) - Excl Non-Current Creditors Trf to Debt Relief Benefits	6 045 951	1 769 303	5 013 686	2 018 541	4 548 959	2 038 402	4 645 622	1 498 368
Surplus(shortfall) - Incl Non-Current Creditors Trf to Debt Relief Benefits	6 045 951	1 769 303	5 013 686	2 018 541	4 548 959	2 038 402	4 645 622	1 498 368

Other working capital requirements

Debtors

3 438 063

Creditors due



Total

2 702 148

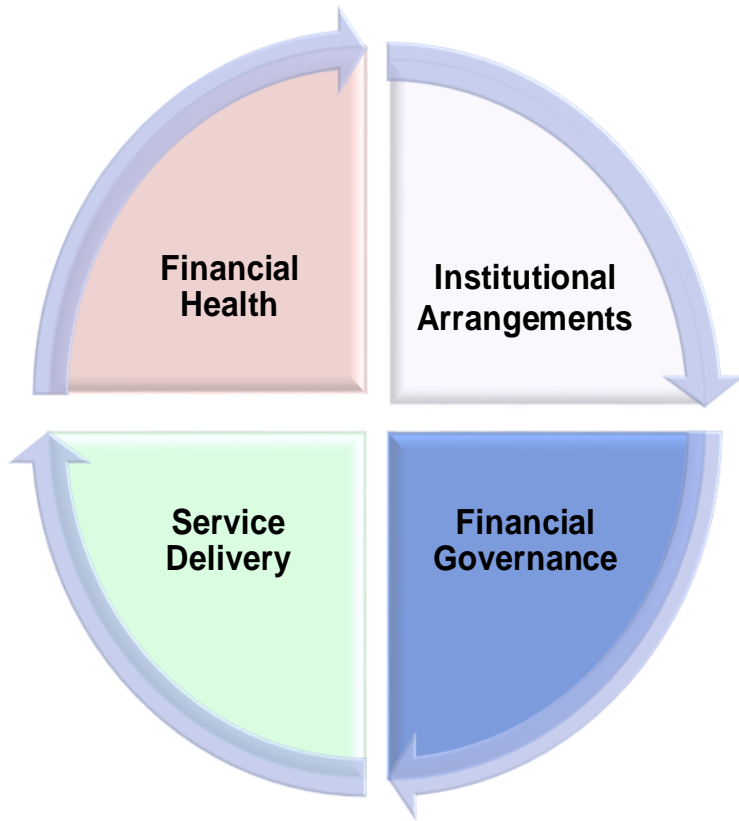
735 916

The budget is funded over the MTREF

13. ASSESSMENT OF NMBM AGAINST THE “FOUR LENSES” BY NATIONAL TREASURY

Evaluation criteria

Assessment through four lenses:



Lenses through four measures:

Sound	Fragile	Decline	Distressed
<ul style="list-style-type: none">• Well managed• Thriving	<ul style="list-style-type: none">• Most indicators are good but worrying signs are showing	<ul style="list-style-type: none">• Most indicators are on decline• Clear signs of deterioration	<ul style="list-style-type: none">• They have gone beyond decline• The city is not coping• Requiring urgent attention – mostly political

How are we rated according to the four lenses (2024/25 MTREF)?

FINANCIAL HEALTH [SOUND]	INSTITUTIONAL ARRANGEMENTS [DECLINE]
SERVICE DELIVERY [FRAGILE]	FINANCIAL GOVERNANCE [SOUND]

In terms of scoring by an outside organisation such as National Treasury the above ratings are the best scores received by ourselves. What assisted us is the ability to play our cards openly (transparency) with National Treasury including staging technical sessions prior the assessment meeting. *Lesson learnt:* The more we invite NT to assist us in areas of need the better for us.

How were we rated according to the four lenses (2023/24 MTREF)?

FINANCIAL HEALTH [SOUND]	INSTITUTIONAL ARRANGEMENTS [FRAGILE]
SERVICE DELIVERY [DISTRESSED]	FINANCIAL GOVERNANCE [FRAGILE]
The above is sourced from the letter dated 6th June 2023. [Compare how were we rated in the 2023/24 MTREF to how we are rated in the 2024/25 MTREF]	

14. RECOMMENDATIONS TO COUNCIL

14.1. RECOMMENDATIONS TO COUNCIL

1.2 COUNCIL RESOLUTIONS

THE EXECUTIVE MAYOR RECOMMENDS TO COUNCIL THAT:

1. The consolidated annual budget of the Nelson Mandela Bay Municipality for the financial year 2024/25 and the indicative allocations for the projected outer years 2025/26 and 2026/27, and the multi-year and single year capital appropriations, be **approved** for the purpose of complying with Chapter 4 of the Local Government: Municipal Finance Management Act, Act 56 of 2003 (MFMA), read in conjunction with Municipal Budget and Reporting Regulations No.32141 (dated 17 April 2009), as set out in the following tables:
 - 1.1 Consolidated Budget Summary (revenue and expenditure by standard classification); [Page 53 to 54] (A1);
 - 1.2 Consolidated Budget Financial Performance (revenue and expenditure by municipal vote); [Page 54 to 55] (A2);
 - 1.3 Budgeted Financial Performance (revenue by source and expenditure by type / municipal vote); [Page 56-57] (A3);
 - 1.4 Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source (A5); [Page 59];
 - 1.5 That the budgeted financial position, budgeted cash flows, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets be noted as set-out in the following tables:
 - 1.6 Budgeted Financial Position (A6); [Page 60 to 61];
 - 1.7 Budgeted Cash Flows (A7); [Page 61 to 62];
 - 1.8 Cash backed reserves and accumulated surplus reconciliation (A8); [Page 62-63];
 - 1.9 Asset Management (A9); [Page 68]; and
 - 1.10 Basic service delivery measurement (A10). [Page 68 to 70].
2. **That the consolidated budget that includes the financial impact of the municipal entity (i.e. Mandela Bay Development Agency) as well as Capital and Operating Contributions to the MBDA (including HURP) of R137.5 million (2024/25), R141.7 million (2025/26) and R145.9 million (2026/27) respectively, be noted.**
3. **That Council notes that transfer of grants to the entity (i.e. MBDA) will be undertaken on a quarterly basis, based on compliance with the required conditions as per the signed service delivery agreement (SDA).**

14.2. RECOMMENDATIONS TO COUNCIL (*Cont...*)

4. That the proposed tariffs increase for the 2024/25 (1 July 2024) financial year are as follows:

Property rates	-	5%
Water	-	6.00%
Sanitation	-	6.00%
Refuse	-	6.00%
Electricity	-	12.74% (On average, depending on the various customer categories, subject to NERSA's final approval).

5. That the indicative tariffs for 2025/26 and 2026/27 be increased as follows (considering the external factors impacting on Electricity and Water Services):

	2025/26	2026/27
Property Rates	5.50%	6.00%
Water	6.50%	7.00%
Sanitation	6.50%	7.00%
Refuse	6.50%	7.00%
Electricity	12.74%	12.74%

6. That Council **notes** the contents of **National Treasury MFMA Budget Circulars 126 and 128** (attached elsewhere to the Budget Report) for guiding the budgeting processes.

14.3. RECOMMENDATIONS TO COUNCIL

Vote Number	Project ID	Job Number	Job Description	2024/25	2025/26	2026/27	Status/ Authority	Comments
0064 6318	20182504	2018NSRA05835	Rugby Championship	6,900,000			Contract expires 24/25	Contract renewal upon expiry
0064 6318	20182505	2018NSRA05836	Soccer Championship	6,900,000	6,900,000		Contract expires 25/26	Contract renewal upon expiry
0064 6318	20182508	2018NSRA05837	Cricket Championship	6,096,840			Contract expires 24/25	Contract renewal upon expiry
0064 6318	20240024	2024NSRA42123	ABSA Run Your City	1,700,000	1,700,000		Contract expires 25/26	Contract renewal upon expiry
0064 6318	20182510	2018NSRA05839	COSAFA Women's Championship	2,500,000				Contract renewal upon expiry
0064 6318	20240018	2024NSRA42117	Professional Boxing in NMB	1,150,000	1,000,000		Contract expires 25/26	Contract renewal upon expiry
0064 6318	20240019	2024NSRA42118	ABC Motsepe League Teams	763,200	763,200	763,200	Mandate	Local development
0064 6318	20240020	2024NSRA42120	Nelson Mandela Bay Sports Summit	1,100,000	1,100,000	1,100,000	Mandate	Local development
0064 6318	20240023	2024NSRA42122	NMB Triathlon	920,000			Contract expires 24/25	Contract renewal upon expiry
0065 1589	20180124	2018NSRA05872	City Surf Pro & SA Surf Open Series	1,266,300			Contract expires 24/25	Contract renewal upon expiry
0065 1589	20180124	2018NSRA05875	Mandela Bay Theatre Complex	7,242,000	7,242,000		Contract expires 25/26	Contract renewal upon expiry

NB: For Transparency = Ratepayers must know how we utilise their money

14.3. RECOMMENDATIONS TO COUNCIL

Vote Number	Project ID	Job Number	Job Description	2024/25	2025/26	2026/27	Status/ Authority	Comments
0065 1589	20180119	2018NSRA00275/755	Repatriation - Reburials	500,000	500,000	500,000	Mandate	Local development
0065 1589	20180124	2018NSRA05868	Wrestling Extravaganza	969,110	997,195		Contract expires 25/ 26	Contract renewal upon expiry
0065 1589	20240244	2024NSRA42237	Mandela Bay Arts Festival	4,950,000	4,950,000		Contract expires 25/ 26	Contract renewal upon expiry
1114 4976	20181394	2018NSRA00381	Levies: Special Events	861,970	913,690	968,510	Mandate	Local development
1114 4976	20181394	2018NSRA05878	Splash Festival	4,500,000	4,770,000	5,086,200	Mandate	Local development
1114 4976	20181394	2018NSRA05879	Summer Season	5,750,000	5,750,000	5,750,000	Council resolution for 2024/25 only	CR – Awaiting contracting
1114 4976	20181394	2018NSRA05881	EP Athletics	6,360,000	6,714,600		Contract expires 25/ 26	Contract renewal upon expiry
1114 4976	20181393	2018NSRA00382	Levies: Memorial Lectures	750,000	795,000	842,700	Mandate	Local development
1114 4976	20181395	2018NSRA00379	Heritage Month	500,000	530,000	561,800	Mandate	Local development
1114 4976	20181394	2018NSRA05877	Ironman Triathlon	8,585,100	8,222,629		Contract expires 25/ 26	Contract renewal upon expiry
1114 4976	20181394	2024NSRA42131	Ebubeleni Music Festival	3,425,000			Contract expires 24/ 25	Contract renewal upon expiry
Total				73,689,520	52,848,314	15,572,410		

NB: For Transparency = Ratepayers must know how we utilise their money

14.4. RECOMMENDATIONS TO COUNCIL

9. That Council notes the letter from National Treasury dated 20 May 2024 relating to the budget assessment confirming that it is a funded budget and a letter from the city responding thereto, attached elsewhere in this Budget Report.
10. **That Council notes that as part of implementing the BFI (Budget for Infrastructure) funded projects under Water & Sanitation Services through the gazetted Regional Bulk Infrastructure Grant (RBIG), to deal with the drought disaster, Coega Development Corporation (CDC), an entity of State, will be utilised as an implementing agent as per the Council resolution dated 3rd April 2023.**
11. **That based on recommendation “10” above an amount of R250 000 000 (VAT Inclusive) will be transferred to the CDC in the 2024/25 financial year and R390 000 000 (Vat Inclusive) in the 2025/26 financial year, based on the terms and conditions set out in the SLA entered into with both parties (i.e. NMBM & CDC), as well as the concurrence of the National Transferring Officer/s (National Treasury & Department of Water and Sanitation), with the budget corrected to appropriately reflect in the Council’s Operating Budget for the transfer to be effected in agreed upon tranches.**
12. That Council approves the Tariffs Book attached elsewhere in this Budget Report for implementation w.e.f. 1 July 2024.
13. That the Chief Financial Officer be authorised to implement any changes that may be identified, without them affecting the bottom-line, after the tabling of the 2024/25 MTREF Budget in Council for approval, prior to submission to National Treasury and publication on the municipal website.

15. ATTACHMENTS TO THE BUDGET REPORT (SEE PARA 2.13)

15.1. ATTACHMENTS TO THE BUDGET REPORT

2.13 ATTACHMENTS TO THE BUDGET REPORT

Attached to this Budget Report are the following Annexures: -

- Capital Works Plan (2024/25 to 2026/27) (**refer to Annexure “A1”**);
- Ward Budget / Allocations (2024/25 to 2026/27) (**refer to Annexure “A2”**);
- National Treasury Budget Circular 126 (**refer to Annexure “A3”**),
- National Treasury Budget Circular 128 (**refer to Annexure “A4”**),
- National Treasury Letter dated 20th May 2024 (**refer to Annexure “A5”**),
- Letter from NMBM – Responding to NT Letter dated 20th May 2024 (**refer to Annexure “A6”**);
- Letter to National Minister of Finance – Non-Compliance with tabling of Budget (**refer to Annexure “A7”**) and
- Tariffs Book (**refer to Annexure “A8”**).

16. ALERTING NATIONAL / PROVINCIAL AUTHORITIES RE NON-COMPLIANCE WITH END MAY 2024 DEADLINE

16.1. LETTER TO NATIONAL / PROVINCIAL MINISTERS

Office of the Executive Mayor

Tel: +27 (0) 41 506 3287/8

PO Box 116, Port Elizabeth, 6000
Republic of South Africa

e-Mail: pamayor@mandelametro.gov.za

The Minister of Finance
National Treasury
Private Bag X 115
Pretoria
0001

28 May 2024

Attention: Minister of Finance

Hon. Mr. Enoch Godwongwana

Per Email: minreg@treasury.gov.za

Dear Honourable Minister,

NOTIFICATION FOR THE DELAY IN TABLING OF THE 2024/25 INTEGRATED DEVELOPMENT PLAN (IDP) AND DRAFT BUDGET FOR APPROVAL BY COUNCIL ON OR BEFORE END MAY 2024

Section 24(1) of the Municipal Finance Management Act (MFMA) (56 of 2003) inter-alia states that, "(1) The Municipal council must at least 30 days before the start of the budget year consider approval of the annual budget".

Section 27(1) of the MFMA further states that, "(1) The mayor of a municipality must, upon becoming aware of any impending non-compliance by the municipality of any provisions of the Act or any other legislation pertaining to the tabling or approval of an annual budget or compulsory consultation processes, inform the MEC for Finance in the Province, in writing, of such *impending* non-compliance".

The Municipal Budget and Reporting Regulations (32141 dated 17 April 2009) sets out the procedures to be followed in the event of a municipality facing impending non-compliance with timelines and or deadlines concerning the annual budget.

As we are aware the State President promulgated that the General Elections be held on the 29th May 2024, necessitating that Council be on recess as Councillors require to play their critical roles relating to their party assignments. I must highlight that in terms of our Council

approved Calendar of meetings, our Council was planned to stage its meeting to deal with the approval of the IDP and Budget for the 2024/25 MTREF period on the 30th May 2024.

The promulgation of the 29th May 2024 has since interrupted this planning process, accordingly we are planning to stage our meeting, to deal with the above on Thursday, 13th June 2024.

Based on the above you are kindly informed to take note that a suitable date for the Council meeting in order to deal with the approval of the IDP and Budget (2024/2025 to 2026/2027) has been shifted to Thursday, 13th June 2024 where both documents will be tabled to Council for approval.

Lastly, in the event that the approval of the IDP and Budget by Council is delayed further after the recommended date, as above, the processes required in terms of section 25(1) of the MFMA will be followed, and your office will be advised accordingly, as the City usually does.

I await your advices in this regard.

[Attached to this letter is Annexure "A" which is the regulated Application Form for this puprose].

Yours faithfully



COUNCILLOR G van NIEKERK
EXECUTIVE MAYOR

cc : National Treasury – Jan Hattingh (jan.hattingh@treasury.gov.za) and
matjatji.moshoeshoe@treasury.gov.za

cc : Mrs N Oliphant (nombulelo.oliphant@ectreasury.gov.za)

16.2. LETTER TO NATIONAL / PROVINCIAL MINISTERS

Office of the Executive Mayor



Tel: +27 (0) 41 506 3267/8

PO Box 116, Port Elizabeth, 6000
Republic of South Africa

e-Mail: pamayor@mandelametro.gov.za

12 June 2024

MEC: Finance – Hon MG Mvoko

Dear Sir

RE - NOTIFICATION FOR THE DELAY IN TABLING OF THE 2024/25 INTEGRATED DEVELOPMENT PLAN (IDP) AND DRAFT BUDGET FOR APPROVAL BY COUNCIL ON OR BEFORE END MAY 2024

Section 24(1) of the Municipal Finance Management Act (MFMA) (56 of 2003) inter-alia states that, "(1) The Municipal council must at least 30 days before the start of the budget year consider approval of the annual budget".

Section 27(1) of the MFMA further states that, "(1) The mayor of a municipality must, upon becoming aware of any impending non-compliance by the municipality of any provisions of the Act or any other legislation pertaining to the tabling or or approval of an annual budget or compulsory consultation processes, inform the MEC for Finance in the Province, in writing, of such impending non-compliance".

The Municipal Budget and Reporting Regulations (32141 dated 17 April 2009) sets out the procedures to be followed in the event of a municipality facing impending non-compliance with timelines and or deadlines concerning the annual budget.

I want to please highlight that on the 28th May 2024 this office addressed a letter, mistakenly to the National Minister of Finance (Hon Mr E Godongwana), attached herewith as reference. In line with Section 27(1) of the Local Government: Municipal Finance Management Act (56 of 2003) this letter was supposed to have been addressed to you as our MEC: Finance, accordingly we apologise profusely for that error.

This letter serves as a notification to indicate that the 2024/25 to 2026/27 Budget and Integrated Development Plan (IDP) document of the municipality will be tabled on Thursday, **20 June 2024** as the city got derailed in finalising these documents due to (i) the recent flood disasters that were well documented or reported, (ii) the demand of turning around the deficit budget of around R1.3 billion to a surplus budget.

We can be able to confirm with certainty that we have been able to achieve the surplus budget demand, to ensure that the finances of the city are on sustainable basis going forward, which is a huge achievement that will be maintained.

Lastly, in the event that the approval of the IDP and Budget by Council is delayed further after the recommended date, as above, the processes required in terms of section 25(1) of the MFMA will be followed, and your office will be advised accordingly, as the City usually does.

I await your advices in this regard.

[See attached letter dated 28 May 2024 with Annexure "A" accidentally sent to the Minister of Finance].

Yours faithfully

**COUNCILLOR B LOBISHE
ACTING EXECUTIVE MAYOR**

cc:

National Treasury – Jan Hattingh (jan.hattingh@treasury.gov.za) and
matjati.moshoeshoe@treasury.gov.za
Mrs N Oliphant (nombulelo.oliphant@ectreasury.gov.za)

16.3. LETTER TO NATIONAL / PROVINCIAL MINISTERS

Tel: +27 (0) 41 506 3267/8

PO Box 116, Port Elizabeth, 6000
Republic of South Africa

e-Mail: pamayor@mandelametro.gov.za

20 June 2024

MEC: Finance – Hon MG Mvoko

Dear Sir

RE - NOTIFICATION FOR THE DELAY IN TABLING OF THE 2024/25 INTEGRATED DEVELOPMENT PLAN (IDP) AND DRAFT BUDGET FOR APPROVAL BY COUNCIL ON OR BEFORE END MAY 2024

Reference is made to my letter dated **12 June 2024** as it relates to above.

Please note that the special Council dated 20th June 2024 set as planned, however, the Council resolved that further consultations be held, more especially with Ward Councillors for various six Clusters of the municipality to be clearly briefed in terms of the Ward Budget document.

The sessions to this effect are planned to be staged on Monday and Tuesday 24th and 25th June 2024 to deal with this matter and table the Integrated Development Plan (IDP) as well as Budget for 2024/25 to 2026/27 at a special Council meeting to be held on Wednesday, **26th June 2024**.

I await your advices in this regard.

Yours faithfully



**COUNCILLOR GARY VAN NIEKERK
EXECUTIVE MAYOR**

cc : National Treasury – Jan Hattingh (jan.hattingh@treasury.gov.za) and
matjatji.moshoeshoe@treasury.gov.za)

cc : Mrs N Oliphant (nombulelo.oliphant@ectreasurv.gov.za)

17. CORRECTIONS TO BE NOTED BY COUNCIL

17.1. CORRECTIONS TO BE NOTED BY COUNCIL

- As alluded to the Operating & Capital Budget under Water Services (I&E) will be corrected prior submission to National Treasury i.t.o. Data Strings to account for the Regional Bulk Infrastructure Grant Allocation to be transferred to CDC in terms of the SLA entered into between two parties.
- Other corrections will be made as per recommendation number 13 for as long as they do not amend the bottom-line.

THANK YOU!