



nelson mandela bay
M U N I C I P A L I T Y

2025/26 - 2027/28 BUDGET

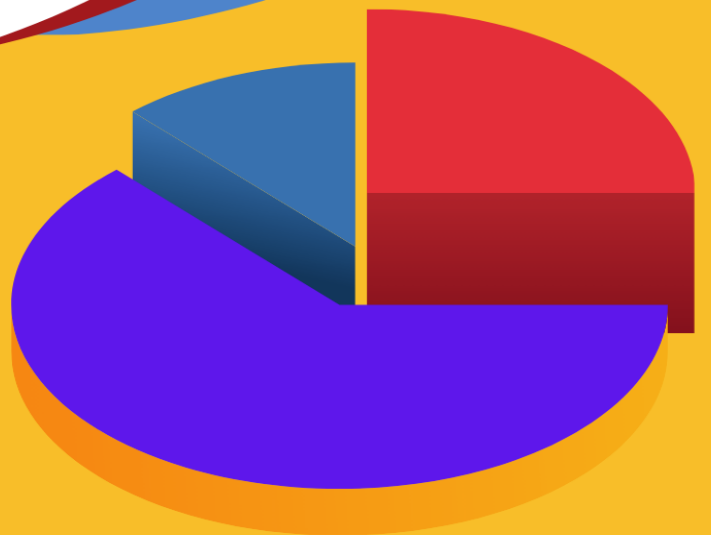


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PART 1 – ANNUAL BUDGET

1.1 EXECUTIVE MAYOR’S FOREWORD – TABLING OF THE 2025/26 TO 2027/28 BUDGET FOR COUNCIL’S APPROVAL IN LINE WITH SECTION 160(2)(b) OF THE CONSTITUTION (108 OF 1996) AS WELL AS CHAPTER 4 OF THE LOCAL GOVERNMENT: MUNICIPAL FINANCE MANAGEMENT ACT (56 OF 2003)

Section 16(1) of the Local Government: Municipal Finance Management Act (MFMA), (Act No. 56 of 2003) requires that the Council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year. Section 24(1) of the MFMA further states that the Municipal Council must at least 30 days before the start of the budget year consider approval of the annual budget.

The municipal budget is funded from various funding sources, including grants allocated by the Minister of Finance through the Division of Revenue Act (DORA). On 21 May 2025, the Minister of Finance tabled the 2025/26 to 2027/28 Budget (Version 3) in Parliament. The budget as tabled by the Minister of Finance, includes various grant allocations (conditional or unconditional) to municipalities, in terms of the DORA. The municipality’s budget tabled to Council for approval includes the following grant allocations:

AS PER BUDGET STATEMENT 21/05/2025						
ALLOCATION OF GRANTS i.t.o. THE DIVISION OF REVENUE BILL (2025/2026 to 2027/28)						
GRANT NAME	Page Number	Schedule Number	2024/25 (Baseline)	2025/26	2026/27 (1st Outer Year Projections)	2027/28 (2nd Outer Year Projections)
OPERATING GRANTS						
	-		R'000	R'000	R'000	R'000
Equitable Share (Schedule 3)	33	Schedule 3	1,523,361,000	1,637,749,000	1,739,300,000	1,817,952,000
Financial Management Grant	259	Various	1,000,000	1,000,000	1,200,000	1,400,000
Infrastructure Skills Development Grant	259	Various	13,800,000	8,900,000	10,400,000	11,000,000
EPWP	259	Various	3,480,000	2,457,000	-	-
City Led Public Employment Program (Included in the NDPG)			15,000,000	<i>Zero allocation</i>		
Urban Development Financing Grant (New Grant from National Treasury)	44	Schedule 4 Part B	-	48,800,000	38,606,000	44,537,000
General Fuel Levy			825,005,000	861,978,000	902,511,000	944,416,000
Programme and Project Preparation Support Grant			15,000,000			
TOTAL - OPERATING			2,396,646,000	2,560,884,000	2,692,017,000	2,819,305,000
GRANT NAME			2024/25	2025/26 (1st Outer Year Projections)	2026/27 (1st Outer Year Projections)	2027/28 (2nd Outer Year Projections)
CAPITAL GRANTS						
	-		R'000	R'000	R'000	R'000
Urban Settlements Development Grant (USDG) Annexure W5)	44	Schedule 4 Part B	635,473,000	663,817,000	694,121,000	725,509,000
Informal Settlement Upgrading Partnership Grant	272	Schedule 5 Part B	361,684,000	377,887,000	395,200,000	413,071,000
Neighbourhood Partnership Development Grant (NDPG)			17,213,000	<i>Zero allocation</i>		
Public Transport Network Operations Grant	272	Schedule 5 Part B	339,948,000	298,225,000	305,631,000	324,803,000
Regional Bulk Infrastructure Grant (Page 312 of 336)			250,000,000	390,000,000	-	-
Energy Efficiency and Demand Side Management Grant	266	Various	7,000,000	7,000,000	8,500,000	9,000,000
TOTAL - CAPITAL			1,611,318,000	1,736,929,000	1,403,452,000	1,472,383,000
TOTAL GRANTS (OPERATING AND CAPITAL)			4,007,964,000	4,297,813,000	4,095,469,000	4,291,688,000

In terms of the above table, the total Operating Grants amount to R2.56 billion, R2.69 billion and R2.82 billion for the three financial years, whilst the total Capital Grants amount to R1.74 billion, R1.40 billion and R1.47 billion over the same period. The main reason for the reduction of year two and year three as it relates to capital grants are because of the Regional Bulk Infrastructure Grant that is not to be funded in the 2026/27 & 2027/28 financial years.

The above allocations include the Informal Settlements Upgrading Partnership Grant (ISUPG), which has been gazetted, amounting to R377.8 million, R395.2 million and R413.0 million over the three-year period. The Human Settlements Directorate, in conjunction with the affected Service Delivery Directorates are responsible to ensure that the projects to be funded from this grant, are in line with the Business Plan as approved by the National Department of Human Settlements, to enable final approval of the budget by Council.

The Regional Bulk Infrastructure Grant (RBIG) has been allocated to the municipality only for the 2025/26 financial year to the amount of R390 million. This grant was firstly allocated to the city with effect from the 2023/24 MTREF period, to deal with water drought related issues that the city has been confronted with and will, with effect from the 2026/27 financial year be no longer made available to the City. As Council will be aware all remaining projects funded through this conditional grant are implemented through the Coega Development Corporation (CDC) as an implementing agent.

The budget is also informed by the consideration of tariff increases for various services, such as, Electricity, Water, Refuse and Sanitation and Property Rates. The proposed increases for electricity tariffs are dependent on the final outcomes of the ESKOM tariff application to NERSA, accordingly, the proposed increases for electricity are still subject to final approval by NERSA.

The budget has been prepared against the background of an escalation in arrear debt. The following table illustrates the arrear debt as at end of March 2025, compared to the position as at the end of June 2024: -

ARREAR DEBT AS AT END MARCH 2025					
Detail	OVERDUE AMOUNTS				
	Jun-24	%Ntage of Total	Mar-25	%Ntage of Total	Difference
Trade and Other Receivables from Exchange Transactions – Water	R7,246,044,415	50.7%	R8,887,253,327	50.2%	R1,641,208,912
Trade and Other Receivables from Exchange Transactions – Electricity	R673,923,665	4.7%	R797,163,947	4.5%	R123,240,283
Receivables from Non-exchange Transactions - Property Rates	R1,518,353,061	10.6%	R1,871,933,687	10.6%	R353,580,626
Receivables from Exchange Transactions - Waste Water Management	R1,214,321,440	8.5%	R1,435,689,229	8.1%	R221,367,789
Receivables from Exchange Transactions - Waste Management	R609,844,505	4.3%	R709,157,955	4.0%	R99,313,450
Receivables from Exchange Transactions - Property Rental Debtors	R45,468,522	0.3%	R57,929,164	0.3%	R12,460,642
Interest on Arrear Debtor Accounts	R2,588,408,509	18.1%	R3,500,064,468	19.8%	R911,655,960
Other	R389,642,695	2.7%	R426,942,331	2.4%	R37,299,636
Total By Income Source	R14,286,006,812	100%	R17,686,134,108	100%	R3,400,127,296
Debtors Age Analysis By Customer Group	Jun-24	%Ntage of Total	Mar-25	%Ntage of Total	Difference
Organs of State	R231,521,682	1.6%	R262,455,602	1.5%	R30,933,920
Commercial	R1,899,268,104	13.3%	R2,172,537,717	12.3%	R273,269,613
Households	R12,100,517,510	84.7%	R15,196,769,162	85.9%	R3,096,251,652
Other NMBM	R54,699,516	0.4%	R54,371,627	0.3%	-R327,889
Total By Customer Group	R14,286,006,812	100%	R17,686,134,108	100%	R3,400,127,296

The table indicates that the arrear debt has increased by R3.4 billion from R14.28 billion in June 2024 to R17.7 billion in March 2025. The biggest contributor to this increase is the arrear water debt component, due to the water punitive tariff structure implemented by Council due to drought conditions.

As previously reported to Council, it is important to note that the financial position of the Electricity Service is under immense pressure due to the extent of electricity losses, which impact significantly on the financial sustainability of the municipality. This is supported by the fact that the budget for Electricity Bulk Purchases exceeds the total Electricity Service Charges budget. This means that the Electricity Service, which is a Trading Service, is operating at a substantial deficit, requiring support from property rates.

It is to be noted that Salary and Wage Bill is a second major cost driver after bulk purchases. The current three-year Collective Agreement, regarding salary increases for municipal employees is utilised for projecting the salary & wage increases. To guide salary increases the projected average Consumer Price Index (CPI), as indicated in the latest National Treasury Budget Circular, was considered.

We must also be aware that the late finalisation of the budgetary processes in national parliament affects us as we depend on conditional grants that are availed through the national DORA. This budget, colleagues, in terms of grants incorporated in it, is informed by the grants availed by the Minister of Finance (Hon E Godongwana) on the 21st May 2025, the budget amendments / corrections have been brought to this Council for approval.

Let me take this opportunity to sincerely thank all role players who assisted in ensuring that the draft budget is submitted to Council for the final approval on or before end May 2025, after conducting rigorous public participation meetings.

I therefore table the 2025/26-2027/28 MTREF Budget and the accompanying documents before Council for APPROVAL.

[NB: A letter from National Treasury is attached elsewhere in this report confirming the funding status of this budget. A tariffs book is also attached as an Annexure thereto listing or various main tariffs, miscellaneous fees & charges per Directorate].

Thank You / Enkosi / Baie Dankie!!!

**COUNCILLOR B. LOBISHE
EXECUTIVE MAYOR**

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 2025/26 and the indicative allocations for the projected outer years 2026/27 and 2027/28, 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 24 to 25] (A1);
 - 1.2 Consolidated Budget Financial Performance (revenue and expenditure by municipal vote); [Page 26] (A2);
 - 1.3 Budgeted Financial Performance (revenue by source and expenditure by type / municipal vote); [Page 27] (A3);
 - 1.4 Budgeted financial performance (revenue and expenditure (A4); [Page 28];
 - 1.5 Multi-year and single year capital appropriations by municipal vote and standard classification and associated funding by source (A5); [Page 29 to 30];
 - 1.6 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:
 - 1.7 Budgeted Financial Position (A6); [Page 31 to 32];
 - 1.8 Budgeted Cash Flows (A7); [Page 33];
 - 1.9 Cash backed reserves and accumulated surplus reconciliation (A8); [Page 34];
 - 1.10 Asset Management (A9); [Page 35 to 41]; and
 - 1.11 Basic service delivery measurement (A10). [Page 41 to 43].
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 R144.4 million (2025/26), R152.4 million (2026/27) and R161.5 million (2027/27) 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).
4. That the proposed tariffs increase for the 2025/26 (1 July 2025) financial year are as follows:

Property rates	-	5%
Water	-	5.50%
Sanitation	-	5.50%
Refuse	-	6.00%
Electricity	-	12.80% (On average, depending on the various customer categories, subject to NERSA's final approval).
5. That the indicative tariffs for 2026/27 and 2027/28 be increased as follows (considering the external factors impacting on Electricity and Water Services):

	2026/27	2027/28
Property Rates	5.50%	6.00%
Water	6.50%	7.00%
Sanitation	6.50%	7.00%
Refuse	6.50%	7.00%
Electricity	12.80%	12.80%

6. That Council approves the contents of **National Treasury MFMA Budget Circulars 129 and 130** (attached elsewhere to the Budget Report) for implementation and guiding the budgeting processes leading up to budget approval on or before end of May 2025.
7. That in line with the requirements, relating to allocations of grants by the NMBM to any organisations/bodies referred to in section 67(1) of the MFMA, it be noted that the following allocations, with Council resolutions and/or Service Level Agreements (SLA's) are made under the Sports, Recreation, Arts and Culture (SRAC) Directorate, and further updates will be made leading up to the finalisation of the budget for Council's approval on or before end May 2025:

Vote Number	Project ID	Job Description	2025/26	2026/27	2027/28	Status/ Authority
0064 6318	20182505	Soccer Championship - Chippa United Training Academy t/a Chippa United Football Club	6,900,000	0	0	Contract expires 25/ 26 as per Council Resolution
0064 6318	20240024	ABSA Run Your City - Stillwater Sports Management (Pty) Ltd	1,955,000	0	0	Contract expires 25/ 26 as per Council Resolution
0064 6318	20240018	Professional Boxing in NMB - NMB Boxing Promoters Association	1,000,000	0	0	Contract expires 25/ 26 as per Council Resolution
0064 6318	20240019	ABC Motsepe League Teams	763,200	763,200	763,200	Section 67
0065 1589	20180124	Mandela Bay Theatre Complex	7,242,000	0	0	Contract expires 25/ 26 as per Council Resolution
1114 4976	20250252	EP Athletics	6,714,600	0	0	Contract expires 25/ 26 as per Council Resolution
1114 4976	20250252	Ironman Triathlon	8,222,629	0	0	Contract expires 25/ 26 as per Council Resolution
TOTAL			32,797,429	763,200	763,200	

8. That Council notes that payments made to the above organisations will be in line with the approved Service Level Agreements (SLA's) entered between the NMBM and the individual organisations & in line with the requirements of Section 67 of the MFMA.
9. That Council notes that as attached to this Budget Report is the (i) Tariff By-Law, (ii) Water Tariff Policy, (iii) Wastewater / Sanitation Tariff Policy, (iv) Miscellaneous Tariff Policy and (v) Property Rates Policy (2025/26), for approval, after public participation meetings.
10. That the acting / Chief Financial Officer be authorised to implement any changes that may be identified, without them affecting the bottom-line, after the tabling of the 2025/26 MTREF Budget in Council for approval, prior to submission to National Treasury and publication on the municipal website.
11. That Council notes the contents of National Treasury Circular 131 which will be subjected to internal processes that may lead to amendment or development of policies for implementation, with prior approval by Council in line with the requirements of Section 168(3)(a) of the MFMA.
12. That the **Tariffs Booklet**, attached elsewhere in this Budget Report be **approved**, and in case of any corrections required (which may result from Council's decisions re Tariffs increases or any omissions or errors), the acting / Chief Financial Officer be **authorised** to make corrections prior being loaded on the website.
13. That Council **approves** the incorporation of the Human Settlements Development Grant (Top Structures) allocation amounting to **R108 032 793** in the Operating Budget based on the letter dated **22nd May 2025**, received from the Provincial Human Settlements Department.
14. That Council **delegates** the Executive Mayor to ensure that all projects linked to the **Municipal Disaster Relief / Recovery Grants** are incorporated into the 2025/26 budget, to cover work that will proceed in the coming financial year (2025/26), based on unspent portions of the MDRG to be determined during July / August 2025, from the 2024/25 financial year, to avoid any interruption towards project implementation.

15. That Council **delegates** the Executive mayor for the necessary amendments in the 2025/26 Budget that will be required to properly unpack the Urban Development Finance Grant (UDFG) amounting to R48.8 million against the necessary projects (Capital or Operating), upon receipt of the clear response from National Treasury.
16. That Council **notes** that w.e.f. the 2025/26 Adjustments Budget the Cllrs Discretionary Allowance will be increased by R50 000 (from R100 000 to R150 000) and in 2026/27 be further increased by further R50 000 (from R150 000 to R200 000).
17. That Council approves the incorporation of the following four programs or desks w.e.f. 2025/26 financial year (i) Youth = R250 000, (ii) People with Disabilities = R250 000, (iii) LGBTQ Groups = R250 000 and (iv) Women & Gender rights = R250 000.
18. That with effect from the 1 July 2025 (2025/26) the Scarce Skills allowance paid monthly to certain category of employees be done away with and the action of **zerorising** the operating budget be implemented w.e.f. the 2025/26 Adjustments Budget.
19. That, in order to determine the cost reflectiveness of each Trading Service's (i.e. Water, Sanitation, Refuse and Electricity) Tariffs structure, a Cost of Supply Study be undertaken in the 2025/26 financial year, for each trading service and the acting / City Manager tables the reports to a Council meeting on or before end December 2025, to guide the 2026/27 budgeting process in as far as an educated approach for Tariffs increases going forward.
20. That based on approval of recommendation "19" above, for the 2025/26 budget, the tariffs increase for Water and Sanitation be increased by 5% and the Waste Management tariffs be increased by 5.5% (*reduction of 0.50%*), based also on the approval of the new strategy to encourage accountholders to settle their arrear invoices, and that the Tariffs Book be amended accordingly.
21. That based on approval of recommendation "20" as above the revenue projections (2025/26 MTREF) as tabled in Council be kept as they are (or the same) until the Adjustment Budget (2025/26) stage and the assessment of the performance of the strategies to be implemented.
22. That Council approves the incorporation of the KAT (Cat) Canal Project (R18 million) as a **new** capital project to address effects of disaster.
23. That with effect from the **2025/26 (i.e. 1st July 2025)** financial year the Overtime payments across the institution be implemented based on the regulated thresholds as per the SALGBC.

1.3 EXECUTIVE SUMMARY

The key service delivery priorities, as reflected in the Integrated Development Plan (IDP), informed the development of the Budget, including the need to maintain the Municipality's financial sustainability.

This budget has been prepared against the background of a declining Collection Rate. As previously reported to Council, the imposition of punitive water tariffs due to water drought situation, impacted negatively on the collection rate and the outstanding debtors for water service charges. In June 2022, Council resolved, inter alia, to move from Part C to Part D of the water tariff structure. In February 2023, Council resolved, inter alia, to revert to Part C of the water tariff structure and on the 12th December 2024 Council resolved to revert back to Part B.

Specific revenue collection strategies to improve the collection of outstanding consumer debt are continuously being implemented by the Municipality. Cost containment Regulations and Policy are also being implemented to curb costs and to improve operational efficiency, in line with the requirements of the Cost Containment Regulations (Number 42514 dated 7 June 2019), as well as the approved Cost Containment Policy of Council.

All National Treasury's MFMA Circulars were taken into consideration in guiding the compilation of the 2025/26 MTREF, including the latest MFMA Budget Circular 129, as attached elsewhere in this budget report.

The Municipality is faced with the following significant challenges during the compilation of the 2025/26 MTREF which inter-alia include the following:

- The declining collection rate impacting on the financial sustainability of the municipality.
- The poor financial performance of the Electricity service, as it now operates at a huge deficit, as well as other Trading Services.
- The escalating electricity and water losses that are at unacceptable high levels, despite external debt taken up recently, aimed at addressing the situation.
- 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 Council decisions, such as the insourcing of security guards, which become a permanent cost in the municipality's payroll.
- The required resources for systematic implementation of the Municipal Standard Chart of Accounts (MSCOA) reforms as regulated in terms of National Treasury's MSCOA Regulations.

The following budget principles and guidelines directly informed the compilation of the 2025/26 MTREF:

- The priorities and targets, relating to the key strategic focus areas, as determined in the IDP.
- The need to enhance the municipality's revenue base.
- The level of property rates and tariff increases, to ensure the delivery of services on a financially sustainable basis.
- In accordance with Section 19 of the Local Government: Municipal Finance Management Act (56 of 2003) (MFMA), the relevant Acting/Executive Directors must submit comprehensive reports in relation to new projects, inter alia, dealing with the total project costs, funding sources, future operating budget implications and associated tariff implications, before Council finally approves the implementation of any new projects.
- It is also a requirement that new projects in the budgeting process, must be accompanied by a Business Plan, Scope of Work, Cash Flows and a Procurement Plan.

In view of the aforementioned, the following table represents a **consolidated overview** (which includes the MBDA) of the draft 2025/26 Medium-Term Revenue and Expenditure Framework:

TABLE 1 (CONSOLIDATED OVERVIEW OF THE 2025/26 MTREF)

R thousands	Original Budget	Adjusted Budget 2024/25	Budget Year 2025/26	Budget Year 2026/27	Budget Year 2027/28
	2024/25				
Total Operating Revenue (Including Fuel Levy)	18,117,164	18,028,291	19,466,958	20,574,814	21,896,090
Total Operating Expenditure	18,116,062	18,028,291	19,461,958	20,532,814	21,824,088
Actual Surplus/(Deficit)	1,102	0	5,000	42,000	72,000
Total Capital expenditure (Incl. Entity)	1,969,846	1,934,190	2,150,128	1,681,862	1,669,408

The above table indicates that the total revenue has decreased from R18.12 billion in the 2024/25 original budget, to R18.03 billion in the 2024/25 Adjustments Budget and is projected to range between R19.47 billion to R21,90 billion during the 2026/28 MTREF. The expenditure decreased from R18.12 billion in the 2024/25 original budget, to R18.03 billion in the 2024/25 Adjustments Budget and ranges between R19.46 billion to R21.82 billion during the 2026/28 MTREF.

To support the 2025/26 Operating Budget, the following increase in property rates and service charges are proposed, with effect from 1 July 2025:

Property rates	-	5%	
Water	-	5.5%	
Sanitation	-	5.5%	
Refuse	-	6%	
Electricity (Average)	-	12.80%	(On average depending on various customer categories, subject to NERSA's final approval).

1.3.1. Summary of the Capital Budget (2025/26 to 2027/28)

The capital budget for the 2025/26, 2026/27 and 2027/28 (**NMBM only**) financial years amounts to R2.09 billion, R1.62 billion and R1.60 billion respectively. The Capital Budget is funded from various sources, such as grants and internal sources, which includes the Fuel Levy.

A high-level summary of the Capital Budget by Directorate, including percentage allocation is as follows:

TABLE 2 (2025/26 MEDIUM-TERM CAPITAL BUDGET PER VOTE / DIRECTORATE – NMBM Only)

Directorate	2026	%Ntage Split	2027	2028
Budget & Treasury	29,270,000	1.4%	650,000	300,000
Corporate Services	36,300,000	1.7%	37,800,000	29,000,000
Economic Development, Tourism & Agriculture	8,808,690	0.4%	5,869,560	2,608,700
Electricity & Energy	213,623,260	10.2%	225,868,770	243,010,530
Human Settlements	182,334,890	8.7%	173,833,400	200,005,880
Infrastructure & Engineering Unit - Rate and General	548,061,090	26.2%	544,994,760	529,955,600
Mandela Bay Stadium	12,000,000	0.6%	2,700,000	500,000
Metro Water Service	548,844,530	26.2%	192,490,040	194,098,250
Public Health	107,463,060	5.1%	124,115,930	75,749,090
Recreational & Cultural Services	103,564,130	5.0%	48,371,990	66,955,570
Safety & Security	72,352,200	3.5%	33,250,000	32,600,000
Sanitation - Metro	228,664,150	10.9%	229,840,100	228,821,480
Grand Total	2,091,286,000	100%	1,619,784,550	1,603,605,100

The above table gives a high-level breakdown of the Capital Budget per Vote / Directorate and percentage allocation per Vote / Directorate (**NMBM only**). Based on the above it can be seen that the Capital Budget is mainly utilised to fund projects that are implemented within the service delivery Directorates. The details of the Capital budget per Directorate are found in the Capital Works Plan, which is attached as an Annexure to this Budget Report.

The following table provides a breakdown of the funding sources supporting the Capital Budget:

TABLE 3 (2025/26 MEDIUM-TERM CAPITAL BUDGET PER FUNDING SOURCE NMBM ONLY)

Funding Source	2026	Percentage Split	2027	2028
Asset Finance Fund - Rate & General	250,341,340	12.0%	140,422,440	85,372,440
Energy Efficiency & Demand Management Grant	5,660,870	0.3%	6,873,840	7,278,260
External Finance Fund	60,500,000	2.9%		
Fuel Levies	412,416,000	19.7%	414,720,000	427,161,600
Informal Settlements Upgrading Partnership Grant (ISUPG)	279,910,460	13.4%	298,123,880	313,105,220
Integrated Public Transport Grant	140,411,700	6.7%	131,168,400	115,736,510
Public Contributions	43,000,000	2.1%	43,000,000	43,000,000
Regional Bulk Infrastructure Grant	339,130,430	16.2%		
Urban Settlements Development Grant (USDG)	559,915,200	26.8%	585,475,990	611,951,070
Grand Total	2,091,286,000	100%	1,619,784,550	1,603,605,100

The aforementioned table indicates that the Capital Budget is mainly funded from grants.

1.4. HISTORIC PROPERTY RATES AND TARIFFS INCREASES

The following table illustrates the historic increases for the various services:

TABLE 4 (HISTORIC PERCENTAGE INCREASES FOR SERVICES)

VARIOUS SERVICES	2025/26	2024/25	2023/24	2022/23	2021/22	2020/21	2019/20	2018/19	2017/18	2016/17	2015/16	2014/15
		%	%	%	%	%	%	%	%	%	%	%
Electricity	12.80 (average)	15.7 (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	5.5	6	6	5	6	6	7.5	8.5	9	9	13	12
Sanitation	5.5	6	6	5	6	6	7.5	8.5	9	9	12	12
Property Rates	5	5	5	5.5	6	6	7.77	5	4.4	9.5	9.5	9.5
Refuse	6	6	6	5	6	6	7.5	7.5	9	9	11	12

It is noted from the aforementioned table that all efforts are made to maintain tariff increases within the CPIX range, as projected by National Treasury, except for electricity tariff increases, which are influenced by NERSA tariff determinations.

1.5 OPERATING REVENUE FRAMEWORK

The continued provision and expansion of municipal services is largely dependent on the Municipality generating sufficient revenues. Efficient and effective revenue management is thus of critical importance in ensuring the ongoing financial sustainability of the Municipality. Furthermore, in accordance with section 18(1) (a) of the Local Government: Municipal Finance Management Act (56 of 2003) (MFMA), expenditure must be limited to the realistically anticipated revenues to be collected.

The Municipality's revenue management strategy includes the following key components:

- National Treasury's guidelines in this regard in terms of the relevant Budget Circulars (i.e. Circular 129 & 130).
- Tariff and Credit Control Policies of the municipality.

- The Municipal Property Rates Policy as amended every financial year.
- The ATTP Policy and provision of free basic services as funded from the Equitable Share allocated in terms of the Division of Revenue Act (DORA).
- The level of property rates and tariff increases must ensure financially sustainable service delivery.
- The level of property rates and tariff increases to provide for the maintenance and replacement of infrastructure, including the expansion of services.
- Replenishing the Capital Replacement Reserve (CRR) to finance Capital projects, from internal funding sources.
- Electricity bulk tariff increases as approved by the National Electricity Regulator of South Africa (NERSA).
- Water bulk tariff increases as approved by the Department of Water and Sanitation.
- Efficient revenue management, targeting the budgeted collection rate for property rates and service charges.

1.5.1. Determination of the Average Collection Rate per service

The table below indicates the budgeted debt impairment per service for the 2024/25 MTREF, which is based on the anticipated revenue that may not be collected as calculated above:

TABLE 5 (DEBT IMPAIRMENT PER SERVICE FOR THE 2025/26 MTREF - EXCL. TRAFFIC FINES)

Debt Impairment	2025/26	2026/27	2027/28
Impairment Loss: Receivables from Exchange Transactions: Wastewater Management	229,995,410	243,790,930	259,628,490
Impairment Loss: Receivables from Exchange Transactions: Waste Management	132,893,760	141,531,850	151,439,080
Impairment Loss: Trade and Other Receivables from Exchange Transactions: Water	1,750,565,230	1,852,889,100	1,974,569,450
Impairment Loss: Other Receivables from Non-exchange Revenue: Property Rates	441,790,610	467,882,280	495,526,970
Impairment Loss: Trade and Other Receivables from Exchange Transactions: Electricity	118,127,990	121,671,840	125,322,010
Total Impairment of Receivables (Excl. Traffic Fines Impairment)	2,673,373,000	2,827,766,000	3,006,486,000

1.5.2. Summary of main revenue sources

The following table is a high-level summary of the main revenue sources:

The following table is a summary of the 2025/26 MTREF (classified by main revenue source indicating the level of % contribution per service:

TABLE 6 (MIX OF MAIN REVENUE SOURCES)

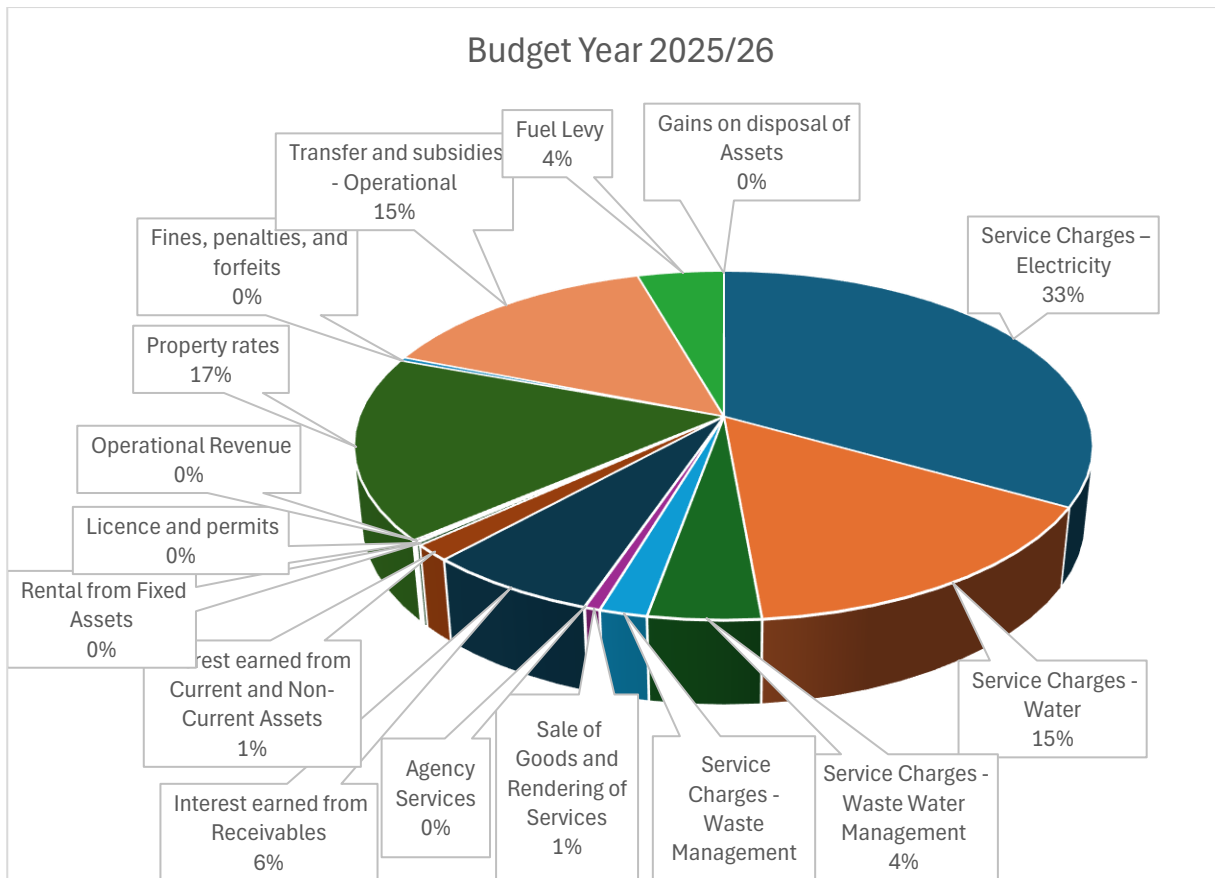
Classification	Current Year	Current Year	2025/26 Medium Term Revenue & Expenditure Framework					
	2024/25	2024/25	Budget Year 2025/26	%	Budget Year +1 2026/27	%	Budget Year +2 2027/28	%
R thousand	Adjusted Budget	%						
Service Charges – Electricity	5,730,805,920	31.79	6,464,349,080	33.21	7,291,785,760	35.44	8,225,134,280	37.56
Service Charges - Water	2,911,479,600	16.15	2,997,328,300	15.40	3,155,968,050	15.34	3,361,106,020	15.35
Service Charges - Waste Water Management	881,061,510	4.89	821,412,140	4.22	870,681,890	4.23	927,244,590	4.23
Service Charges - Waste Management	308,648,200	1.71	349,730,880	1.80	372,462,340	1.81	398,534,740	1.82
Sale of Goods and Rendering of Services	121,418,060	0.67	114,371,030	0.59	132,881,540	0.65	139,114,020	0.64
Agency Services	4,063,920	0.02	4,254,880	0.02	4,454,870	0.02	4,668,720	0.02
Interest earned from Receivables	276,855,000	1.54	1,265,310,000	6.50	1,387,974,000	6.75	1,354,833,560	6.19
Interest earned from Current and Non-Current Assets	1,219,811,380	6.77	291,738,690	1.50	312,097,370	1.52	339,916,910	1.55
Rental from Fixed Assets	42,037,200	0.23	42,604,000	0.22	44,104,890	0.21	45,689,650	0.21
Licence and permits	22,194,290	0.12	21,318,370	0.11	22,296,230	0.11	23,339,660	0.11
Operational Revenue	33,657,000	0.19	29,290,460	0.15	30,681,970	0.15	32,140,190	0.15
Property rates	3,142,251,020	17.43	3,299,358,360	16.95	3,480,817,600	16.92	3,689,666,710	16.85
Fines, penalties, and forfeits	59,083,560	0.33	67,972,940	0.35	71,181,930	0.35	74,614,540	0.34
Transfer and subsidies - Operational	2,450,902,000	13.59	2,835,941,200	14.57	2,494,913,260	12.13	2,335,660,620	10.67
Fuel Levy	824,005,000	4.57	861,978,000	4.43	902,511,000	4.39	944,416,000	4.31
Gains on disposal of Assets	17,160	0	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	18,028,290,820	100	19,466,958,330	100	20,574,812,700	100	21,896,090,210	100

Based on the above during the 2025/26 financial year, rates and service charges are estimated to amount to R13.93 billion or 71% of the total revenue. This increases to R15.17 billion and R16.60 billion for the 2026/27 and 2027/28 financial years, respectively. Property rates represent the second largest revenue source, amounting to 16.95% or R3.30 billion in 2025/26, increasing to R3.48 billion in 2026/27 and R3.69 billion in 2027/28.

Operating grants and transfers amounted to R2.84 billion in the 2025/26 financial year, decreased to R2.49 billion in 2026/27 and to R2.34 billion in the 2027/28 financial year.

The following graph indicates the various revenue sources of the Municipality:

FIGURE 1 – PERCENTAGE SPLIT OF VARIOUS REVENUE SOURCES (OPERATING)



The following table provides a breakdown of the various operating grants and subsidies allocated through the national fiscus to the Municipality over the 2025/26 medium term (NB: These are only grants allocated in terms of the Division of Revenue Act):

TABLE 7 (OPERATING TRANSFERS AND GRANT RECEIPTS (NB: Only DORA Grants))

ALLOCATION OF GRANTS i.t.o. THE DIVISION OF REVENUE BILL (2025/2026 to 2027/28)							
GRANT NAME	Page Number	Schedule Number	GRANT TYPE (CONDITIONAL / UNCONDITIONAL)	2024/25 (Baseline)	2025/26	2026/27 (1st Outer Year Projections)	2027/28 (2nd Outer Year Projections)
OPERATING GRANTS				R'000	R'000	R'000	R'000
Equitable Share (Schedule 3)	33	Schedule 3	Unconditional	1,523,361,000	1,637,749,000	1,739,300,000	1,817,952,000
Financial Management Grant	259	Various	Conditional	1,000,000	1,000,000	1,200,000	1,400,000
Infrastructure Skills Development Grant	259	Various	Conditional	13,800,000	8,900,000	10,400,000	11,000,000
EPWP	259	Various	Conditional	3,480,000	2,457,000	-	-
City Led Public Employment Program (Included in the NDPG)			Conditional	15,000,000	<i>Zero allocation</i>		
Urban Development Financing Grant (New Grant from National Treasury)	44	Schedule 4 Part B	Conditional	-	48,800,000	38,606,000	44,537,000
General Fuel Levy			Unconditional	825,005,000	861,978,000	902,511,000	944,416,000
Programme and Project Preparation Support Grant			Conditional	15,000,000			
TOTAL - OPERATING				2,396,646,000	2,560,884,000	2,692,017,000	2,819,305,000

The above grants are utilised to fund operating expenditure in line with the conditions of the grant in terms of the Division of Revenue Act (DORA).

1.5.3. Property Rates

Property rates fund the costs associated with the provision of general services, such as recreational, library, safety & security, and roads and storm water services, etc.

The following provisions in the Property Rates Policy are highlighted:

- The first R15,000 of the market value of a property used for residential purposes is excluded from the rateable value (Section 17(h) of the MPRA).
- 100% rebate will be granted to registered indigents in terms of the Indigent Policy / Assistance to the Poor Policy, as approved by Council.
- Pensioners, physically and mentally disabled property owners of rateable property may on submission of an application be granted a rebate. The rebate will be granted on a sliding scale basis with the income levels and corresponding percentage reductions being determined by Council in its annual budget. In this regard the following stipulations are relevant to the applicant:
 - (a) must be a natural person.
 - (b) be the owner of the property.
 - (c) occupy the property as his or her normal residence or where the owner is unable to occupy the property due to no fault of his/her own, the spouse or minor children may satisfy the occupancy requirement.
 - (d) produce certified copy/ies of owner/s' bar-coded identity document.
 - (e) - *pensioners*: be at least 60 years of age on 1 July of the financial year concerned; or if the owner turns 60 during the year the rebate will be granted on a pro rata basis from the date on which the applicant turned 60.
- *disabled*: be in receipt of disability grant / pension and submit proof and nature of disability e.g. letter from doctor with application.
 - (f) be in receipt of a total gross annual income (as defined in Part 2 of the policy), excluding medical aid contributions and child support/grant not exceeding a value as determined by Council in its annual budget; submit pension statements, previous 3 months (or the number of months determined necessary by the Chief Financial Officer (CFO) bank statements from all bank and investment accounts of owner and spouse, and proof of total gross annual income of any other persons living on the property (not just rental received). All documents provided must clearly state who it is for – documents which do not reflect person's name or ID. No. will not be considered.
 - (g) not be in receipt of an indigent subsidy.
 - (h) provide a certified affidavit declaring any assistance from any other sources. Assistance received from family members not residing on property, will not however be included in the calculation of total household income.
 - (i) provide a certified affidavit to explain any once-off monies received e.g. gifts, donations, etc;
 - (j) ensure that his/her accounts are not in arrears (or arrangements made to pay all outstanding amounts) before applying for the rebate and continue to pay the rates account in full until rebate is granted as no interest will be reversed.
 - (k) a usufructuary will be regarded as the owner.
 - (l) the criteria of a natural person may be waived at the sole discretion of the municipality to allow for a property owned by a trust where the total number of beneficiaries meets all of the other requirements of this policy; and provided further that the gross monthly income of all persons residing on that property be added to the gross monthly income of the beneficiaries staying on that property.
 - (m) owners qualify for only one rebate per year, if financial circumstances change, they can only apply for future years.
- Sporting organisations, the sole purpose of which is to use the property owned/leased by them for sporting purposes, whether for gain or not, may qualify for a rebate, with amateur bodies being granted 100% and professional bodies 40%. Any profits earned must be invested in the betterment

of the organisation and not be for private gain. Audited financial statement must be provided, if however, the sporting body does not have audited financial statement reasons therefore must be provided on the clubs' official letterhead.

- If the usage of a property changes during a financial year, the rebate applicable will be reduced *pro rata* for the balance of the financial year.
- All accounts of the applicant must be up to date or arrangements must be made to pay any outstanding balances before any rebate will be granted. The applicant must continue to pay the rates account in full until the rebate is granted as no interest will be reversed.

An average increase of 5% on the property rates revenue is proposed, with effect from 1 July 2025.

The property rates increase is mainly influenced by the following:

- Employee related costs increase.
- Creating a Provision for Long Service Awards and Long Service Bonuses based on an Actuarial assessment.
- Costs of servicing existing external borrowing to fund all loans taken by Council for various projects.
- Providing for debt impairment and repayment of long-term debt.
- Operationalisation of the previously approved commitments by Council, such as insourcing decisions of about 672 private security guards (Watchmen), etc., and
- Implementation of salary adjustments for municipal employees in line with the Collective Agreement, as well as TASK implementation, amongst others.

1.5.4. Sale of Water and Impact of Tariff Increases

In accordance with various National Treasury's MFMA Circulars, (e.g. 51, 55, 58, 66, 70, 74, 78, 79, 85, 86, 89, 91, 93, 94, 95, 98, 99, 107, 108, 112, 115, 122, 123, 126, 128, 129 and 130); Municipalities are encouraged to review the level and structure of their water tariffs to ensure the following:

- Fully cost reflective water tariffs – tariffs should include the costs associated with bulk water purchases, the maintenance and renewal of purification plants, water networks and water reticulation expansion.
- Water tariffs are structured to protect basic levels of service; and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In terms of paragraph 5.2 of the previously issued Circular, i.e. National Treasury Circular 78 municipalities were urged to ensure that water tariffs are fully cost reflective. In this regard in instances where tariffs are not cost recovery based, a phased-in approach must be undertaken to ensure that tariffs are fully cost reflective over the medium term.

A tariff increase of 5.5% is proposed, effective as from 1 July 2025. The proposed tariff increase is mainly influenced by the following:

- The increased employee related costs necessitated by the Collective Agreement.
- Year-to-year increases in the cost of bulk water purchases.
- Costs of servicing existing external borrowing to fund water infrastructure; and
- Providing for debt impairment.

It must be noted that the water tariff structure is designed in such a manner that higher levels of water consumption are progressively charged at a higher rate due to the prevailing drought conditions (i.e. punitive water tariff structure).

1.5.5. Sale of Electricity and Impact of Tariff Increases

The electricity tariff increases are mainly influenced by the following:

- The increased employee related costs necessitated by the Collective Agreement.
- Year-to-year increases in the cost of bulk electricity purchases as approved by NERSA.
- Costs of servicing existing external borrowing to fund electricity infrastructure, and
- Providing for debt impairment.

1.5.6. Sanitation and Impact of Tariff Increases

In accordance with various National Treasury's MFMA Circulars, (e.g. 51, 55, 58, 66, 70, 74, 78, 79, 85, 86, 89, 91, 93, 94, 95, 98, 99, 107, 108, 112, 115, 122, 123, 126, 128 129 and 130); Municipalities are encouraged to review the level and structure of their sanitation tariffs to ensure:

- Fully cost reflective sanitation tariffs – tariffs should include the costs associated with maintenance and renewal of treatment plants, sanitation networks and sanitation infrastructure expansion.
- Sanitation tariffs are structured to protect basic levels of service; and
- Sanitation tariffs are designed to encourage efficient and sustainable consumption.

National Treasury has urged municipalities to ensure that sanitation tariffs are fully cost reflective. In this regard a phased-in approach must be undertaken to ensure that tariffs are fully cost reflective over the medium term, in case of any discrepancies.

Sanitation charges are determined based on the volume of water consumed, which is appropriately reduced by the percentage of water discharged into the sewer system.

A tariff increase of 5.5% is proposed, effective as from 1 July 2025. The proposed tariff increase is mainly influenced by the following:

- The increased employee related costs necessitated by the Collective Agreement.
- Costs of servicing existing external borrowing to fund sanitation infrastructure, and
- Providing for debt impairment.

1.5.7. Refuse Collection and Disposal and Impact of Tariff Increases

National Treasury has urged municipalities to ensure that refuse tariffs are fully cost reflective. The tariffs should consider the need to maintain a cash-backed reserve to cover the future costs of the rehabilitation of landfill sites. In this regard a phased-in approach will be undertaken to ensure that tariffs are fully cost reflective over the medium term. As the charging of fully cost reflective tariffs would place an undue financial burden on customers, it will not be possible to implement it in the 2025/26 MTREF and a phasing-in approach is recommended.

A tariff increase of 6% is proposed for the refuse collection and disposal service, effective as from 1 July 2025.

The tariff increase is mainly influenced by the following:

- The increased employee related costs necessitated by the Collective Agreement.
- Costs of servicing existing external borrowing, and
- Providing for debt impairment.

1.6. OPERATING EXPENDITURE FRAMEWORK

The Municipality's expenditure framework for the 2025/26 budget and MTREF is informed, amongst others, by the following:

- The funding of the budget over the medium-term is informed by the requirements of Sections 18 and 19 of the Local Government: Municipal Finance Management Act (56 of 2003).
- A balanced budget approach by limiting operating expenditure to the operating revenue, accordingly Directorates are informed upfront of their available funding so that they limit their demands according to priorities for the budget to remain funded and credible.
- The asset renewal strategy and the repairs and maintenance plan.
- Making use of the guidelines issued by National Treasury in terms of the Budget Circulars (i.e. Circular 129), whilst considering previous budget circulars issued by National Treasury.
- Considering budget priority / focus areas as included in the IDP document, and
- Strict adherence to the principle of "*no budget allocations without a business plan, procurement plan and cash flow*" as well as considering or prioritising commitments from prior financial years.

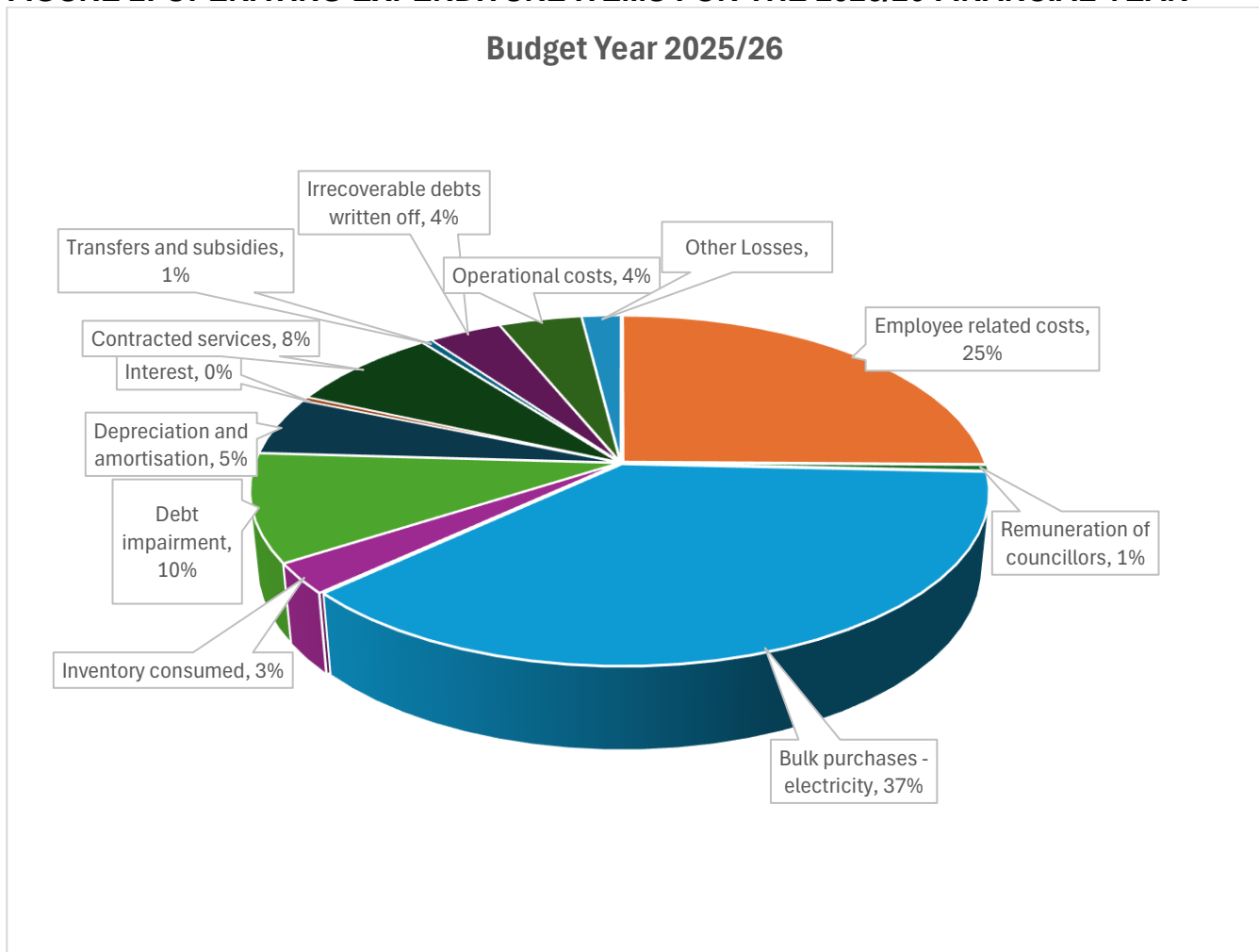
The following table is a high-level summary of the 2025/26 MTREF (classified as per main type of operating expenditure):

TABLE 8 (SUMMARY OF OPERATING EXPENDITURE BY STANDARD CLASSIFICATION ITEM AND MIX)

Classification	2025/26 Medium Term Revenue & Expenditure Framework					
	Budget Year 2025/26	%	Budget Year +1 2026/27	%	Budget Year +2 2027/28	%
Expenditure						
Employee related costs	4,907,585	25.22	5,294,511	25.79	5,776,327	26.47
Remuneration of councillors	98,334	0.51	102,276	0.50	106,377	0.49
Bulk purchases - electricity	7,277,226	37.39	7,667,285	37.34	8,141,890	37.31
Inventory consumed	545,815	2.80	541,934	2.64	537,593	2.46
Debt impairment	1,946,427	10.00	2,058,394	10.02	2,188,909	10.03
Depreciation and amortisation	1,051,415	5.40	1,083,006	5.27	1,115,547	5.11
Interest	72,173	0.37	61,947	0.30	50,682	0.23
Contracted services	1,533,321	7.88	1,626,238	7.92	1,725,451	7.91
Transfers and subsidies	94,962	0.49	98,648	0.48	102,680	0.47
Irrecoverable debts written off	726,946	3.74	769,372	3.75	817,577	3.75
Operational costs	821,833	4.22	841,352	4.10	871,265	3.99
Other Losses	385,921	1.98	387,851	1.89	389,790	1.79
Total Expenditure	19,461,958	100	20,532,814	100	21,824,088	100

The above table clearly indicates the main cost drivers, which include Electricity Bulk Purchases (37.39%), Employee Related costs (25.22%) and Contracted Services (7.88%). In terms of the aforementioned table, the total operating expenditure is projected at R19.46 billion, R20.53 billion and R21.82 billion for the 2025/26, 2026/27 and 2027/28 financial years, respectively.

FIGURE 2: OPERATING EXPENDITURE ITEMS FOR THE 2025/26 FINANCIAL YEAR



The aforementioned graph reflects the budgeted operating expenditure of the municipality. Below is a discussion of the main expenditure components.

Employee related costs

The 2025/26 draft budget provides for annual increments, where applicable, and a general increase.

In terms of the Council’s Policy Governing the Long-Term Financial Plan, the target is to restrict personnel costs to below 30% of total expenditure. It must be noted that Council approved the “harmonisation” of the conditions of service for employees as it relates to the “Long Service Bonus” a while back. The management of employee related costs is further impacted upon by the absence of an Overtime Policy.

Remuneration of Councillors

The remuneration of Councillors is determined by the Minister of Co-operative Governance and Traditional Affairs (COGTA) in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been considered in preparing the budget.

Debt Impairment

The provision for debt impairment was determined based on a targeted annual collection rate as anticipated during the 2025/26 MTREF period. The Collection Rate is based on billed revenue (i.e. Electricity, Water, Sanitation, Property Rates and Refuse).

Depreciation and Asset Impairment

The provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy as well as at assessing the trends for prior financial years based on the annual financial statements.

Finance Charges

Finance charges consist primarily of the repayment of interest on existing borrowing and the long-term borrowing (cost of capital) that has been taken up since the 2020/2021 financial year.

Bulk Electricity Purchases

The Bulk Electricity Purchases Budget provides for increases of 12.80% for 2025/26, 12.80% for 2026/27 and 2026/27.

Energy consumption levels are influenced by the following:

- Significant increases in electricity prices.
- The ongoing load shedding, which has prompted certain customers to go off the grid.
- Significant electricity losses, as reported to various structures of Council.
- Consumer awareness of the need to conserve energy; and
- The implementation of energy conservation measures, including green energy.

Bulk Water Purchases

The following table reflects the budgeted Water Bulk Purchases for the 2025/26 MTREF period.

TABLE 9 (WATER BULK PURCHASES)

Water Bulk Purchases	2025/26 Budget	2026/27 Budget	2027/28 Budget
Water bulk purchases	R210,263,500	R228,346,180	R 247,983,960

Contracted Services

The Municipal Standard Chart of Accounts (mSCOA) Regulations require that services that are undertaken, due to various reasons, using external mechanisms be budgeted for under the category called Contracted Services. These services may include, amongst others, use of external Legal firms (for Legal Advice & Litigation), Training service providers, Valuer for General Valuation Roll, Hygiene Services, Industry Compensation (IPTS Bus Operations), Prepaid Electricity Vendors, Community Based Contractors (Cleaning Projects), Grass Cutting Contractors, NMBM Stadium's Manpower Costs, Transport Operations – IPTS, etc.

Included in the total budget for Contracted Services are various projects that are funded from conditional grants, such as the Integrated Public Transport Services Grant (IPTS) and the Informal Settlements Urban Partnership Grant (ISUPG).

1.6.1. Free Basic Services: Basic Social Services Package

The social package assists indigent households that have limited financial ability to pay for municipal services. To qualify for free basic services, the households are required to register in terms of the Municipality's Assistance to the Poor / Indigent Policy, whilst the monthly household income may not exceed two state pensions. Detail relating to free services, cost of free basic services, as well as basic service delivery measurement is contained in Table A10 (Basic Service Delivery Measurement).

The qualifying criteria for the Free Basic Services was amended with effect from 1 July 2023 to also include the property value in terms of the Municipality's Valuation Roll of household, wherein if it is valued from R0.00 to R130 000 such property automatically qualifies for the Free Basic Services.

The cost of the social package of the registered indigent households is largely financed by national government through the Local Government's Equitable Share allocation, an unconditional grant received in terms of the annual Division of Revenue Act (DORA).

TABLE 10 (FREE BASIC SERVICES SUBSIDISED FROM THE EQUITABLE SHARE)

Various Services	2025/26	2026/27	2027/28
Property Rates (Budget & Treasury)	185,408,200	196,532,700	208,324,680
Waste Water Management (Sanitation)	213,191,810	213,249,410	213,307,010
Water (Water)	152,540,990	152,598,590	152,656,190
Refuse (Public Health)	146,336,410	146,394,010	146,451,610
Electricity (Electricity & Energy)	19,881,590	19,881,590	19,881,590
TOTAL	717,359,000	728,656,300	740,621,080
Indigent Control Office (B&T)	34,961,470	32,521,210	30,569,940
Water Leaks Program	25,838,280	26,380,200	26,949,210
GRAND TOTAL	778,158,750	787,557,710	798,140,230

The aforementioned table indicates the costs of the Free Basic Service, per service, that are funded against the Equitable Share Grant from the national fiscus.

1.7. CAPITAL EXPENDITURE

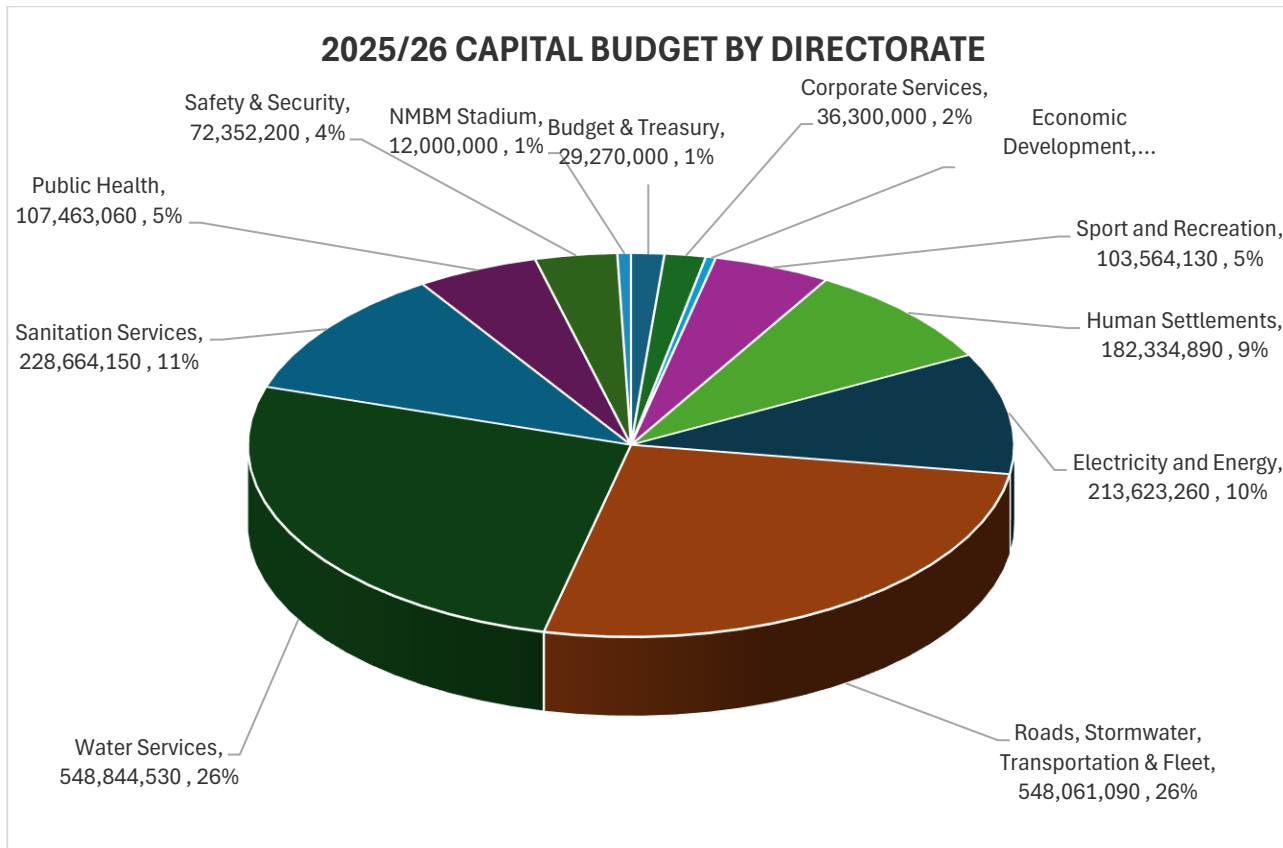
The following table provides a breakdown of budgeted capital expenditure by vote:

TABLE 11 (2025/26 MEDIUM-TERM CAPITAL BUDGET PER VOTE / DIRECTORATE – NMBM ONLY & PERCENTAGE ALLOCATION)

Directorate	2026	%Ntage Split	2027	2028
Budget & Treasury	29,270,000	1.4%	650,000	300,000
Corporate Services	36,300,000	1.7%	37,800,000	29,000,000
Economic Development, Tourism & Agriculture	8,808,690	0.4%	5,869,560	2,608,700
Electricity & Energy	213,623,260	10.2%	225,868,770	243,010,530
Human Settlements	182,334,890	8.7%	173,833,400	200,005,880
Infrastructure & Engineering Unit - Rate and General	548,061,090	26.2%	544,994,760	529,955,600
Mandela Bay Stadium	12,000,000	0.6%	2,700,000	500,000
Metro Water Service	548,844,530	26.2%	192,490,040	194,098,250
Public Health	107,463,060	5.1%	124,115,930	75,749,090
Recreational & Cultural Services	103,564,130	5.0%	48,371,990	66,955,570
Safety & Security	72,352,200	3.5%	33,250,000	32,600,000
Sanitation - Metro	228,664,150	10.9%	229,840,100	228,821,480
Grand Total	2,091,286,000	100%	1,619,784,550	1,603,605,100

The following is a graphical presentation of the 2025/26 Capital Budget per vote or Directorate: -

FIGURE 3: CAPITAL BUDGET FOR THE 2025/26 FINANCIAL YEAR (NMBM ONLY)



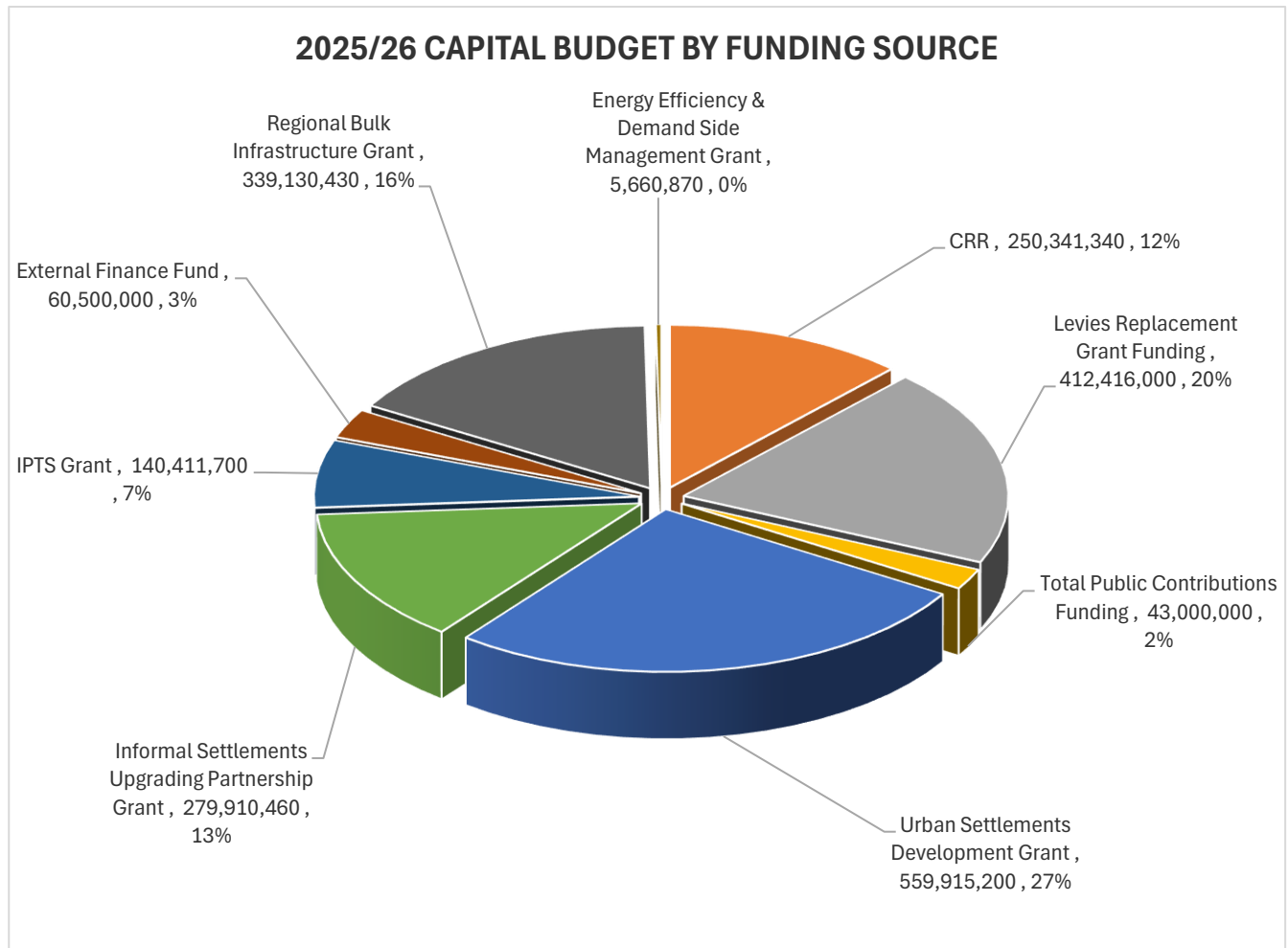
The table below provides a breakdown of the funding sources supporting the Capital Budget:

TABLE 12 (2025/26 MEDIUM-TERM CAPITAL BUDGET PER FUNDING SOURCE)

Funding Source	2026	%ntage Split	2027	2028
Asset Finance Fund - Rate & General	250,341,340	12.0%	140,422,440	85,372,440
Energy Efficiency & Demand Management Grant	5,660,870	0.3%	6,873,840	7,278,260
External Finance Fund	60,500,000	2.9%		
Fuel Levies	412,416,000	19.7%	414,720,000	427,161,600
Informal Settlements Upgrading Partnership Grant (ISUPG)	279,910,460	13.4%	298,123,880	313,105,220
Integrated Public Transport Grant	140,411,700	6.7%	131,168,400	115,736,510
Public Contributions	43,000,000	2.1%	43,000,000	43,000,000
Regional Bulk Infrastructure Grant	339,130,430	16.2%		
Urban Settlements Development Grant (USDG)	559,915,200	26.8%	585,475,990	611,951,070
Grand Total	2,091,286,000	100%	1,619,784,550	1,603,605,100

The graph below provides a breakdown of the funding sources supporting the Capital Budget:

FIGURE 4: CAPITAL BUDGET FOR THE 2025/26 FINANCIAL YEAR (NMBM ONLY) BY FUNDING SOURCE



1.8. ANNUAL CONSOLIDATED BUDGET TABLES

The ten main budget tables, as required in terms of the Municipal Budget and Reporting Regulations (32141 dated 17 April 2009), are included in this section. These tables set out the Municipality’s 2025/26 Budget and 2026/28 MTREF to be considered for approval by Council. Each table is accompanied by the brief *explanatory notes*.

TABLE 13 (TABLE A1 – CONSOLIDATED BUDGET SUMMARY)

Description	2023/24	Current year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year 2026/27	Budget Year 2027/28
R thousands							
Financial Performance							
Property rates	2,875,600	3,142,251	3,142,251	3,142,251	3,299,358	3,480,819	3,689,667
Service charges	9,102,259	10,017,708	9,831,995	9,831,995	10,632,819	11,690,898	12,912,020
Investment revenue	385,770	226,156	276,855	276,855	291,739	312,097	339,917
Transfer and subsidies - Operational	2,844,217	2,639,328	2,450,902	2,450,902	2,835,941	2,494,913	2,335,661
Other own revenue	2,264,722	2,091,719	2,326,288	2,326,288	2,407,101	2,596,087	2,618,825
Total Revenue (excluding capital transfers and contributions)	17,472,568	18,117,062	18,028,291	18,028,291	19,466,958	20,574,814	21,896,090
Employee costs	3,928,615	4,752,685	4,586,235	4,586,235	4,907,585	5,294,511	5,776,327
Remuneration of councillors	82,053	94,452	94,675	94,675	98,334	102,276	106,377
Depreciation and amortisation	885,798	1,049,902	1,018,442	1,018,442	1,051,415	1,083,006	1,115,547
Finance charges	121,960	111,217	111,217	111,217	72,173	61,947	50,682
Inventory consumed and bulk purchases	6,147,964	6,693,578	6,839,038	6,839,038	7,823,041	8,209,219	8,679,483
Transfers and subsidies	87,011	84,452	93,972	93,972	94,962	98,648	102,680
Other expenditure	6,240,250	3,493,537	3,448,388	3,448,388	5,414,448	5,683,207	5,992,994
Total Expenditure	17,493,651	18,116,062	18,028,291	18,028,291	19,461,958	20,532,814	21,824,090
Surplus/(Deficit)	- 21,083	1,000	-	-	5,000	42,000	72,000
Transfers and subsidies - capital (monetary allocations)		1,159,095	1,286,456	1,286,456	1,366,561	1,064,642	1,091,071
Transfers and subsidies - capital (in-kind)							
Surplus/(Deficit) after capital transfers & contributions	- 21,083	1,160,095	1,286,456	1,286,456	1,371,561	1,106,642	1,163,071
Share of Surplus/Deficit attributable to Associate	-	-					
Surplus/(Deficit) for the year	- 21,083	1,160,095	1,286,456	1,286,456	1,371,561	1,106,642	1,163,071
Capital expenditure & funds sources							
Capital expenditure		1,965,394	1,934,190	1,934,190	1,368,029	1,064,642	1,091,071
Transfers recognised - capital		1,154,574	1,286,456	1,286,456	1,368,029	1,064,642	1,091,071
Borrowing		130,299	69,165	69,165	60,500		
Internally generated funds		680,521	578,569	578,569	721,599	617,220	578,337
Total sources of capital funds		1,965,394	1,934,190	1,934,190	2,150,128	1,681,862	1,669,408
Financial position							
Total current assets	8,388,853	10,188,246	8,280,195	8,280,195	8,369,432	8,248,369	8,274,238
Total non-current assets	20,165,383	21,750,990	22,258,954	22,258,954	20,041,747	20,853,590	21,696,581
Total current liabilities	3,632,768	5,825,141	3,698,366	3,698,366	3,633,823	3,761,428	3,930,175
Total non-current liabilities	3,835,514	5,819,377	5,206,458	5,206,458	5,285,535	5,358,314	5,483,590
Community wealth/Equity	21,085,954	19,180,622	20,345,985	20,345,985	20,556,998	20,583,270	20,788,398
Cash flows							
Net cash from (used) operating	1,140,649	3,003,531	3,338,634	3,338,634	4,338,258	4,041,575	4,569,487
Net cash from (used) investing	- 1,337,049	- 2,173,593	- 2,060,700	- 2,060,700	- 2,091,286	- 1,619,785	- 1,603,605
Net cash from (used) financing	- 192,287	- 344,028	- 344,028	- 344,028	- 192,287	- 195,600	- 195,600
Cash/cash equivalents at the year end	4,426,349	5,061,783	4,323,456	4,323,456	4,402,604	4,236,937	4,028,283
Cash backing/surplus reconciliation							
Cash and investments available	4,426,349	5,061,783	4,323,456	4,323,456	4,402,604	4,236,937	4,028,283
Application of cash and investments		2,429,076	2,689,393	2,689,393	3,061,079	2,967,099	2,846,930
Balance - surplus (shortfall)		2,632,707	1,634,063	1,634,063	1,341,525	1,269,838	1,181,353
Asset management							
Asset register summary (WDV)		21,369,946	21,882,214	21,882,214	22,471,074	22,604,031	22,559,162
Depreciation		1,049,902	1,018,442	1,018,442	1,051,415	1,083,006	1,115,547
Renewal and Upgrading of Existing Assets		696,488	829,006	829,006	757,347	762,153	768,997
Repairs and Maintenance		866,011	758,285	758,285	740,486	786,925	827,538

Explanatory notes to Table A1 - Budget Summary

The aim of the Budget Summary is to provide a concise overview of the proposed budget from all the major financial perspectives (operating expenditure, capital expenditure, financial position, cash flow, and MFMA funding compliance). The table provides an overview of the amounts to be approved by Council within the context of operating performance, resources utilised for capital expenditure, financial position, cash, and funding compliance, as well as the Municipality's commitment to eliminating basic service delivery backlogs. The upwards / downwards trends for certain categories of revenue / expenditure have already been previously explained (e.g. changes in Property Rates, etc.).

TABLE 14 (TABLE A2 – CONSOLIDATED BUDGET FINANCIAL PERFORMANCE)

Description	2023/24	Current year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year 2026/27
R thousands							
Revenue - Functional							
Municipal governance and administration	4,359,924	4,710,753	4,713,112	4,713,112	5,254,553	5,089,405	5,067,713
Executive and council	1411	1194	1,322	1,322	1,239	1,298	1,359
Finance and administration	4,358,513	4,709,559	4,711,789	4,711,789	5,253,314	5,088,107	5,066,354
Internal audit							
Community and public safety	1,433,312	1,573,823	1,456,569	1,456,569	1,461,910	1,568,899	1,689,312
Community and social services	37,260	41,898	45,519	45,519	47,044	48,989	50,405
Sport and recreation	11,157	29,322	29,119	29,119	54,306	48,034	67,167
Public safety	1,137,203	1,030,906	979,048	979,048	1,136,103	1,254,362	1,353,689
Housing	246,234	469,477	399,756	399,756	223,080	216,078	217,016
Health	1,458	2,220	3,127	3,127	1,377	1,436	1,035
Economic and environmental services	528,036	807,939	878,505	878,505	780,653	797,175	812,842
Planning and development	187,300	176,611	194,747	194,747	216,125	214,617	228,208
Road transport	316,679	587,730	638,979	638,979	523,175	529,143	549,187
Environmental protection	24,057	43,598	44,779	44,779	41,353	53,415	35,447
Trading services	11,110,784	12,122,313	12,227,935	12,227,935	13,297,953	14,139,972	15,373,556
Energy sources	5,232,384	6,130,396	6,049,125	6,049,125	6,696,107	7,569,053	8,545,969
Water management	4,214,717	4,068,058	4,187,276	4,187,276	4,470,714	4,263,326	4,395,352
Waste water management	1,172,521	1,420,732	1,445,746	1,445,746	1,537,403	1,683,566	1,773,873
Waste management	491,161	503,128	545,787	545,787	593,729	624,027	658,362
Other	40,513	61,330	40,126	40,126	39,918	44,005	43,738
Total Revenue - Functional	17,472,568	19,276,158	19,316,247	19,316,247	20,834,987	21,639,456	22,987,161
Expenditure - Functional							
Municipal governance and administration	2,458,008	2,060,586	2,650,439	2,650,439	2,635,042	2,818,003	2,927,721
Executive and council	495,938	416,008	299,480	299,480	283,736	325,443	343,847
Finance and administration	1,900,809	1,572,076	2,278,243	2,278,243	2,282,200	2,421,401	2,509,119
Internal audit	61,261	72,502	72,715	72,715	69,106	71,159	74,755
Community and public safety	2,098,018	2,597,632	2,264,674	2,264,674	2,310,173	2,461,462	2,560,899
Community and social services	345,695	384,216	428,645	428,645	455,374	481,539	516,557
Sport and recreation	512,456	680,761	552,736	552,736	641,489	700,541	659,638
Public safety	639,412	731,694	673,996	673,996	690,740	743,228	813,849
Housing	420,109	545,994	370,710	370,710	278,338	276,849	293,721
Health	180,345	254,968	238,587	238,587	244,232	259,305	277,134
Economic and environmental services	986,290	1,510,475	1,312,962	1,312,962	1,361,541	1,429,056	1,545,735
Planning and development	220,379	467,646	432,828	432,828	532,620	553,319	598,234
Road transport	703,997	956,244	827,230	827,230	766,709	809,104	875,121
Environmental protection	61,913	86,585	52,904	52,904	62,212	66,633	72,380
Trading services	13,865,565	11,818,822	11,709,775	11,709,775	13,002,972	13,704,206	14,662,051
Energy sources	6,462,364	7,343,288	7,536,923	7,536,923	8,333,652	8,797,173	9,339,196
Water management	5,855,571	2,711,096	2,647,166	2,647,166	3,107,740	3,245,404	3,383,680
Waste water management	1,011,514	1,093,987	963,766	963,766	960,849	1,023,355	1,256,614
Waste management	536,116	670,451	561,921	561,921	600,731	638,274	682,561
Other	85,615	128,547	90,442	90,442	152,230	120,087	127,682
Total Expenditure - Functional	17,037,945	18,116,061	18,028,291	18,028,291	19,461,958	20,532,814	21,824,088
Surplus/(Deficit)	434,623	1,160,097	1,287,956	1,287,956	1,373,029	1,106,642	1,163,073

Explanatory notes to Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

The 'standard classification' refers to a modified Government Finance Statistics (GFS) reporting structure. The aim of the standard classification approach is to ensure that all municipalities approve a

budget in one common format, to facilitate comparison across all municipalities. **It should be noted that the revenue by vote as reflected in this table, includes revenue attributable to capital grants.**

TABLE 15 (TABLE A3 – CONSOLIDATED BUDGETED FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE BY MUNICIPAL VOTE))

Vote Description	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousand							
Revenue by Vote							
Vote 1 - Budget & Treasury	4,127,021	4,615,019	4,608,763	4,608,763	5,136,437	4,981,700	4,961,538
Vote 2 - Public Health	488,954	517,512	562,321	562,321	609,383	640,344	675,388
Vote 3 - Human Settlements	191,659	303,502	249,992	249,992	223,080	216,078	217,016
Vote 4 - Economic Development, Tourism & Agriculture	25,540	38,232	34,339	34,339	19,809	20,740	21,137
Vote 5 - Corporate Services	26,147	19,397	30,907	30,907	31,803	20,167	21,137
Vote 6 - Infrastructure & Engineering Unit - Rate & General	231,058	317,758	229,189	229,189	169,030	186,209	220,915
Vote 7 - Metro Water Service	3,945,200	3,734,347	3,848,870	3,848,870	3,985,989	4,178,205	4,308,625
Vote 8 - Sanitation - Metro	1,101,413	1,292,269	1,306,808	1,306,808	1,228,550	1,302,580	1,382,187
Vote 9 - Electricity & Energy	5,128,106	5,959,948	5,885,832	5,885,832	6,590,727	7,427,755	8,370,344
Vote 10 - Executive & Council	924,239	150,667	154,607	154,607	208,819	205,081	220,993
Vote 11 - Safety & Security	1,157,372	1,049,534	997,677	997,677	1,154,129	1,279,540	1,375,000
Vote 12 - Mandela Bay Stadium	48,197	72,278	72,278	72,278	76,984	82,668	87,069
Vote 13 - Special Projects and Programmes	29,816	22,684	22,684	22,684	7,853	8,509	9,269
Vote 14 - Recreational & Cultural Services	41,733	23,915	24,023	24,023	24,365	25,238	25,473
Vote 15 - [NAME OF VOTE 15]							
Total Revenue by Vote	17,466,455	18,117,062	18,028,291	18,028,291	19,466,958	20,574,814	21,896,090
Expenditure by Vote to be appropriated							
Vote 1 - Budget & Treasury	1,466,134	1,135,425	1,199,925	1,199,925	1,073,770	1,138,739	1,214,778
Vote 2 - Public Health	911,346	1,086,780	1,032,102	1,032,102	1,121,218	1,194,281	1,278,054
Vote 3 - Human Settlements	393,721	500,427	505,675	505,675	431,574	443,947	471,469
Vote 4 - Economic Development, Tourism & Agriculture	94,067	119,201	117,148	117,148	114,564	125,619	133,602
Vote 5 - Corporate Services	443,544	600,448	598,814	598,814	628,961	655,193	698,318
Vote 6 - Infrastructure & Engineering Unit - Rate & General	916,966	1,254,519	1,086,128	1,086,128	1,059,877	1,122,869	1,211,412
Vote 7 - Metro Water Service	3,767,564	2,939,602	2,720,338	2,720,338	3,471,894	3,633,988	3,796,502
Vote 8 - Sanitation - Metro	850,123	930,795	909,220	909,220	907,306	973,498	1,037,763
Vote 9 - Electricity & Energy	6,527,664	7,204,319	7,529,198	7,529,198	8,343,331	8,794,759	9,336,780
Vote 10 - Executive & Council	468,976	498,944	501,460	501,460	461,408	470,337	501,767
Vote 11 - Safety & Security	1,159,592	1,232,955	1,217,612	1,217,612	1,239,356	1,330,663	1,450,853
Vote 12 - Mandela Bay Stadium	51,332	71,498	72,998	72,998	76,984	82,145	86,521
Vote 13 - Special Projects and Programmes	29,095	24,161	23,731	23,731	9,431	10,221	11,138
Vote 14 - Recreational & Cultural Services	413,527	516,988	513,943	513,943	522,285	556,555	595,133
Vote 15 - [NAME OF VOTE 15]							
Total Expenditure by Vote	17,493,651	18,116,062	18,028,291	18,028,291	19,461,958	20,532,814	21,824,088
Surplus/(Deficit) for the year	-27,196	1,000	0	0	5,000	42,000	72,002

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

The purpose of the format in which the budget is presented, is to enable the Council to enforce a vote in accordance with the municipality's organisational structure, to assign responsibility for the revenue and expenditure recorded against these votes to the Acting / City Manager and Executive Directors concerned. Operating revenue and expenditure is thus presented by 'vote'. A 'vote' is defined in terms of section 1 of the MFMA as one of the main segments into which a budget of a municipality is divided into, for the appropriation of funds.

TABLE 16 (TABLE A4 - BUDGETED FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE))

Description	2023/24	Current year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year 2026/27
R thousands							
Revenue							
Exchange Revenue							
Service charges - Electricity	4,953,078	5,828,780	5,730,806	5,730,806	6,464,349	7,291,786	8,225,134
Service charges - Water	3,048,561	2,937,779	2,911,480	2,911,480	2,997,328	3,155,968	3,361,106
Service charges - Waste Water Management	807,631	920,612	881,062	881,062	821,412	870,682	927,245
Service charges - Waste Management	290,783	330,539	308,648	308,648	349,730	372,462	398,535
Sale of Goods and Rendering of Services	78,046	117,432	121,418	121,418	114,371	132,882	139,114
Agency services	3,902	4,064	4,064	4,064	4,255	4,455	4,669
Interest earned from Receivables	1,009,287	990,740	1,070,802	1,070,802	1,106,615	1,218,964	1,174,838
Interest earned from Current and Non-Current Assets	385,770	226,156	276,855	276,855	291,739	312,097	339,917
Rental from Fixed Assets	34,019	38,567	42,037	42,037	42,604	44,105	45,697
Licence and permits	21,519	20,137	22,193	22,193	21,319	22,295	23,339
Operational Revenue	32,659	32,550	33,657	33,657	29,290	30,682	32,140
Non-Exchange Revenue							
Property rates	2,875,600	3,142,251	3,142,251	3,142,251	3,299,358	3,480,819	3,689,667
Fines, penalties and forfeits	97,507	64,223	59,084	59,084	67,973	71,182	74,615
Licences or permits	1	1	1	1	1	1	1
Transfer and subsidies - Operational	2,843,620	2,639,328	2,450,902	2,450,902	2,835,941	2,494,913	2,335,661
Interest raised - Receivables (Other)	199,673		149,009	149,009	158,695	169,010	179,996
Fuel Levy	783,478	824,005	824,005	824,005	861,978	902,511	944,416
Gains on disposal of Assets	1,321	-	17	17			
Total Revenue (excluding capital transfers and contribution)	17,466,455	18,117,164	18,028,291	18,028,291	19,466,958	20,574,814	21,896,090
Expenditure							
Employee related costs	3,889,773	4,752,685	4,586,235	4,586,235	4,907,585	5,294,511	5,776,327
Remuneration of councillors	82,053	94,452	94,675	94,675	98,334	102,276	106,377
Bulk purchases - electricity	5,635,673	6,338,216	6,457,166	6,457,166	7,277,226	7,667,285	8,141,890
Inventory consumed	512,291	355,361	381,872	381,872	545,815	541,934	537,593
Debt impairment	4,200,994	1,836,239	1,836,323	1,836,323	1,946,427	2,058,394	2,188,909
Depreciation and amortisation	885,798	1,049,902	1,018,442	1,018,442	1,051,415	1,083,006	1,115,547
Interest	121,960	111,217	111,217	111,217	72,173	61,947	50,682
Contracted services	969,142	1,751,625	1,630,699	1,630,699	1,533,321	1,626,238	1,725,451
Transfers and subsidies	210,174	84,452	93,972	93,972	94,962	98,648	102,680
Irrecoverable debts written off		582,995	652,995	652,995	726,946	769,372	817,577
Operational costs	611,762	905,934	911,711	911,711	821,833	841,352	871,265
Losses on disposal of Assets							
Other Losses	374,031	252,982	252,982	252,982	385,921	387,851	389,790
Total Expenditure	17,493,651	18,116,062	18,028,291	18,028,291	19,461,958	20,532,814	21,824,088
Surplus/(Deficit)	- 27,196	1,000	-	-	5,000	42,000	72,002
Transfers and subsidies - capital (monetary allocations)		1,159,095	1,286,456	1,286,456	1,368,029	1,064,642	1,091,071
Transfers and subsidies - capital (in-kind)		-					
Surplus/(Deficit) after capital transfers and contributions	- 27,196	1,160,097	1,286,456	1,286,456	1,373,029	1,106,642	1,163,073
Surplus/(Deficit) after income tax	- 27,196	1,160,097	1,286,456	1,286,456	1,373,029	1,106,642	1,163,073
Surplus/(Deficit) attributable to municipality	- 27,196	1,160,097	1,286,456	1,286,456	1,373,029	1,106,642	1,163,073
Surplus/(Deficit) for the year	- 27,196	1,160,097	1,286,456	1,286,456	1,373,029	1,106,642	1,163,073

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

Revenue

The Financial Performance Budget is required to be approved concurrently by revenue source and expenditure type, to ensure consistency with annual reporting format requirements. A key aim is to facilitate comparison between the annual results and the original budget, to assess performance.

TABLE 17 (TABLE A5 – CONSOLIDATED BUDGETED CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING SOURCE)

Description	Current year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2025/26	Budget Year 2026/27	Budget Year 2027/28
R thousands							
Capital Expenditure - Functional							
<i>Municipal governance and administration</i>	216,622	155,835	155,835	155,835	270,443	172,119	150,967
Executive and council							
Finance and administration	216,622	155,835	155,835	155,835	270,443	172,119	150,967
Internal audit							
<i>Community and public safety</i>	168,724	118,118	118,118	118,118	183,467	119,753	116,507
Community and social services	48,328	34,256	34,256	34,256	60,680	34,434	42,105
Sport and recreation	55,561	48,022	48,022	48,022	74,240	51,080	60,251
Public safety	62,235	31,240	31,240	31,240	46,647	32,839	12,750
Housing	1,200	1,200	1,200	1,200	600		
Health	1,400	3,400	3,400	3,400	1,300	1,400	1,400
<i>Economic and environmental services</i>	450,058	497,185	497,185	497,185	558,435	595,936	592,449
Planning and development					58,842	62,078	65,802
Road transport	449,058	497,185	497,185	497,185	498,593	533,858	526,646
Environmental protection	1,000				1,000		
<i>Trading services</i>	1,071,881	1,105,012	1,105,012	1,105,012	1,129,783	794,054	809,485
Energy sources	246,698	234,973	234,973	234,973	205,123	218,869	237,011
Water management	457,824	36,000	36,000	36,000	554,787	197,323	208,073
Waste water management	331,360	373,026	373,026	373,026	333,873	319,558	326,445
Waste management	36,000	461,013	461,013	461,013	36,000	58,304	37,957
<i>Other</i>	2,000	2,000	2,000	2,000	8,000		
Total Capital Expenditure - Functional	1,909,285	1,878,151	1,878,151	1,878,151	2,150,128	1,681,862	1,669,408
Funded by							
National Government	1,111,574	1,244,956	1,244,956	1,244,956	1,325,029	1,021,642	1,048,071
Provincial Government							
District Municipality							
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)	43,000	41,500	41,500	41,500	43,000	43,000	43,000

Description	Current year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework			
	R thousands	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2025/26	Budget Year 2026/27	Budget Year 2027/28
Transfers recognised - capital		1,154,574	1,286,456	1,286,456	1,286,456	1,368,029	1,064,642	1,091,071
Borrowing		130,229	69,165	69,165	69,165	60,500		
Internally generated funds		624,483	522,529	522,529	522,529	721,599	617,220	578,337
Total Capital Funding		1,909,285	1,878,151	1,878,151	1,878,151	2,150,128	1,681,862	1,669,408

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

Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote; capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

TABLE 18 (TABLE A6 – CONSOLIDATED BUDGETED FINANCIAL POSITION)

Description	2023/24	Current year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year 2026/27
R thousands							
ASSETS							
Current assets							
Cash and cash equivalents	4,426,349	5,032,445	4,323,956	4,323,956	4,402,604	4,236,937	4,028,283
Trade and other receivables from exchange transactions	2,988,563	3,159,969	3,018,448	3,018,448	3,054,485	3,087,600	3,278,885
Receivables from non-exchange transactions	383,814	248,070	387,653	387,653	385,614	390,002	399,902
Current portion of non-current receivables	4						
Inventory	163,397	345,859	166,397	166,397	134,046	140,436	154,190
VAT	176,836	1,401,903	140,447	140,447	148,902	149,370	156,753
Other current assets	243,294		243,294	243,294	243,781	244,024	256,225
Total current assets	8,382,257	10,188,246	8,280,195	8,280,195	8,369,432	8,248,369	8,274,238
Non-current assets							
Investments							
Investment property	138,357	156,763	138,357	138,357	143,891	149,647	155,633
Property, plant and equipment	19,608,218	21,141,409	21,628,998	21,628,998	19,480,568	20,270,692	21,093,081
Biological assets							
Living and non-living resources							
Heritage assets	226,441	220,197	226,441	226,441	235,238	244,648	254,433
Intangible assets	56,784	71,801	13,939	13,939	11,045	11,958	12,922
Trade and other receivables from exchange transactions	81,429	115,638	197,010	197,010	114,626	118,011	119,532
Non-current receivables from non-exchange transactions	54,153	45,182	54,211	54,211	56,379	58,634	60,980
Other non-current assets							
Total non-current assets	20,165,382	21,750,990	22,258,956	22,258,956	20,041,747	20,853,590	21,696,581
TOTAL ASSETS	28,547,639	31,939,236	30,539,151	30,539,149	28,411,179	29,101,959	29,970,819
LIABILITIES							
Current liabilities							
Bank overdraft							
Financial liabilities	213,698	188,490	213,698	213,698	222,245	231,136	240,381
Consumer deposits	157,184	180,779	177,998	177,998	163,472	170,011	176,811
Trade and other payables from exchange transactions	2,319,526	3,006,246	2,342,721	2,342,721	2,401,743	2,497,856	2,614,930
Trade and other payables from non-exchange transactions	336,837	313,007	340,205	340,205	321,180	316,235	330,015
Provision	605,523	396,155	605,523	605,523	525,183	546,190	568,038
VAT	0	1,740,464					
Other current liabilities							
Total current liabilities	3,632,768	5,825,141	3,680,145	3,680,145	3,633,823	3,761,428	3,930,175
Non-current liabilities							
Financial liabilities	934,072	1,232,620	934,072	934,072	938,463	976,002	1,015,042
Provision	2,901,442	3,200,928	3,471,284	3,471,284	3,474,755	3,475,102	3,525,050
Long term portion of trade payables							
Other non-current liabilities		1,385,829	801,102	801,102	872,317	907,210	943,498
Total non-current liabilities	3,835,514	5,819,377	5,206,458	5,206,458	5,285,535	5,358,314	5,483,590
TOTAL LIABILITIES	7,468,282	11,644,518	8,886,603	8,886,603	8,919,358	9,119,742	9,413,765
NET ASSETS	21,079,357	20,294,718	21,652,548	21,652,546	19,491,821	19,982,217	20,557,054
COMMUNITY WEALTH/EQUITY							
Accumulated surplus/(deficit)	21,085,954	18,595,493	20,159,781	20,159,781	20,361,378	20,381,740	20,585,558
Reserves and funds		585,129	186,203	186,203	195,620	201,530	202,840
Other							
TOTAL COMMUNITY WEALTH/EQUITY	21,085,954	19,180,622	20,345,984	20,345,984	20,556,998	20,583,270	20,788,398

Explanatory notes to Table A6 - Budgeted Financial Position

The table presents Assets less Liabilities as Community Wealth. The order of items within each group is also aligned to the convention of showing items in order of liquidity, i.e. assets readily converted to cash or liabilities immediately required to be met from cash appear first.

Any movement on the Budgeted Financial Performance or the Capital Budget will invariably impact on the Budgeted Financial Position. For example, the collection rate assumption will impact on the cash position of the municipality and consequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption informs the budget provision for debt impairment, which in turn impacts on the provision for bad debts. 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 directly informed by forecasting the statement of financial position.

TABLE 19 (TABLE A7 – CONSOLIDATED BUDGET CASH FLOW STATEMENT)

Description	Current year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year 2026/27	Budget Year 2027/28
R thousands						
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Property rates	2,828,026	2,356,688	2,356,688	2,989,450	3,155,350	3,325,610
Service charges	9,293,524	8,848,796	8,848,796	9,620,820	9,980,650	10,694,708
Other revenue	2,200,281	1,861,030	1,861,030	1,748,498	1,806,953	1,897,023
Transfers and Subsidies - Operational	2,138,293	2,401,884	2,401,884	2,835,941	2,494,913	2,335,661
Transfers and Subsidies - Capital	1,210,250	1,157,811	1,157,811	1,368,029	1,064,642	1,091,071
Interest	226,156	276,855	276,855	291,737	312,097	339,917
Payments						
Suppliers and employees	- 14,697,330	- 13,359,241	- 13,359,241	- 14,349,082	- 14,612,438	- 14,961,141
Finance charges	- 111,217	- 111,217	- 111,217	- 72,173	- 61,944	- 50,682
Transfers and Subsidies	- 84,452	- 93,972	- 93,972	- 94,962	- 98,648	- 102,680
NET CASH FROM/(USED) OPERATING ACTIVITIES	3,003,531	3,338,634	3,338,634	4,338,258	4,041,575	4,569,487
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE	-		1,347			
Decrease (Increase) in non-current debtors (not used)	-		-			
Decrease (increase) in non-current receivables	- 160,820		- 160,820			
Decrease (increase) in non-current investments	-		-			
Payments						
Capital assets	- 2,012,773		- 1,901,227	- 2,091,286	- 1,619,785	- 1,603,605
NET CASH FROM/(USED) INVESTING ACTIVITIES	- 2,173,593	- 2,060,700	- 2,060,700	- 2,091,286	- 1,619,785	- 1,603,605
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Short term loans						
Borrowing long term/refinancing	- 130,229	- 130,229	- 130,229			
Increase (decrease) in consumer deposits						
Payments						
Repayment of borrowing	- 213,799	- 213,799	- 213,799	- 192,287	- 187,287	- 122,287
NET CASH FROM/(USED) FINANCING ACTIVITIES	- 344,028	- 344,028	- 344,028	- 192,287	- 187,287	- 122,287
NET INCREASE/ (DECREASE) IN CASH HELD	485,910	- 102,393	- 102,393	78,648	- 165,667	- 208,654
Cash/cash equivalents at the year begin:	4,575,873	4,426,349	4,426,349	4,323,956	4,402,604	4,236,937
Cash/cash equivalents at the year-end:	5,061,783	4,323,956	4,323,956	4,402,604	4,236,937	4,028,283

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

The budgeted cash flow statement represents the first measurement in determining whether the budget is funded.

It reflects the expected cash in-flows versus cash outflows that is likely to result from the implementation of the budget.

TABLE 20 (TABLE A8 - CASH BACKED RESERVES/ACCUMULATED SURPLUS RECONCILIATION)

Description	Current year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year 2026/27	Budget Year 2027/28
R thousands						
Cash and investments available						
Cash/cash equivalents at the year end	5,061,783	916,191	916,191	3,742,214	3,601,397	3,424,033
Other current investments > 90 days		3,407,265	3,407,265	660,390	635,540	604,250
Non-current assets - Investments						
Cash and investments available:	5,061,783	4,323,456	4,323,456	4,402,604	4,236,937	4,028,283
Application of cash and investments						
Unspent conditional transfers	156,238	147,318	147,318	117,854	111,962	106,364
Unspent borrowing	130,229	130,229	130,229	60,500		
Statutory requirements	495,130	495,130	495,130	598,860	789,560	895,780
Other working capital requirements	- 1,321,880	- 1,740,771	- 1,740,771	-1,386,510	-1,611,055	-1,883,104
Other provisions	2,384,230	3,471,284	3,471,284	3,474,755	3,475,102	3,525,050
Long term investments committed						
Reserves to be backed by cash/investments	585,129	186,203	186,203	195,620	201,530	202,840
Total Application of cash and investments:	2,429,076	2,689,393	2,689,393	3,061,079	2,967,099	2,846,930
Surplus(shortfall)	2,632,707	1,634,063	1,634,063	1,341,525	1,269,838	1,181,353

Explanatory notes to Table A8 - 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. The table assesses 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. As part of the budgeting and planning guidelines that informed the compilation of the 2024/25 MTREF, the end objective of the medium-term framework was to ensure the budget is funded as required in accordance with section 18 of the Local Government: Municipal Finance Management Act (56 of 2003).
4. Provisions to be cash backed incorporate all current provisions as well as the provision for the rehabilitation of landfill sites.
5. Reserves to be cash backed incorporate the COIDA, Self-Insurance Fund (SIF) and the Capital Replacement Reserve.

TABLE 21 (TABLE A9 - ASSET MANAGEMENT)

Description	Current year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
	R thousands	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year 2026/27
CAPITAL EXPENDITURE						
Total New Assets	1,268,837	1,049,145	1,049,145	1,392,781	919,710	900,411
<i>Roads Infrastructure</i>	380,180	354,040	354,040	344,804	363,659	375,327
<i>Storm water Infrastructure</i>	30,822	39,602	39,602	25,908	26,433	28,574
<i>Electrical Infrastructure</i>	143,258	107,567	107,567	118,330	109,495	119,474
<i>Water Supply Infrastructure</i>	289,314	292,046	292,046	411,019	67,233	76,874
<i>Sanitation Infrastructure</i>	116,470	55,253	55,253	140,417	83,220	73,440
<i>Solid Waste Infrastructure</i>	2,000	2,000	2,000	2,000	2,000	2,000
<i>Rail Infrastructure</i>				-	-	-
<i>Coastal Infrastructure</i>				-	-	-
<i>Information and Communication Infrastructure</i>	2,000	2,000	2,000	-	-	-
Infrastructure	964,044	852,507	852,507	1,042,478	652,040	675,690
Community Facilities	7,848	7,587	7,587	6,703	8,908	7,784
Sport and Recreation Facilities	5,000	200	200	10,950	1,600	600
Community Assets	12,848	7,787	7,787	17,653	10,508	8,384
Heritage Assets				-	-	-
Revenue Generating				14,710	15,519	16,451
Non-revenue Generating				-	-	-
Investment properties	-	-	-	14,710	15,519	16,451
Operational Buildings	47,800	25,522	25,522	23,850	9,130	23,562
Housing				-	-	-
Other Assets	47,800	25,522	25,522	23,850	9,130	23,562
Biological or Cultivated Assets						
Servitudes						
Licences and Rights	30,958	13,968	13,968	55,022	38,439	38,856
Intangible Assets	30,958	13,968	13,968	55,022	38,439	38,856
Computer Equipment	23,452	29,658	29,658	21,135	25,450	14,350
Furniture and Office Equipment	3,600	3,257	3,257	7,346	3,300	3,500
Machinery and Equipment	112,565	68,334	68,334	109,698	76,124	35,550
Transport Assets	72,070	46,613	46,613	100,888	89,199	84,069
Land	1,500	1,500	1,500	-	-	-
Zoo's, Marine and Non-biological Animals						
Mature						
Immature						
Living Resources	-	-	-	-	-	-

Description	Current year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year 2026/27	Budget Year 2027/28
R thousands						
Total Renewal of Existing Assets	408,637	575,694	575,694	471,339	441,094	443,064
<i>Roads Infrastructure</i>	70,500	101,127	101,127	69,403	65,673	63,984
<i>Storm water Infrastructure</i>	9,000	106,293	106,293	8,000	7,000	7,000
<i>Electrical Infrastructure</i>	60,270	61,570	61,570	59,770	64,370	60,912
<i>Water Supply Infrastructure</i>	123,510	135,553	135,553	120,768	104,590	106,698
<i>Sanitation Infrastructure</i>	87,983	119,738	119,738	105,449	104,905	89,830
<i>Solid Waste Infrastructure</i>	13,543	13,543	13,543	17,488	22,628	19,957
<i>Rail Infrastructure</i>				9,807	10,346	10,967
<i>Coastal Infrastructure</i>				-	-	-
<i>Information and Communication Infrastructure</i>				-	-	-
Infrastructure	364,807	537,825	537,825	390,685	379,513	359,347
Community Facilities	25,130	13,030	13,030	27,800	18,336	24,071
Sport and Recreation Facilities	3,950	6,400	6,400	40,204	38,645	56,646
Community Assets	29,080	19,430	19,430	68,004	56,981	80,717
Heritage Assets						
Revenue Generating						
Non-revenue Generating						
Investment properties	-	-	-	-	-	-
Operational Buildings	4,250	3,439	3,439	2,650	4,600	3,000
Housing				-		
Other Assets	4,250	3,439	3,439	2,650	4,600	3,000
Biological or Cultivated Assets						
Servitudes						
Licences and Rights						
Intangible Assets	-	-	-	-	-	-
Computer Equipment	500					
Furniture and Office Equipment						
Machinery and Equipment						
Transport Assets	10,000	15,000	15,000	10,000	-	-
Land						
Zoo's, Marine and Non-biological Animals						
Mature				-	-	-
Immature				-	-	-
Living Resources	-	-	-	-	-	-
Total Upgrading of Existing Assets	287,851	253,312	253,312	286,008	321,059	325,933
<i>Roads Infrastructure</i>	39,628	45,393	45,393	36,100	65,700	31,900
<i>Storm water Infrastructure</i>	22,000	21,789	21,789	21,800	18,500	20,500

Description	Current year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year 2026/27	Budget Year 2027/28
<i>Electrical Infrastructure</i>	39,970	62,636	62,636	22,848	39,003	53,125
<i>Water Supply Infrastructure</i>	28,000	27,162	27,162	17,000	22,000	19,000
<i>Sanitation Infrastructure</i>	55,750	27,124	27,124	29,050	73,500	104,100
<i>Solid Waste Infrastructure</i>	4,000	4,000	4,000	4,000	24,304	17,000
<i>Rail Infrastructure</i>						
<i>Coastal Infrastructure</i>						
<i>Information and Communication Infrastructure</i>	2,000	2,000	2,000	12,000	1,000	1,000
Infrastructure	191,347	190,104	190,104	142,798	244,008	246,625
Community Facilities	61,637	41,717	41,717	63,708	33,094	28,601
Sport and Recreation Facilities	16,215	11,258	11,258	35,202	14,657	21,657
Community Assets	77,852	52,975	52,975	98,910	47,751	50,258
Heritage Assets						
Revenue Generating						
Non-revenue Generating						
Investment properties	-	-	-	-	-	-
Operational Buildings	17,652	8,732	8,732	35,800	27,800	27,550
Housing				-	-	-
Other Assets	17,652	8,732	8,732	35,800	27,800	27,550
Biological or Cultivated Assets						
Servitudes						
Licences and Rights				4,000	500	500
Intangible Assets	-	-	-	4,000	500	500
Computer Equipment	1,000	1,500	1,500	4,500	1,000	1,000
Furniture and Office Equipment						
Machinery and Equipment				-	-	-
Transport Assets				-	-	-
Land				-	-	-
Zoo's, Marine and Non-biological Animals						
Mature						
Immature						
Living Resources	-	-	-	-	-	-
Total Capital Expenditure	1,965,324	1,878,151	1,878,151	2,150,128	1,681,862	1,669,408
<i>Roads Infrastructure</i>	490,308	500,560	500,560	450,307	495,033	471,211
<i>Storm water Infrastructure</i>	61,822	167,684	167,684	55,708	51,933	56,074
<i>Electrical Infrastructure</i>	243,498	231,773	231,773	200,948	212,869	233,511
<i>Water Supply Infrastructure</i>	440,824	454,761	454,761	548,787	193,823	202,573
<i>Sanitation Infrastructure</i>	260,203	202,115	202,115	274,916	261,625	267,370

Description	Current year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year 2026/27	Budget Year 2027/28
<i>Solid Waste Infrastructure</i>	19,543	19,543	19,543	23,488	48,933	38,957
<i>Rail Infrastructure</i>		-	-	9,807	10,346	10,967
<i>Coastal Infrastructure</i>		-	-	-	-	-
<i>Information and Communication Infrastructure</i>	4,000	4,000	4,000	12,000	1,000	1,000
Infrastructure	1,520,198	1,580,436	1,580,436	1,575,961	1,275,561	1,281,662
Community Facilities	94,615	62,334	62,334	98,211	60,338	60,455
Sport and Recreation Facilities	25,165	17,858	17,858	86,356	54,902	78,903
Community Assets	119,780	80,192	80,192	184,568	115,240	139,358
Heritage Assets						
Revenue Generating				14,710	15,519	16,451
Non-revenue Generating						
Investment properties	-	-	-	14,710	15,519	16,451
Operational Buildings	69,702	37,693	37,693	62,300	41,530	54,112
Housing						
Other Assets	69,702	37,693	37,693	62,300	41,530	54,112
Biological or Cultivated Assets						
Servitudes						
Licences and Rights	30,958	13,968	13,968	59,022	38,939	39,356
Intangible Assets	30,958	13,968	13,968	59,022	38,939	39,356
Computer Equipment	24,952	31,158	31,158	25,635	26,450	15,350
Furniture and Office Equipment	3,600	3,257	3,257	7,346	3,300	3,500
Machinery and Equipment	112,565	68,334	68,334	109,698	76,124	35,550
Transport Assets	82,070	61,613	61,613	110,888	89,199	84,069
Land	1,500	1,500	1,500	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-
Mature		-	-	-	-	-
Immature		-	-	-	-	-
Living Resources	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset Class	1,965,324	1,878,151	1,878,151	2,150,128	1,681,862	1,669,408
ASSET REGISTER SUMMARY - PPE (WDV)	21,369,946	21,882,214	21,882,214	22,471,074	22,604,031	22,559,162
<i>Roads Infrastructure</i>	3,289,143	3,373,863	3,373,863	3,480,334	3,602,006	3,570,178
<i>Storm water Infrastructure</i>	431,354	564,323	564,323	458,979	587,330	590,604
<i>Electrical Infrastructure</i>	1,967,857	2,058,895	2,058,895	2,034,771	2,133,708	2,150,208
<i>Water Supply Infrastructure</i>	2,831,740	3,045,688	3,045,688	3,218,495	3,072,618	3,076,362
<i>Sanitation Infrastructure</i>	1,249,094	1,266,501	1,266,501	1,387,073	1,387,082	1,388,596

Description	Current year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year 2026/27	Budget Year 2027/28
<i>Solid Waste Infrastructure</i>	(85,776)	(18,259)	(18,259)	(129,746)	(38,808)	(50,869)
<i>Rail Infrastructure</i>	1,945,369	1,945,369	1,945,369	1,955,176	1,955,716	1,956,337
<i>Coastal Infrastructure</i>		-	-	-	-	-
<i>Information and Communication Infrastructure</i>	33,439	33,439	33,439	45,439	34,439	34,439
Infrastructure	11,662,220	12,269,820	12,269,820	12,450,521	12,734,091	12,715,854
	(6,033)	578,231	578,231			
Community Assets	520,355	606,580	606,580	564,560	577,246	597,027
Heritage Assets	446,638	226,441	226,441	446,638	446,638	446,638
Investment properties	295,120	138,357	138,357	304,352	148,234	148,996
Other Assets	8,089,932	8,070,369	8,070,369	8,122,832	8,081,617	8,093,290
Biological or Cultivated Assets		-	-	-	-	-
	74,801	56,784	56,784	56,784	74,801	
		13,968	13,968	59,022	38,939	
Intangible Assets	74,801	70,752	70,752	86,733	61,188	60,149
Computer Equipment	27,156	69,529	69,529	52,791	53,606	42,506
Furniture and Office Equipment	3,600	7,928	7,928	10,946	6,900	7,100
Machinery and Equipment	185,618	141,387	141,387	273,855	195,406	154,169
Transport Assets	64,507	227,980	227,980	157,846	299,104	293,432
Land		53,071	53,071	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
Living Resources		-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	21,369,946	21,882,214	21,882,214	22,471,074	22,604,031	22,559,162
EXPENDITURE OTHER ITEMS						
Depreciation	1,049,902	1,018,447	1,018,447	1,049,902	1,080,470	1,112,884
Repairs and Maintenance by Asset Class	866,011	758,285	758,285	615,603	661,349	695,477
<i>Roads Infrastructure</i>	130,984	114,690	114,690	92,541	98,344	103,419
<i>Storm water Infrastructure</i>	17,711	15,508	15,508	15,427	16,394	17,240
<i>Electrical Infrastructure</i>	121,262	106,180	106,180	105,622	112,245	118,038
<i>Water Supply Infrastructure</i>	130,447	114,220	114,220	125	7,278	7,654
<i>Sanitation Infrastructure</i>	89,532	78,394	78,394	78,150	83,051	87,336
<i>Solid Waste Infrastructure</i>		-	-			
<i>Rail Infrastructure</i>	2,913	2,551	2,551	2,537	2,696	2,836

Description	Current year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year 2026/27	Budget Year 2027/28
R thousands						
<i>Coastal Infrastructure</i>		-	-			
<i>Information and Communication Infrastructure</i>	1,325	1,160	1,160	1,154	1,226	1,290
Infrastructure	494,173	432,703	432,703	295,557	321,235	337,812
Community Facilities	19,516	17,088	17,088	16,998	18,064	18,996
Sport and Recreation Facilities	12,508	10,952	10,952	10,895	11,578	12,175
Community Assets	32,024	28,040	28,040	27,893	29,642	31,172
Heritage Assets	320	280	280	218	231	243
Revenue Generating						
Non-revenue Generating						
Investment properties	-	-	-	-	-	-
Operational Buildings	140,087	122,662	122,662	121,260	128,863	135,513
Housing	7,509	6,575	6,575	6,541	6,951	7,309
Other Assets	147,596	129,237	129,237	127,800	135,814	142,823
Biological or Cultivated Assets						
Servitudes		-	-			
Licences and Rights	5,930	5,192	5,192	5,130	5,452	5,733
Intangible Assets	5,930	5,192	5,192	5,130	5,452	5,733
Computer Equipment	5,994	5,248	5,248	5,280	5,611	5,901
Furniture and Office Equipment	4,251	3,722	3,722	9,849	10,466	11,006
Machinery and Equipment	59,532	52,127	52,127	51,819	55,068	57,910
Transport Assets	116,190	101,736	101,736	92,056	97,828	102,877
Land		-	-			
Zoo's, Marine and Non-biological Animals		-	-			
Mature						
Immature						
Living Resources	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS	1,915,913	1,776,732	1,776,732	1,665,505	1,741,819	1,808,362
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	35.4%	44.1%	44.1%	35.2%	45.3%	46.1%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	66.3%	81.4%	81.4%	72.1%	70.5%	69.1%
<i>R&M as a % of PPE & Investment Property</i>	4.1%	3.5%	3.5%	2.8%	3.0%	3.1%
<i>Renewal and upgrading and R&M as a % of PPE and Investment Property</i>	7.5%	7.3%	7.3%	6.2%	6.4%	6.6%

Explanatory notes to Table A9 - Asset Management

The table provides a summarised version of the capital programme divided into new assets and renewal of existing assets; and reflects the relevant asset categories. The associated repairs and maintenance and depreciation is also reflected.

It also provides an indication of the resources deployed for maintaining and renewing existing assets, as well as the extent of asset expansion.

National Treasury has suggested that municipalities should allocate at least 40% of their capital budget to the renewal/rehabilitation of existing assets, and allocations to repairs and maintenance should be 8% of PPE.

TABLE 22 (TABLE A10 – CONSOLIDATED BASIC SERVICE DELIVERY MEASUREMENT)

Description	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Household service targets						
<u>Water:</u>						
Piped water inside dwelling	370,000	386,341	386,341	374,000	380,000	380,380
Piped water inside yard (but not in dwelling)						
Using public tap (at least min. service level)	36,341	44,000	44,000	34,000	30,000	29,790
Other water supply (at least min. service level)						
<i>Minimum Service Level and Above sub-total</i>	406,361	430,341	430,341	408,000	410,000	410,820
Using public tap (< min. service level)						
Other water supply (< min. service level)						
No water supply						
<i>Below Minimum Service Level sub-total</i>						
Total number of households	406,361	430,341	430,341	408,000	410,000	410,820
<u>Sanitation/sewerage:</u>						
Flush toilet (connected to sewerage)	370,000	396,341	396,341	374,000	380,000	383,800
Flush toilet (with septic tank)	3,802	3,802	3,802	3,802	3,802	3,878
Chemical toilet	3,000	2,834	2,834	3,500	4,000	4,080
Pit toilet (ventilated)	167	167	167	167	167	167
Other toilet provisions (> min. service level)	-	-	-			
<i>Minimum Service Level and Above sub-total</i>	376,969	403,144	403,144	381,469	387,969	391,925
Bucket toilet	6,010	6,010	6,010	6,010	6,010	6,010
Other toilet provisions (< min. service level)						
No toilet provisions						
<i>Below Minimum Service Level sub-total</i>	6,010	6,010	6,010	6,010	6,010	6,010
Total number of households	382,979	409,154	409,154	387,479	393,979	397,935
<u>Energy:</u>						
Electricity (at least min. service level)	19,052	20,259	20,259	19,061	18,489	17,934
Electricity - prepaid (min. service level)	395,644	349,764	349,764	371,065	382,196	437,663
<i>Minimum Service Level and Above sub-total</i>	414,696	370,023	370,023	390,126	400,685	455,597
Electricity (< min. service level)						
Electricity - prepaid (< min. service level)						
Other energy sources						
<i>Below Minimum Service Level sub-total</i>	-	-	-			
Total number of households	414,696	364,114	364,114	390,126	400,685	455,597
<u>Refuse:</u>						
Removed at least once a week	237,382	237,382	237,382	237,619	237,857	238,095
<i>Minimum Service Level and Above sub-total</i>	235,644	235,644	235,644	235,880	236,116	236,352

Description	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Removed less frequently than once a week	-	-	-			
Using communal refuse dump	44,090	44,090	44,090	44,134	56,064	56,120
Using own refuse dump						
Other rubbish disposal						
No rubbish disposal	16,702	16,702	16,702	4,728	4,728	4,733
<i>Below Minimum Service Level sub-total</i>	60,792	60,792	60,792	60,792	60,792	60,731
Total number of households	296,436	296,436	296,436	296,436	296,436	296,140
<u>Households receiving Free Basic Service</u>						
Water (6 kilolitres per household per month)	90,626	73,368	73,368	71,157	73,557	75,957
Sanitation (free minimum level service)	92,156	70,861	70,861	73,261	75,661	78,061
Electricity/other energy (50kwh per household per month)	73,526	34,176	34,176	38,076	41,976	45,876
Refuse (removed at least once a week)	86,954	71,261	71,261	76,289	80,479	85,507
Informal Settlements						
<u>Cost of Free Basic Services provided - Formal Settlements (R'000)</u>						
Water (6 kilolitres per indigent household per month)	150,070	120,653	120,653	152,541	152,599	152,656
Sanitation (free sanitation service to indigent households)	218,176	191,405	191,405	213,192	213,249	213,307
Electricity/other energy (50kwh per indigent household per month)	23,942	19,588	19,588	19,225	19,225	19,225
Refuse (removed once a week for indigent households)	91,754	146,435	146,435	146,336	146,394	146,452
<u>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</u>	-	-	-			
Total cost of FBS provided	483,942	478,081	478,081	531,294	531,467	531,640
<u>Highest level of free service provided per household</u>						
Property rates (R value threshold)	130,000	130,000	130,000	130,000	130,000	130,000
Water (kilolitres per household per month)	8	8	8	8	8	8
Sanitation (kilolitres per household per month)	11	11	11	11	11	11
Sanitation (Rand per household per month)	137	137	137	137	137	137
Electricity (kwh per household per month)	75	75	75	75	75	75
Refuse (average litres per week)	178	178	178	178	178	178
<u>Revenue cost of subsidised services provided (R'000)</u>						
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)						
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA	173,455	173,455	173,455	182,127	192,144	203,673
Water (in excess of 6 kilolitres per indigent household per month)	31,852	31,852	31,852	32,489	32,814	33,470
Sanitation (in excess of free sanitation service to indigent households)	21,565	21,565	21,565	21,996	22,216	22,661
Electricity/other energy (in excess of 50 kwh per indigent household per month)	29,534	29,534	29,534	30,125	30,426	31,034
Refuse (in excess of one removal a week for indigent households)	15,719	15,719	15,719	16,033	16,194	16,518
Municipal Housing - rental rebates						
Housing - top structure subsidies	123,457	123,020	123,020	107,027	114,519	122,536
Other						

Description	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Total revenue cost of subsidised services provided	395,582	395,145	395,145	282,770	293,794	307,356

Explanatory notes to Table A10 - Basic Service Delivery Measurement

Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

1.9. ANNUAL BUDGET TABLES - PARENT MUNICIPALITY

The annual tables at a parental level are used to accompany the Budget Report and not for noting or approval of a budget by Council. The ten tables (i.e. A1 to A10) for the parent municipality are disclosed in the following tables and are not further discussed as that will be a repeat of what has been done under the previous paragraph:

TABLE 23 (A1 BUDGET SUMMARY)

Description	2023/24	Current year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year 2026/27
R thousands							
Financial Performance							
Property rates	2,875,600	3,142,251	3,142,251	3,142,251	3,299,358	3,480,819	3,689,667
Service charges	9,102,259	10,017,708	9,831,995	9,831,995	10,632,819	11,690,898	12,912,020
Investment revenue	385,770	226,156	276,855	276,855	285,739	305,497	332,855
Transfer and subsidies - Operational	2,844,217	2,639,328	2,450,902	2,450,902	2,835,941	2,494,913	2,335,661
Other own revenue	2,264,722	2,091,719	2,326,288	2,326,288	2,403,701	2,592,493	2,615,042
Total Revenue (excluding capital transfers and contributions)	17,472,568	18,117,062	18,028,291	18,028,291	19,457,558	20,564,620	21,885,245
Employee costs	3,928,615	4,752,685	4,586,235	4,586,235	4,869,977	5,252,871	5,730,372
Remuneration of councillors	82,053	94,452	94,675	94,675	98,334	102,276	106,377
Depreciation and amortisation	885,798	1,049,902	1,018,442	1,018,442	1,049,000	1,080,470	1,112,884
Finance charges	121,960	111,217	111,217	111,217	72,173	61,947	50,682
Inventory consumed and bulk purchases	6,147,964	6,693,578	6,839,038	6,839,038	7,823,041	8,209,219	8,679,483
Transfers and subsidies	87,011	84,452	93,972	93,972	239,388	251,017	264,192
Other expenditure	6,240,250	3,493,537	3,448,388	3,448,388	5,370,186	5,638,482	5,947,390
Total Expenditure	17,493,651	18,116,062	18,028,291	18,028,291	19,522,099	20,596,282	21,891,380
Surplus/(Deficit)	- 21,083	1,000	-	-	- 64,541	- 31,662	- 6,135
Transfers and subsidies - capital (monetary allocations)		1,159,095	1,286,456	1,286,456	1,366,561	1,064,642	1,091,071
Transfers and subsidies - capital (in-kind)							
Surplus/(Deficit) after capital transfers & contributions	- 21,083	1,160,095	1,286,456	1,286,456	1,302,020	1,032,980	1,084,936
Share of Surplus/Deficit attributable to Associate	-	-					
Surplus/(Deficit) for the year	- 21,083	1,160,095	1,286,456	1,286,456	1,302,020	1,032,980	1,084,936
Capital expenditure & funds sources							
Capital expenditure		1,965,394	1,934,190	1,934,190	1,368,029	1,064,642	1,091,071
Transfers recognised - capital	1,111,574	1,154,574	1,286,456	1,286,456	1,368,029	1,064,642	1,091,071
Borrowing		130,299	69,165	69,165	60,500		
Internally generated funds		624,483	522,529	522,529	662,757	555,143	512,534
Total sources of capital funds		1,909,356	1,878,150	1,878,150	2,091,286	1,619,785	1,091,071
Financial position							
Total current assets	8,388,853	10,188,246	8,280,195	8,280,195	8,369,432	8,248,369	8,274,238
Total non-current assets	20,165,383	21,750,990	22,258,954	22,258,954	20,041,747	20,853,590	21,696,581
Total current liabilities	3,632,768	5,825,141	3,698,366	3,698,366	3,633,823	3,761,428	3,930,175
Total non-current liabilities	3,835,514	5,819,377	5,206,458	5,206,458	5,285,535	5,358,314	5,483,590
Community wealth/Equity	21,085,954	19,180,622	20,345,985	20,345,985	20,556,998	20,583,270	20,788,398
Cash flows							
Net cash from (used) operating	1,140,649	3,003,531	3,338,634	3,338,634	4,193,832	3,889,206	4,407,975
Net cash from (used) investing	- 1,337,049	- 2,173,593	- 2,060,700	- 2,060,700	- 2,091,286	- 1,619,785	- 1,603,605
Net cash from (used) financing	- 192,287	- 344,028	- 344,028	- 344,028	- 192,287	- 195,600	- 195,600
Cash/cash equivalents at the year end	4,426,349	5,061,783	4,323,456	4,323,456	4,402,604	4,236,937	4,028,283
Cash backing/surplus reconciliation							
Cash and investments available	4,426,349	5,061,783	4,323,456	4,323,456	4,402,604	4,236,937	4,028,283
Application of cash and investments		2,429,076	2,689,393	2,689,393	3,061,079	2,967,099	2,846,930
Balance - surplus (shortfall)		2,632,707	1,634,063	1,634,063	1,341,525	1,269,838	1,181,353
Asset management							
Asset register summary (WDV)		21,369,946	21,882,214	21,882,214	22,471,074	22,604,031	22,559,162
Depreciation		1,049,902	1,018,442	1,018,442	1,049,000	1,080,470	1,112,884
Renewal and Upgrading of Existing Assets		696,488	829,006	829,006	757,347	762,153	768,997
Repairs and Maintenance		866,011	758,285	758,285	740,486	786,925	827,538

TABLE 24 (A2 BUDGETED FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE BY FUNCTIONAL CLASSIFICATION))

Description	2023/24	Current year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year 2026/27	Budget Year 2027/28
R thousands							
Revenue - Functional							
Municipal governance and administration	4,359,924	4,710,753	4,713,112	4,713,112	5,254,553	5,089,405	5,067,713
Executive and council	1411	1194	1,322	1,322	1,239	1,298	1,359
Finance and administration	4,358,513	4,709,559	4,711,789	4,711,789	5,253,314	5,088,107	5,066,354
Internal audit							
Community and public safety	1,433,312	1,573,823	1,456,569	1,456,569	1,461,910	1,568,899	1,689,312
Community and social services	37,260	41,898	45,519	45,519	47,044	48,989	50,405
Sport and recreation	11,157	29,322	29,119	29,119	54,306	48,034	67,167
Public safety	1,137,203	1,030,906	979,048	979,048	1,136,103	1,254,362	1,353,689
Housing	246,234	469,477	399,756	399,756	223,080	216,078	217,016
Health	1,458	2,220	3,127	3,127	1,377	1,436	1,035
Economic and environmental services	528,036	807,939	878,505	878,505	771,253	786,981	801,997
Planning and development	187,300	176,611	194,747	194,747	206,725	204,423	217,363
Road transport	316,679	587,730	638,979	638,979	523,175	529,143	549,187
Environmental protection	24,057	43,598	44,779	44,779	41,353	53,415	35,447
Trading services	11,110,784	12,122,313	12,227,935	12,227,935	13,297,953	14,139,972	15,373,556
Energy sources	5,232,384	6,130,396	6,049,125	6,049,125	6,696,107	7,569,053	8,545,969
Water management	4,214,717	4,068,058	4,187,276	4,187,276	4,470,714	4,263,326	4,395,352
Waste water management	1,172,521	1,420,732	1,445,746	1,445,746	1,537,403	1,683,566	1,773,873
Waste management	491,161	503,128	545,787	545,787	593,729	624,027	658,362
Other	40,513	61,330	40,126	40,126	39,918	44,005	43,738
Total Revenue - Functional	17,472,568	19,276,158	19,316,247	19,316,247	20,825,587	21,629,262	22,976,316
Expenditure - Functional							
Municipal governance and administration	2,458,008	2,060,586	2,650,439	2,650,439	2,635,042	2,818,003	2,927,721
Executive and council	495,938	416,008	299,480	299,480	283,736	325,443	343,847
Finance and administration	1,900,809	1,572,076	2,278,243	2,278,243	2,282,200	2,421,401	2,509,119
Internal audit	61,261	72,502	72,715	72,715	69,106	71,159	74,755
Community and public safety	2,098,018	2,597,632	2,264,674	2,264,674	2,455,899	2,615,222	2,723,899
Community and social services	345,695	384,216	428,645	428,645	455,374	481,539	516,557
Sport and recreation	512,456	680,761	552,736	552,736	641,489	700,541	659,638
Public safety	639,412	731,694	673,996	673,996	690,740	743,228	813,849
Housing	420,109	545,994	370,710	370,710	424,064	430,609	456,721
Health	180,345	254,968	238,587	238,587	244,232	259,305	277,134
Economic and environmental services	986,290	1,510,475	1,312,962	1,312,962	1,275,956	1,338,764	1,450,025
Planning and development	220,379	467,646	432,828	432,828	447,035	463,027	502,524
Road transport	703,997	956,244	827,230	827,230	766,709	809,104	875,121
Environmental protection	61,913	86,585	52,904	52,904	62,212	66,633	72,380
Trading services	13,865,565	11,818,822	11,709,775	11,709,775	13,002,972	13,704,206	14,662,051
Energy sources	6,462,364	7,343,288	7,536,923	7,536,923	8,333,652	8,797,173	9,339,196
Water management	5,855,571	2,711,096	2,647,166	2,647,166	3,107,740	3,245,404	3,383,680
Waste water management	1,011,514	1,093,987	963,766	963,766	960,849	1,023,355	1,256,614
Waste management	536,116	670,451	561,921	561,921	600,731	638,274	682,561
Other	85,615	128,547	90,442	90,442	152,230	120,087	127,682
Total Expenditure - Functional	17,037,945	18,116,061	18,028,291	18,028,291	19,522,099	20,596,282	21,891,378
Surplus/(Deficit)	434,623	1,160,097	1,287,956	1,287,956	1,303,488	1,032,980	1,084,938

TABLE 25 (A3 BUDGETED FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE BY MUNICIPAL VOTE))

Vote Description	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27
R thousand							
Revenue by Vote							
Vote 1 - Budget & Treasury	4,127,021	4,615,019	4,608,763	4,608,763	5,136,437	4,981,700	4,961,538
Vote 2 - Public Health	488,954	517,512	562,321	562,321	609,383	640,344	675,388
Vote 3 - Human Settlements	191,659	303,502	249,992	249,992	223,080	216,078	217,016
Vote 4 - Economic Development, Tourism & Agriculture	25,540	38,232	34,339	34,339	19,809	20,740	21,137
Vote 5 - Corporate Services	26,147	19,397	30,907	30,907	31,803	20,167	21,137
Vote 6 - Infrastructure & Engineering Unit - Rate & General	231,058	317,758	229,189	229,189	169,030	186,209	220,915
Vote 7 - Metro Water Service	3,945,200	3,734,347	3,848,870	3,848,870	3,985,989	4,178,205	4,308,625
Vote 8 - Sanitation - Metro	1,101,413	1,292,269	1,306,808	1,306,808	1,228,550	1,302,580	1,382,187
Vote 9 - Electricity & Energy	5,128,106	5,959,948	5,885,832	5,885,832	6,590,727	7,427,755	8,370,344
Vote 10 - Executive & Council	924,239	150,667	154,607	154,607	199,419	194,887	210,148
Vote 11 - Safety & Security	1,157,372	1,049,534	997,677	997,677	1,154,129	1,279,540	1,375,000
Vote 12 - Mandela Bay Stadium	48,197	72,278	72,278	72,278	76,984	82,668	87,069
Vote 13 - Special Projects and Programmes	29,816	22,684	22,684	22,684	7,853	8,509	9,269
Vote 14 - Recreational & Cultural Services	41,733	23,915	24,023	24,023	24,365	25,238	25,473
Vote 15 - [NAME OF VOTE 15]							
Total Revenue by Vote	17,466,455	18,117,062	18,028,291	18,028,291	19,457,558	20,564,620	21,885,245
Expenditure by Vote to be appropriated							
Vote 1 - Budget & Treasury	1,466,134	1,135,425	1,199,925	1,199,925	1,073,770	1,138,739	1,214,778
Vote 2 - Public Health	911,346	1,086,780	1,032,102	1,032,102	1,121,218	1,194,281	1,278,054
Vote 3 - Human Settlements	393,721	500,427	505,675	505,675	431,574	443,947	471,469
Vote 4 - Economic Development, Tourism & Agriculture	94,067	119,201	117,148	117,148	114,564	125,619	133,602
Vote 5 - Corporate Services	443,544	600,448	598,814	598,814	628,961	655,193	698,318
Vote 6 - Infrastructure & Engineering Unit - Rate & General	916,966	1,254,519	1,086,128	1,086,128	1,059,877	1,122,869	1,211,412
Vote 7 - Metro Water Service	3,767,564	2,939,602	2,720,338	2,720,338	3,471,894	3,633,988	3,796,502
Vote 8 - Sanitation - Metro	850,123	930,795	909,220	909,220	907,306	973,498	1,037,763
Vote 9 - Electricity & Energy	6,527,664	7,204,319	7,529,198	7,529,198	8,343,331	8,794,759	9,336,780
Vote 10 - Executive & Council	468,976	498,944	501,460	501,460	521,549	533,805	569,056
Vote 11 - Safety & Security	1,159,592	1,232,955	1,217,612	1,217,612	1,239,356	1,330,663	1,450,853
Vote 12 - Mandela Bay Stadium	51,332	71,498	72,998	72,998	76,984	82,145	86,521
Vote 13 - Special Projects and Programmes	29,095	24,161	23,731	23,731	9,431	10,221	11,138
Vote 14 - Recreational & Cultural Services	413,527	516,988	513,943	513,943	522,285	556,555	595,133
Vote 15 - [NAME OF VOTE 15]							
Total Expenditure by Vote	17,493,651	18,116,062	18,028,291	18,028,291	19,522,099	20,596,282	21,891,378
Surplus/(Deficit) for the year	-27,196	1,000	0	0	(64,541)	(31,662)	(6,133)

TABLE 26 (A4 BUDGETED FINANCIAL PERFORMANCE (REVENUE AND EXPENDITURE))

Description	2023/24	Current year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year 2026/27
R thousands							
Revenue							
Exchange Revenue							
Service charges - Electricity	4,953,078	5,828,780	5,730,806	5,730,806	6,464,349	7,291,786	8,225,134
Service charges - Water	3,048,561	2,937,779	2,911,480	2,911,480	2,997,328	3,155,968	3,361,106
Service charges - Waste Water Management	807,631	920,612	881,062	881,062	821,412	870,682	927,245
Service charges - Waste Management	290,783	330,539	308,648	308,648	349,730	372,462	398,535
Sale of Goods and Rendering of Services	78,046	117,432	121,418	121,418	114,371	132,882	139,114
Agency services	3,902	4,064	4,064	4,064	4,255	4,455	4,669
Interest earned from Receivables	1,009,287	990,740	1,070,802	1,070,802	1,106,615	1,218,964	1,174,838
Interest earned from Current and Non-Current Assets	385,770	226,156	276,855	276,855	285,739	305,497	332,855
Rental from Fixed Assets	34,019	38,567	42,037	42,037	40,604	42,011	43,504
Licence and permits	21,519	20,137	22,193	22,193	21,319	22,295	23,339
Operational Revenue	32,659	32,550	33,657	33,657	27,890	29,182	30,550
Non-Exchange Revenue							
Property rates	2,875,600	3,142,251	3,142,251	3,142,251	3,299,358	3,480,819	3,689,667
Fines, penalties and forfeits	97,507	64,223	59,084	59,084	67,973	71,182	74,615
Licences or permits	1	1	1	1	1	1	1
Transfer and subsidies - Operational	2,843,620	2,639,328	2,450,902	2,450,902	2,835,941	2,494,913	2,335,661
Interest raised - Receivables (Other)	199,673		149,009	149,009	158,695	169,010	179,996
Fuel Levy	783,478	824,005	824,005	824,005	861,978	902,511	944,416
Gains on disposal of Assets	1,321	-	17	17			
Total Revenue (excluding capital transfers and contribution)	17,466,455	18,117,164	18,028,291	18,028,291	19,457,558	20,564,620	21,885,245
Expenditure							
Employee related costs	3,889,773	4,752,685	4,586,235	4,586,235	4,869,977	5,252,871	5,730,372
Remuneration of councillors	82,053	94,452	94,675	94,675	98,334	102,276	106,377
Bulk purchases - electricity	5,635,673	6,338,216	6,457,166	6,457,166	7,277,226	7,667,285	8,141,890
Inventory consumed	512,291	355,361	381,872	381,872	545,815	541,934	537,593
Debt impairment	4,200,994	1,836,239	1,836,323	1,836,323	1,946,344	2,058,304	2,188,814
Depreciation and amortisation	885,798	1,049,902	1,018,442	1,018,442	1,049,000	1,080,470	1,112,884
Interest	121,960	111,217	111,217	111,217	72,173	61,947	50,682
Contracted services	969,142	1,751,625	1,630,699	1,630,699	1,515,321	1,607,392	1,705,719
Transfers and subsidies	210,174	84,452	93,972	93,972	239,388	251,017	264,192
Irrecoverable debts written off		582,995	652,995	652,995	726,946	769,372	817,577
Operational costs	611,762	905,934	911,711	911,711	795,654	815,563	845,488
Losses on disposal of Assets							
Other Losses	374,031	252,982	252,982	252,982	385,921	387,851	389,790
Total Expenditure	17,493,651	18,116,062	18,028,291	18,028,291	19,522,099	20,596,282	21,891,378
Surplus/(Deficit)	- 27,196	1,000	-	-	- 64,541	- 31,662	- 6,133
Transfers and subsidies - capital (monetary allocations)		1,159,095	1,286,456	1,286,456	1,368,029	1,064,642	1,091,071
Transfers and subsidies - capital (in-kind)		-					
Surplus/(Deficit) after capital transfers and contributions	- 27,196	1,160,097	1,286,456	1,286,456	1,303,488	1,032,980	1,084,938
Surplus/(Deficit) after income tax	- 27,196	1,160,097	1,286,456	1,286,456	1,303,488	1,032,980	1,084,938
Surplus/(Deficit) attributable to municipality	- 27,196	1,160,097	1,286,456	1,286,456	1,303,488	1,032,980	1,084,938
Surplus/(Deficit) for the year	- 27,196	1,160,097	1,286,456	1,286,456	1,303,488	1,032,980	1,084,938

TABLE 27 (A5 BUDGETED CAPITAL EXPENDITURE BY VOTE, STANDARD CLASSIFICATION AND FUNDING SOURCE)

Description	Current year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
	R thousands	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2025/26	Budget Year 2026/27
Capital Expenditure - Functional							
Municipal governance and administration	216,622	155,835	155,835	155,835	270,443	172,119	150,967
Executive and council							
Finance and administration	216,622	155,835	155,835	155,835	270,443	172,119	150,967
Internal audit							
Community and public safety	168,724	118,118	118,118	118,118	183,467	119,753	116,507
Community and social services	48,328	34,256	34,256	34,256	60,680	34,434	42,105
Sport and recreation	55,561	48,022	48,022	48,022	74,240	51,080	60,251
Public safety	62,235	31,240	31,240	31,240	46,647	32,839	12,750
Housing	1,200	1,200	1,200	1,200	600		
Health	1,400	3,400	3,400	3,400	1,300	1,400	1,400
Economic and environmental services	450,058	497,185	497,185	497,185	499,593	533,858	526,646
Planning and development							
Road transport	449,058	497,185	497,185	497,185	498,593	533,858	526,646
Environmental protection	1,000				1,000		
Trading services	1,071,881	1,105,012	1,105,012	1,105,012	1,129,783	794,054	809,485
Energy sources	246,698	234,973	234,973	234,973	205,123	218,869	237,011
Water management	457,824	36,000	36,000	36,000	554,787	197,323	208,073
Waste water management	331,360	373,026	373,026	373,026	333,873	319,558	326,445
Waste management	36,000	461,013	461,013	461,013	36,000	58,304	37,957
Other	2,000	2,000	2,000	2,000	8,000		
Total Capital Expenditure - Functional	1,909,285	1,878,151	1,878,151	1,878,151	2,091,286	1,619,785	1,603,605
Funded by							
National Government	1,111,574	1,244,956	1,244,956	1,244,956	1,325,029	1,021,642	1,048,071
Provincial Government							
District Municipality							
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)	43,000	41,500	41,500	41,500	43,000	43,000	43,000
Transfers recognised - capital	1,154,574	1,286,456	1,286,456	1,286,456	1,368,029	1,064,642	1,091,071
Borrowing	130,229	69,165	69,165	69,165	60,500		
Internally generated funds	624,483	522,529	522,529	522,529	662,757	555,143	512,534
Total Capital Funding	1,909,285	1,878,151	1,878,151	1,878,151	2,091,286	1,619,785	1,603,605

TABLE 28 (A6 BUDGETED FINANCIAL POSITION)

Description	2023/24	Current year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year 2026/27
R thousands							
ASSETS							
Current assets							
Cash and cash equivalents	4,426,349	5,032,445	4,323,956	4,323,956	4,402,604	4,236,937	4,028,283
Trade and other receivables from exchange transactions	2,988,563	3,159,969	3,018,448	3,018,448	3,054,485	3,087,600	3,278,885
Receivables from non-exchange transactions	383,814	248,070	387,653	387,653	385,614	390,002	399,902
Current portion of non-current receivables	4						
Inventory	163,397	345,859	166,397	166,397	134,046	140,436	154,190
VAT	176,836	1,401,903	140,447	140,447	148,902	149,370	156,753
Other current assets	243,294		243,294	243,294	243,781	244,024	256,225
Total current assets	8,382,257	10,188,246	8,280,195	8,280,195	8,369,432	8,248,369	8,274,238
Non-current assets							
Investments							
Investment property	138,357	156,763	138,357	138,357	143,891	149,647	155,633
Property, plant and equipment	19,608,218	21,141,409	21,628,998	21,628,998	19,480,568	20,270,692	21,093,081
Biological assets							
Living and non-living resources							
Heritage assets	226,441	220,197	226,441	226,441	235,238	244,648	254,433
Intangible assets	56,784	71,801	13,939	13,939	11,045	11,958	12,922
Trade and other receivables from exchange transactions	81,429	115,638	197,010	197,010	114,626	118,011	119,532
Non-current receivables from non-exchange transactions	54,153	45,182	54,211	54,211	56,379	58,634	60,980
Other non-current assets							
Total non-current assets	20,165,382	21,750,990	22,258,956	22,258,956	20,041,747	20,853,590	21,696,581
TOTAL ASSETS	28,547,639	31,939,236	30,539,151	30,539,149	28,411,179	29,101,959	29,970,819
LIABILITIES							
Current liabilities							
Bank overdraft							
Financial liabilities	213,698	188,490	213,698	213,698	222,245	231,136	240,381
Consumer deposits	157,184	180,779	177,998	177,998	163,472	170,011	176,811
Trade and other payables from exchange transactions	2,319,526	3,006,246	2,342,721	2,342,721	2,401,743	2,497,856	2,614,930
Trade and other payables from non-exchange transactions	336,837	313,007	340,205	340,205	321,180	316,235	330,015
Provision	605,523	396,155	605,523	605,523	525,183	546,190	568,038
VAT	0	1,740,464					
Other current liabilities							
Total current liabilities	3,632,768	5,825,141	3,680,145	3,680,145	3,633,823	3,761,428	3,930,175
Non-current liabilities							
Financial liabilities	934,072	1,232,620	934,072	934,072	938,463	976,002	1,015,042
Provision	2,901,442	3,200,928	3,471,284	3,471,284	3,474,755	3,475,102	3,525,050
Long term portion of trade payables							
Other non-current liabilities		1,385,829	801,102	801,102	872,317	907,210	943,498

Total non-current liabilities	3,835,514	5,819,377	5,206,458	5,206,458	5,285,535	5,358,314	5,483,590
TOTAL LIABILITIES	7,468,282	11,644,518	8,886,603	8,886,603	8,919,358	9,119,742	9,413,765
NET ASSETS	21,079,357	20,294,718	21,652,548	21,652,546	19,491,821	19,982,217	20,557,054
COMMUNITY WEALTH/EQUITY							
Accumulated surplus/(deficit)	21,085,954	18,595,493	20,159,781	20,159,781	20,361,378	20,381,740	20,585,558
Reserves and funds		585,129	186,203	186,203	195,620	201,530	202,840
Other							
TOTAL COMMUNITY WEALTH/EQUITY	21,085,954	19,180,622	20,345,984	20,345,984	20,556,998	20,583,270	20,788,398

TABLE 29 (A7 BUDGETED CASH FLOWS)

Description	Current year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year 2026/27	Budget Year 2027/28
R thousands						
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Property rates	2,828,026	2,356,688	2,356,688	2,989,450	3,155,350	3,325,610
Service charges	9,293,524	8,848,796	8,848,796	9,620,820	9,980,650	10,694,708
Other revenue	2,200,281	1,861,030	1,861,030	1,748,498	1,806,953	1,897,023
Transfers and Subsidies - Operational	2,138,293	2,401,884	2,401,884	2,835,941	2,494,913	2,335,661
Transfers and Subsidies - Capital	1,210,250	1,157,811	1,157,811	1,368,029	1,064,642	1,091,071
Interest	226,156	276,855	276,855	291,737	312,097	339,917
Payments						
Suppliers and employees	14,697,330	13,359,241	13,359,241	14,349,082	14,612,438	14,961,141
Finance charges	111,217	111,217	111,217	72,173	61,944	50,682
Transfers and Subsidies	84,452	93,972	93,972	239,388	251,017	264,192
NET CASH FROM/(USED) OPERATING ACTIVITIES	3,003,531	3,338,634	3,338,634	4,193,832	3,889,206	4,407,975
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE	-	-	1,347	-	-	-
Decrease (Increase) in non-current debtors (not used)	-	-	-	-	-	-
Decrease (increase) in non-current receivables	160,820	-	160,820	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-
Payments						
Capital assets	2,012,773	-	1,901,227	2,091,286	1,619,785	1,603,605
NET CASH FROM/(USED) INVESTING ACTIVITIES	2,173,593	2,060,700	2,060,700	2,091,286	1,619,785	1,603,605
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Short term loans						

Borrowing long term/refinancing	-	-	-			
	130,229	130,229	130,229			
Increase (decrease) in consumer deposits						
Payments						
Repayment of borrowing	-	-	-	-	-	-
	213,799	213,799	213,799	192,287	187,287	122,287
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	-	-	-	-	-
	344,028	344,028	344,028	192,287	187,287	122,287
NET INCREASE/ (DECREASE) IN CASH HELD	485,910	102,393	102,393	78,648	165,667	208,654
Cash/cash equivalents at the year begin:	4,575,873	4,426,349	4,426,349	4,323,956	4,402,604	4,236,937
Cash/cash equivalents at the year-end:	5,061,783	4,323,956	4,323,956	4,402,604	4,236,937	4,028,283

TABLE 30 (A8 CASH BACKED RESERVES/ACCUMULATED SURPLUS RECONCILIATION)

Description	Current year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
	R thousands	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year 2026/27
Cash and investments available						
Cash/cash equivalents at the year end	5,061,783	916,191	916,191	3,742,214	3,601,397	3,424,033
Other current investments > 90 days		3,407,265	3,407,265	660,390	635,540	604,250
Non-current assets - Investments						
Cash and investments available:	5,061,783	4,323,456	4,323,456	4,402,604	4,236,937	4,028,283
Application of cash and investments						
Unspent conditional transfers	156,238	147,318	147,318	117,854	111,962	106,364
Unspent borrowing	130,229	130,229	130,229	60,500		
Statutory requirements	495,130	495,130	495,130	598,860	789,560	895,780
Other working capital requirements	1,321,880	- 1,740,771	- 1,740,771	-1,386,510	1,611,055	1,883,104
Other provisions	2,384,230	3,471,284	3,471,284	3,474,755	3,475,102	3,525,050
Long term investments committed						
Reserves to be backed by cash/investments	585,129	186,203	186,203	195,620	201,530	202,840
Total Application of cash and investments:	2,429,076	2,689,393	2,689,393	3,061,079	2,967,099	2,846,930
Surplus(shortfall)	2,632,707	1,634,063	1,634,063	1,341,525	1,269,838	1,181,353

TABLE 31 (A9 - ASSET MANAGEMENT)

Description	Current year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
	R thousands	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year 2026/27
CAPITAL EXPENDITURE						
Total New Assets	1,268,837	1,049,145	1,049,145	1,373,167	899,017	878,477
<i>Roads Infrastructure</i>	380,180	354,040	354,040	344,804	363,659	375,327
<i>Storm water Infrastructure</i>	30,822	39,602	39,602	25,908	26,433	28,574
<i>Electrical Infrastructure</i>	143,258	107,567	107,567	118,330	109,495	119,474
<i>Water Supply Infrastructure</i>	289,314	292,046	292,046	411,019	67,233	76,874
<i>Sanitation Infrastructure</i>	116,470	55,253	55,253	140,417	83,220	73,440
<i>Solid Waste Infrastructure</i>	2,000	2,000	2,000	2,000	2,000	2,000
<i>Rail Infrastructure</i>				-	-	-
<i>Coastal Infrastructure</i>				-	-	-
<i>Information and Communication Infrastructure</i>	2,000	2,000	2,000	-	-	-
Infrastructure	964,044	852,507	852,507	1,042,478	652,040	675,690
Community Facilities	7,848	7,587	7,587	1,800	3,735	2,300
Sport and Recreation Facilities	5,000	200	200	10,950	1,600	600
Community Assets	12,848	7,787	7,787	12,750	5,335	2,900
Heritage Assets				-	-	-
Revenue Generating				-	-	-
Non-revenue Generating				-	-	-
Investment properties	-	-	-	-	-	-
Operational Buildings	47,800	25,522	25,522	23,850	9,130	23,562
Housing				-	-	-
Other Assets	47,800	25,522	25,522	23,850	9,130	23,562
Biological or Cultivated Assets						
Servitudes						
Licences and Rights	30,958	13,968	13,968	55,022	38,439	38,856
Intangible Assets	30,958	13,968	13,968	55,022	38,439	38,856
Computer Equipment	23,452	29,658	29,658	21,135	25,450	14,350
Furniture and Office Equipment	3,600	3,257	3,257	7,346	3,300	3,500
Machinery and Equipment	112,565	68,334	68,334	109,698	76,124	35,550
Transport Assets	72,070	46,613	46,613	100,888	89,199	84,069
Land	1,500	1,500	1,500	-	-	-
Zoo's, Marine and Non-biological Animals						
Mature						
Immature						
Living Resources	-	-	-	-	-	-

Description	Current year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year 2026/27	Budget Year 2027/28
R thousands						
Total Renewal of Existing Assets	408,637	575,694	575,694	432,112	399,709	399,196
<i>Roads Infrastructure</i>	70,500	101,127	101,127	64,500	60,500	58,500
<i>Storm water Infrastructure</i>	9,000	106,293	106,293	8,000	7,000	7,000
<i>Electrical Infrastructure</i>	60,270	61,570	61,570	59,770	64,370	60,912
<i>Water Supply Infrastructure</i>	123,510	135,553	135,553	120,768	104,590	106,698
<i>Sanitation Infrastructure</i>	87,983	119,738	119,738	105,449	104,905	89,830
<i>Solid Waste Infrastructure</i>	13,543	13,543	13,543	17,488	22,628	19,957
<i>Rail Infrastructure</i>				-	-	-
<i>Coastal Infrastructure</i>				-	-	-
<i>Information and Communication Infrastructure</i>				-	-	-
Infrastructure	364,807	537,825	537,825	375,975	363,994	342,897
Community Facilities	25,130	13,030	13,030	27,800	18,336	24,071
Sport and Recreation Facilities	3,950	6,400	6,400	15,687	12,779	29,228
Community Assets	29,080	19,430	19,430	43,487	31,115	53,299
Heritage Assets						
Revenue Generating						
Non-revenue Generating						
Investment properties	-	-	-	-	-	-
Operational Buildings	4,250	3,439	3,439	2,650	4,600	3,000
Housing				-		
Other Assets	4,250	3,439	3,439	2,650	4,600	3,000
Biological or Cultivated Assets						
Servitudes						
Licences and Rights						
Intangible Assets	-	-	-	-	-	-
Computer Equipment	500					
Furniture and Office Equipment						
Machinery and Equipment						
Transport Assets	10,000	15,000	15,000	10,000	-	-
Land						
Zoo's, Marine and Non-biological Animals						
Mature				-	-	-
Immature				-	-	-
Living Resources	-	-	-	-	-	-
Total Upgrading of Existing Assets	287,851	253,312	253,312	286,008	321,059	325,933
<i>Roads Infrastructure</i>	39,628	45,393	45,393	36,100	65,700	31,900
<i>Storm water Infrastructure</i>	22,000	21,789	21,789	21,800	18,500	20,500

Description	Current year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year 2026/27	Budget Year 2027/28
<i>Electrical Infrastructure</i>	39,970	62,636	62,636	22,848	39,003	53,125
<i>Water Supply Infrastructure</i>	28,000	27,162	27,162	17,000	22,000	19,000
<i>Sanitation Infrastructure</i>	55,750	27,124	27,124	29,050	73,500	104,100
<i>Solid Waste Infrastructure</i>	4,000	4,000	4,000	4,000	24,304	17,000
<i>Rail Infrastructure</i>						
<i>Coastal Infrastructure</i>						
<i>Information and Communication Infrastructure</i>	2,000	2,000	2,000	12,000	1,000	1,000
Infrastructure	191,347	190,104	190,104	142,798	244,008	246,625
Community Facilities	61,637	41,717	41,717	63,708	33,094	28,601
Sport and Recreation Facilities	16,215	11,258	11,258	35,202	14,657	21,657
Community Assets	77,852	52,975	52,975	98,910	47,751	50,258
Heritage Assets						
Revenue Generating						
Non-revenue Generating						
Investment properties	-	-	-	-	-	-
Operational Buildings	17,652	8,732	8,732	35,800	27,800	27,550
Housing				-	-	-
Other Assets	17,652	8,732	8,732	35,800	27,800	27,550
Biological or Cultivated Assets						
Servitudes						
Licences and Rights				4,000	500	500
Intangible Assets	-	-	-	4,000	500	500
Computer Equipment	1,000	1,500	1,500	4,500	1,000	1,000
Furniture and Office Equipment						
Machinery and Equipment				-	-	-
Transport Assets				-	-	-
Land				-	-	-
Zoo's, Marine and Non-biological Animals						
Mature						
Immature						
Living Resources	-	-	-	-	-	-
Total Capital Expenditure	1,965,324	1,878,151	1,878,151	2,091,287	1,619,785	1,603,605
<i>Roads Infrastructure</i>	490,308	500,560	500,560	445,404	489,859	465,727
<i>Storm water Infrastructure</i>	61,822	167,684	167,684	55,708	51,933	56,074
<i>Electrical Infrastructure</i>	243,498	231,773	231,773	200,948	212,869	233,511
<i>Water Supply Infrastructure</i>	440,824	454,761	454,761	548,787	193,823	202,573
<i>Sanitation Infrastructure</i>	260,203	202,115	202,115	274,916	261,625	267,370

Description	Current year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year 2026/27	Budget Year 2027/28
<i>Solid Waste Infrastructure</i>	19,543	19,543	19,543	23,488	48,933	38,957
<i>Rail Infrastructure</i>		-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-
<i>Information and Communication Infrastructure</i>	4,000	4,000	4,000	12,000	1,000	1,000
Infrastructure	1,520,198	1,580,436	1,580,436	1,561,250	1,260,041	1,265,212
Community Facilities	94,615	62,334	62,334	93,308	55,165	54,972
Sport and Recreation Facilities	25,165	17,858	17,858	61,839	29,036	51,485
Community Assets	119,780	80,192	80,192	155,147	84,201	106,457
Heritage Assets						
Revenue Generating						
Non-revenue Generating						
Investment properties	-	-	-	-	-	-
Operational Buildings	69,702	37,693	37,693	62,300	41,530	54,112
Housing						
Other Assets	69,702	37,693	37,693	62,300	41,530	54,112
Biological or Cultivated Assets						
Servitudes						
Licences and Rights	30,958	13,968	13,968	59,022	38,939	39,356
Intangible Assets	30,958	13,968	13,968	59,022	38,939	39,356
Computer Equipment	24,952	31,158	31,158	25,635	26,450	15,350
Furniture and Office Equipment	3,600	3,257	3,257	7,346	3,300	3,500
Machinery and Equipment	112,565	68,334	68,334	109,698	76,124	35,550
Transport Assets	82,070	61,613	61,613	110,888	89,199	84,069
Land	1,500	1,500	1,500	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-
Mature		-	-	-	-	-
Immature		-	-	-	-	-
Living Resources	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset Class	1,965,324	1,878,151	1,878,151	2,091,287	1,619,785	1,603,605
ASSET REGISTER SUMMARY - PPE (WDV)	21,369,946	21,882,214	21,882,214	22,412,233	22,541,953	22,493,359
<i>Roads Infrastructure</i>	3,289,143	3,373,863	3,373,863	3,475,431	3,596,833	3,564,694
<i>Storm water Infrastructure</i>	431,354	564,323	564,323	458,979	587,330	590,604
<i>Electrical Infrastructure</i>	1,967,857	2,058,895	2,058,895	2,034,771	2,133,708	2,150,208
<i>Water Supply Infrastructure</i>	2,831,740	3,045,688	3,045,688	3,218,495	3,072,618	3,076,362
<i>Sanitation Infrastructure</i>	1,249,094	1,266,501	1,266,501	1,387,073	1,387,082	1,388,596
<i>Solid Waste Infrastructure</i>	(85,776)	(18,259)	(18,259)	(129,746)	(38,808)	(50,869)

Description	Current year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year 2026/27	Budget Year 2027/28
R thousands						
<i>Rail Infrastructure</i>	1,945,369	1,945,369	1,945,369	1,945,369	1,945,369	1,945,369
<i>Coastal Infrastructure</i>		-	-	-	-	-
<i>Information and Communication Infrastructure</i>	33,439	33,439	33,439	45,439	34,439	34,439
Infrastructure	11,662,220	12,269,820	12,269,820	12,435,810	12,718,572	12,699,403
	(6,033)	578,231	578,231			
Community Assets	520,355	606,580	606,580	535,139	546,207	564,126
Heritage Assets	446,638	226,441	226,441	446,638	446,638	446,638
Investment properties	295,120	138,357	138,357	289,642	132,714	132,545
Other Assets	8,089,932	8,070,369	8,070,369	8,122,832	8,081,617	8,093,290
Biological or Cultivated Assets		-	-	-	-	-
	74,801	56,784	56,784	56,784	74,801	
		13,968	13,968	59,022	38,939	
Intangible Assets	74,801	70,752	70,752	86,733	61,188	60,149
Computer Equipment	27,156	69,529	69,529	52,791	53,606	42,506
Furniture and Office Equipment	3,600	7,928	7,928	10,946	6,900	7,100
Machinery and Equipment	185,618	141,387	141,387	273,855	195,406	154,169
Transport Assets	64,507	227,980	227,980	157,846	299,104	293,432
Land		53,071	53,071	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
Living Resources		-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	21,369,946	21,882,214	21,882,214	22,412,233	22,541,953	22,493,359
EXPENDITURE OTHER ITEMS						
Depreciation	1,049,902	1,018,447	1,018,447	1,049,902	1,080,470	1,112,884
Repairs and Maintenance by Asset Class	866,011	758,285	758,285	615,603	661,349	695,477
<i>Roads Infrastructure</i>	130,984	114,690	114,690	92,541	98,344	103,419
<i>Storm water Infrastructure</i>	17,711	15,508	15,508	15,427	16,394	17,240
<i>Electrical Infrastructure</i>	121,262	106,180	106,180	105,622	112,245	118,038
<i>Water Supply Infrastructure</i>	130,447	114,220	114,220	125	7,278	7,654
<i>Sanitation Infrastructure</i>	89,532	78,394	78,394	78,150	83,051	87,336
<i>Solid Waste Infrastructure</i>		-	-			
<i>Rail Infrastructure</i>	2,913	2,551	2,551	2,537	2,696	2,836
<i>Coastal Infrastructure</i>		-	-			

Description	Current year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year 2026/27	Budget Year 2027/28
<i>Information and Communication Infrastructure</i>	1,325	1,160	1,160	1,154	1,226	1,290
Infrastructure	494,173	432,703	432,703	295,557	321,235	337,812
Community Facilities	19,516	17,088	17,088	16,998	18,064	18,996
Sport and Recreation Facilities	12,508	10,952	10,952	10,895	11,578	12,175
Community Assets	32,024	28,040	28,040	27,893	29,642	31,172
Heritage Assets	320	280	280	218	231	243
Revenue Generating						
Non-revenue Generating						
Investment properties	-	-	-	-	-	-
Operational Buildings	140,087	122,662	122,662	121,260	128,863	135,513
Housing	7,509	6,575	6,575	6,541	6,951	7,309
Other Assets	147,596	129,237	129,237	127,800	135,814	142,823
Biological or Cultivated Assets						
Servitudes		-	-			
Licences and Rights	5,930	5,192	5,192	5,130	5,452	5,733
Intangible Assets	5,930	5,192	5,192	5,130	5,452	5,733
Computer Equipment	5,994	5,248	5,248	5,280	5,611	5,901
Furniture and Office Equipment	4,251	3,722	3,722	9,849	10,466	11,006
Machinery and Equipment	59,532	52,127	52,127	51,819	55,068	57,910
Transport Assets	116,190	101,736	101,736	92,056	97,828	102,877
Land		-	-			
Zoo's, Marine and Non-biological Animals		-	-			
Mature						
Immature						
Living Resources	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS	1,915,913	1,776,732	1,776,732	1,665,505	1,741,819	1,808,362
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	35.4%	44.1%	44.1%	34.3%	44.5%	45.2%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	66.3%	81.4%	81.4%	68.4%	66.7%	65.2%
<i>R&M as a % of PPE & Investment Property</i>	4.1%	3.5%	3.5%	2.8%	3.0%	3.1%
<i>Renewal and upgrading and R&M as a % of PPE and Investment Property</i>	7.5%	7.3%	7.3%	6.1%	6.2%	6.4%

TABLE 32 (A10 BASIC SERVICE DELIVERY MEASUREMENT)

Description	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Household service targets						
<u>Water:</u>						
Piped water inside dwelling	370,000	386,341	386,341	374,000	380,000	380,380
Piped water inside yard (but not in dwelling)						
Using public tap (at least min. service level)	36,341	44,000	44,000	34,000	30,000	29,790
Other water supply (at least min. service level)						
<i>Minimum Service Level and Above sub-total</i>	406,361	430,341	430,341	408,000	410,000	410,820
Using public tap (< min. service level)						
Other water supply (< min. service level)						
No water supply						
<i>Below Minimum Service Level sub-total</i>						
Total number of households	406,361	430,341	430,341	408,000	410,000	410,820
<u>Sanitation/sewerage:</u>						
Flush toilet (connected to sewerage)	370,000	396,341	396,341	374,000	380,000	383,800
Flush toilet (with septic tank)	3,802	3,802	3,802	3,802	3,802	3,878
Chemical toilet	3,000	2,834	2,834	3,500	4,000	4,080
Pit toilet (ventilated)	167	167	167	167	167	167
Other toilet provisions (> min. service level)	-	-	-			
<i>Minimum Service Level and Above sub-total</i>	376,969	403,144	403,144	381,469	387,969	391,925
Bucket toilet	6,010	6,010	6,010	6,010	6,010	6,010
Other toilet provisions (< min. service level)						
No toilet provisions						
<i>Below Minimum Service Level sub-total</i>	6,010	6,010	6,010	6,010	6,010	6,010
Total number of households	382,979	409,154	409,154	387,479	393,979	397,935
<u>Energy:</u>						
Electricity (at least min. service level)	19,052	20,259	20,259	19,061	18,489	17,934
Electricity - prepaid (min. service level)	395,644	349,764	349,764	371,065	382,196	437,663
<i>Minimum Service Level and Above sub-total</i>	414,696	370,023	370,023	390,126	400,685	455,597
Electricity (< min. service level)						
Electricity - prepaid (< min. service level)						
Other energy sources						
<i>Below Minimum Service Level sub-total</i>	-	-	-			
Total number of households	414,696	364,114	364,114	390,126	400,685	455,597
<u>Refuse:</u>						
Removed at least once a week	237,382	237,382	237,382	237,619	237,857	238,095
<i>Minimum Service Level and Above sub-total</i>	235,644	235,644	235,644	235,880	236,116	236,352
Removed less frequently than once a week	-	-	-			
Using communal refuse dump	44,090	44,090	44,090	44,134	56,064	56,120
Using own refuse dump						
Other rubbish disposal						
No rubbish disposal	16,702	16,702	16,702	4,728	4,728	4,733
<i>Below Minimum Service Level sub-total</i>	60,792	60,792	60,792	60,792	60,792	60,731
Total number of households	296,436	296,436	296,436	296,436	296,436	296,140

Description	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Households receiving Free Basic Service						
Water (6 kilolitres per household per month)	90,626	73,368	73,368	71,157	73,557	75,957
Sanitation (free minimum level service)	92,156	70,861	70,861	73,261	75,661	78,061
Electricity/other energy (50kwh per household per month)	73,526	34,176	34,176	38,076	41,976	45,876
Refuse (removed at least once a week)	86,954	71,261	71,261	76,289	80,479	85,507
Informal Settlements						
Cost of Free Basic Services provided - Formal Settlements (R'000)						
Water (6 kilolitres per indigent household per month)	150,070	120,653	120,653	152,541	152,599	152,656
Sanitation (free sanitation service to indigent households)	218,176	191,405	191,405	213,192	213,249	213,307
Electricity/other energy (50kwh per indigent household per month)	23,942	19,588	19,588	19,225	19,225	19,225
Refuse (removed once a week for indigent households)	91,754	146,435	146,435	146,336	146,394	146,452
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)						
	-	-	-			
Total cost of FBS provided	483,942	478,081	478,081	531,294	531,467	531,640
Highest level of free service provided per household						
Property rates (R value threshold)	130,000	130,000	130,000	130,000	130,000	130,000
Water (kilolitres per household per month)	8	8	8	8	8	8
Sanitation (kilolitres per household per month)	11	11	11	11	11	11
Sanitation (Rand per household per month)	137	137	137	137	137	137
Electricity (kwh per household per month)	75	75	75	75	75	75
Refuse (average litres per week)	178	178	178	178	178	178
Revenue cost of subsidised services provided (R'000)						
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)						
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA	173,455	173,455	173,455	182,127	192,144	203,673
Water (in excess of 6 kilolitres per indigent household per month)	31,852	31,852	31,852	32,489	32,814	33,470
Sanitation (in excess of free sanitation service to indigent households)	21,565	21,565	21,565	21,996	22,216	22,661
Electricity/other energy (in excess of 50 kwh per indigent household per month)	29,534	29,534	29,534	30,125	30,426	31,034
Refuse (in excess of one removal a week for indigent households)	15,719	15,719	15,719	16,033	16,194	16,518
Municipal Housing - rental rebates						
Housing - top structure subsidies	123,457	123,020	123,020	107,027	114,519	122,536
Other						
Total revenue cost of subsidised services provided	395,582	395,145	395,145	282,770	293,794	307,356

1.10. CONSOLIDATED BUDGET SUPPORTING TABLES

The relevant supporting tables prepared are attached elsewhere to the Budget Report and other tables that accompany the final Budget Report is tabled to Council for approval.

1.11. THE FINANCIAL IMPACT OF UNDERFUNDED MANDATES

The following table provides an overview of the Library Services:

TABLE 33 (UNDERFUNDED MANDATES – LIBRARY SERVICES)

	2024/2025 Revised	2025/2026 Budget	2026/2027 Budget	2027/2028 Budget
REVENUE				
Fines	-283,900	-289,060	-302,800	-317,380
Government Grants and Subsidies	-19,210,000	-19,210,000	-19,863,000	-19,863,000
Rental of Facilities and Equipment	-4,000	-4,200	-4,420	-4,650
Other Income	0	0	0	0
Sale of Goods and Rendering of Services	-60,800	-64,800	-67,910	-71,240
Operational Revenue	-210	-210	-210	-210
Total Revenue	-19,558,910	-19,568,270	-20,238,340	-20,256,480
EXPENDITURE				
Employee Related Costs	117,894,930	125,811,850	136,505,940	148,919,710
Contracted Services	3,203,610	3,147,090	2,823,090	2,832,090
Depreciation	250,070	249,840	257,330	265,050
Repairs and Maintenance	1,368,980	1,500,220	1,410,220	1,500,220
General Expenses	10,037,890	9,625,160	9,707,970	9,792,900
Operating Leases	1,297,430	1,094,420	1,094,420	1,094,420
Inventory	2,427,960	1,728,670	1,728,670	1,728,670
Total Expenditure	136,480,870	143,157,250	153,527,640	166,133,060
(Surplus)/ Deficit	116,921,960	123,588,980	133,289,300	145,876,580

The aforementioned table indicates that the Library Service continues to operate at a significant deficit, ranging from R123.6 million, R133.3 million and R145.9 million for the 2025/26, 2026/27 and 2027/28 financial years, respectively. These deficits are funded from property rates. The Library Subsidy has not shown any significant growth over the last number of years.

1.12. THE PROJECTED FINANCIAL PERFORMANCE OF THE VARIOUS TRADING SERVICES

The financial performance of the trading services is highlighted in this section, to indicate if they are operating at a surplus or deficit.

(i) ELECTRICITY SERVICE

The following table provides a summarised version of Electricity Service for the 2024/25 revised budget and 2025/26 MTREF period.

TABLE 34 (HIGH LEVEL SUMMARY OF THE ELECTRICITY SERVICE)

	2024/2025 Revised	2025/2026 Budget	2026/2027 Budget	2027/2028 Budget
REVENUE				
Service Charges	-5,730,805,920	-6,464,349,080	-7,291,785,760	-8,225,134,280
Interest Earned - Outstanding Debtors	-115,806,660	-93,279,110	-100,928,000	-109,305,030
Fines	-2,141,860	-2,272,180	-2,394,670	-2,527,070
Government Grants and Subsidies	-199,896,830	-30,120,720	-31,907,940	-32,603,330
Rental of Facilities and Equipment	-15,770	-16,520	-17,300	-18,140
Sale of Goods and Rendering of Services	-522,870	-547,450	-573,190	-600,710

Operational Revenue	-778,300	-141,810	-148,510	-155,710
Total Revenue	-6,049,968,210	-6,590,726,870	-7,427,755,370	-8,370,344,270
EXPENDITURE				
Employee Related Costs	521,658,220	536,654,830	582,113,820	633,044,130
Impairment - Receivables	114,687,360	118,127,990	121,671,840	125,322,010
Contracted Services	52,882,800	42,751,570	45,717,510	48,021,250
Depreciation	147,615,510	147,488,730	151,913,390	156,470,800
Repairs and Maintenance	146,349,510	146,704,340	153,739,590	161,628,730
Finance Cost	29,730,290	25,417,290	22,113,030	18,422,600
Bulk Purchases	6,457,165,920	7,277,226,000	7,667,285,320	8,141,890,290
General Expenses	45,501,250	35,622,910	37,586,630	38,837,970
Operating Leases	2,138,760	2,193,400	2,297,690	2,408,570
Inventory	11,467,980	11,143,670	10,320,440	10,733,920
Total Expenditure	7,529,197,600	8,343,330,730	8,794,759,260	9,336,780,270
(Surplus)/ Deficit	1,479,229,390	1,752,603,860	1,367,003,890	966,436,000
Service Charges Less Expenditure ((Surplus)/ Deficit)	1,798,391,680	1,878,981,650	1,502,973,500	1,111,645,990

The aforementioned table indicates that the Electricity Service is operating at large deficits and the 2025/26 MTREF is projecting deficits ranging from R1.8 billion, R1.5 billion and R1.1 billion for the 2025/26, 2026/27 and 2027/28 financial years, respectively. The picture for this service becomes worse when comparing service charges vs total expenditure, giving signals that something drastic requires to be done under this service as it has a huge implication to the financial sustainability of the municipality.

(ii) WATER SERVICE

The following table provides a summarised version of Water Service for the 2024/25 revised budget and 2025/26 MTREF period.

TABLE 35 (HIGH LEVEL SUMMARY OF THE WATER SERVICE)

	2024/2025 Revised	2025/2026 Budget	2026/2027 Budget	2027/2028 Budget
REVENUE				
Service Charges	-2,911,479,600	-2,997,328,300	-3,155,968,050	-3,361,106,020
Interest Earned - Outstanding Debtors	-719,459,190	-758,485,850	-842,288,150	-766,898,070
Government Grants and Subsidies	-555,372,400	-229,248,835	-178,978,790	-179,605,400
Rental of Facilities and Equipment	-965,180	-926,150	-969,680	-1,015,260
Total Revenue	-4,187,276,370	-3,985,989,135	-4,178,204,670	-4,308,624,750
EXPENDITURE				
Employee Related Costs	265,768,500	281,450,230	302,826,780	327,627,970
Impairment - Receivables	1,546,847,220	1,607,757,290	1,704,222,750	1,814,997,260
Contracted Services	40,682,770	54,755,940	58,856,010	61,766,790
Depreciation	162,201,230	162,062,170	166,924,030	171,931,740

Repairs and Maintenance	145,237,240	167,040,020	184,767,080	191,505,480
Finance Cost	33,577,120	28,227,980	23,773,070	18,948,580
General Expenses	166,561,150	210,263,500	228,346,180	247,983,960
Operating Leases	283,790	143,053,240	151,779,220	157,178,300
Inventory	106,196,680	317,260	333,960	343,920
Bulk Purchases Water	202,984,110	332,628,710	342,910,740	349,476,250
Gains and losses	252,982,010	385,921,150	387,850,760	389,790,010
Total Expenditure	2,923,321,820	3,373,477,490	3,552,590,580	3,731,550,260
(Surplus)/ Deficit	-1,263,954,550	-612,511,645	-625,614,090	-577,074,490
Service Charges Less Expenditure ((Surplus)/ Deficit)	11,842,220	376,149,190	396,622,530	370,444,240

Although the aforementioned table indicates that the service is operating with a surplus, however, the picture is different when comparing service charges vs total expenditure.

(iii) SANITATION SERVICE

The following table provides a summarised version of Sanitation Service for the 2024/25 revised budget and 2025/26 MTREF period.

TABLE 36 (HIGH LEVEL SUMMARY OF THE SANITATION TRADING SERVICE)

	2024/2025	2025/2026	2026/2027	2027/2028
	Revised	Budget	Budget	Budget
REVENUE				
Service Charges	-881,061,510	-821,412,140	-870,681,890	-927,244,590
Interest Earned - Outstanding Debtors	-158,494,410	-171,490,960	-185,553,220	-200,954,140
Government Grants and Subsidies	-239,152,950	-232,046,950	-242,590,470	-250,060,460
Total Revenue	-1,278,708,870	-1,224,950,050	-1,298,825,580	-1,378,259,190
EXPENDITURE				
Employee Related Costs	259,611,000	283,506,870	306,561,410	334,903,120
Impairment - Receivables	257,732,950	229,995,410	243,790,930	259,628,490
Contracted Services	69,913,460	45,338,080	59,814,970	64,965,950
Depreciation	137,051,190	136,933,500	141,041,490	145,272,730
Repairs and Maintenance	118,358,960	165,588,710	177,082,930	188,897,250
Finance Cost	18,824,630	15,425,000	13,118,240	10,547,550
General Expenses	28,586,250	11,544,600	12,233,350	12,809,680
Operating Leases	502,830	462,560	475,160	487,880
Inventory	18,638,410	18,510,810	19,379,480	20,249,880
Total Expenditure	909,219,680	907,305,540	973,497,960	1,037,762,530
(Surplus)/ Deficit	-369,489,190	-317,644,510	-325,327,620	-340,496,660
Service Charges Less Expenditure ((Surplus)/ Deficit)	28,158,170	85,893,400	102,816,070	110,517,940

The above Table indicates that the Sanitation Service is operating at a surplus position for the 2025/26 MTREF period, however, the picture is different when comparing service charges vs total expenditure.

(iv) REFUSE SERVICE

The following table provides a summarised version of Refuse Service for the 2024/25 revised budget and 2025/26 MTREF period.

TABLE 37 (HIGH LEVEL SUMMARY OF THE REFUSE TRADING SERVICE)

	2024/2025	2025/2026	2026/2027	2027/2028
	Revised	Budget	Budget	Budget
REVENUE				
Service Charges	-308,648,200	-349,729,880	-372,462,340	-398,534,740
Interest Earned - Outstanding Debtors	-77,041,990	-83,359,430	-90,194,910	-97,681,090
Government Grants and Subsidies	-146,434,590	-146,336,410	-146,394,010	-146,451,610
Rental of Facilities and Equipment	-5,161,240	-5,403,820	-5,657,810	-5,929,400
Sale of Goods and Rendering of Services	-8,500,000	-8,899,500	-9,317,780	-9,765,040
Operational Revenue	-1,340	0	0	0
Total Revenue	-545,787,360	-593,729,040	-624,026,850	-658,361,880
EXPENDITURE				
Employee Related Costs	245,356,190	275,000,660	298,090,520	324,787,870
Impairment - Receivables	125,371,450	132,893,760	141,531,850	151,439,080
Contracted Services	6,629,930	20,647,670	21,596,140	22,608,270
Depreciation	500,370	499,940	514,940	530,380
Repairs and Maintenance	3,127,100	3,837,230	4,029,150	4,270,970
General Expenses	162,029,440	162,819,990	168,125,900	173,635,180
Operating Leases	278,560	215,290	224,740	234,800
Inventory	28,428,810	23,630,160	24,516,630	25,498,830
Total Expenditure	571,721,850	619,544,700	658,629,870	703,005,380
(Surplus)/ Deficit	25,934,490	25,815,660	34,603,020	44,643,500
Service Charges Less Expenditure ((Surplus)/ Deficit)	263,073,650	269,814,820	286,167,530	304,470,640

The aforementioned table indicates that the service is operating at a deficit when comparing total revenue vs. total expenditure, however, the picture is different when comparing service charges vs total expenditure.

1.13. THE FINANCIAL IMPACT OF SAFETY AND SECURITY SERVICE

In this section the financial impact of the Safety and Security Service, on the City’s finances is highlighted.

The following table provides a summarised version of the Safety and Security Service for the 2024/25 revised budget and 2025/26 MTREF period.

TABLE 38 (HIGH LEVEL SUMMARY OF THE SAFETY AND SECURITY SERVICE)

	2024/2025	2025/2026	2026/2027	2027/2028
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	Revised	Budget	Budget	Budget
REVENUE				
Fines	-23,460,500	-30,669,050	-32,110,520	-33,651,850
Licences and permits	-18,251,590	-19,109,440	-20,007,610	-20,968,010
Government Grants and Subsidies	-734,794,050	-868,811,720	-956,399,880	-1,020,071,220
Rental of Facilities and Equipment	-22,600	-23,670	-24,790	-25,980
Sale of Goods and Rendering of Services	-3,749,010	-2,867,500	-3,002,690	-3,147,000
Operational Revenue	-217,398,840	-232,647,140	-267,994,590	-297,485,060
	-997,676,590	-1,154,128,520	-1,279,540,080	-1,375,349,120
EXPENDITURE				
Employee Related Costs	1,054,242,590	1,105,574,050	1,195,358,860	1,309,617,270
Contracted Services	59,759,050	35,830,990	37,411,940	39,103,890
Impairment - OTHER	27,431,500	25,021,680	26,397,870	27,849,760
Repairs and Maintenance	16,422,710	15,687,290	16,365,900	17,180,350
Finance Cost	644,730	584,280	516,310	440,160
General Expenses	33,623,160	28,874,260	29,795,860	31,263,350
Operating Leases	1,167,820	1,236,550	1,271,340	1,308,150
Inventory	24,320,830	26,546,830	23,545,230	24,089,880
Total Expenditure	1,217,612,390	1,239,355,930	1,330,663,310	1,450,852,810
(Surplus)/ Deficit	219,935,800	85,227,410	51,123,230	75,503,690

The aforementioned table indicates that the service is operating at a significant deficit. It is to be noted that employee related costs, constitute approximately 89.1% of the total expenditure. The Council resolution of around 2017/18 of insourcing of 672 private security guards has had a significant impact on the employee related costs of the Safety and Security service. The amount of the Overtime budget incurred under the Safety & Security Directorate far exceeds other service delivery Directorates in the institution, accordingly that is not financially sustainable. It must also be noted that Safety and Security Service relies heavily on the Equitable Share for the funding of its operations.

PART 2 – SUPPORTING DOCUMENTATION

2.1 OVERVIEW OF ANNUAL BUDGET PROCESS

The 2025/26 Budget process was incorporated into the multi-Year timetable that was approved by Council on 21 September 2022, incorporating other plans, such as IDP, etc. and as such has informed the process of guiding the preparation of the 2025/26 to 2027/28 Operating and Capital Budgets.

The multi-year timetable prepared in conjunction with the Office of the Chief Operating Officer (COO) provides broad timeframes for the IDP and Budget preparation process. It allows for consultation with stakeholders, such as the elected public representatives, employees of the Municipality, Civil Society, State departments (e.g. National / Provincial Treasuries), business and labour, during the period April to May 2025. The main aim of the timetable is to ensure that a revised IDP and a balanced Budget are tabled to Council by the end of March 2025 for noting and by the end of May 2025 for approval by Council.

After the approval, the approved budget will be submitted to National Treasury in compliance with Chapter 4 of the Local Government: Municipal Finance Management Act, Act No.56 of 2003, as well as being publicised on the municipality's website, followed by public participation processes.

2.1.1 IDP & Budget Timetable 2025/26 to 2027/28

The preparation of the 2025/26 to 2027/28 IDP and Budget was guided by the Multi-Year Time Schedule of key deadlines.

2.2 ALIGNMENT OF ANNUAL BUDGET WITH INTEGRATED DEVELOPMENT PLAN

The Integrated Development Plan (IDP) determines and prioritises the needs of the community.

The review of the IDP, in accordance with the Local Government: Municipal Systems Act (32 of 2000), was guided and informed by the following principles:

- Achievement of the five strategic priorities of the NMBM.
- Focusing on service delivery backlogs and the maintenance of infrastructure.
- Addressing community priorities (needs) as identified in the IDP.

The review of the IDP focused on establishing measurable performance indicators and targets. These targets informed the preparation of the multi-year budget, as well as the Service Delivery and Budget Implementation Plan (SDBIP).

The 2025/26 to 2027/28 Operating and Capital Budgets were prepared in accordance with the IDP. The key strategic focus areas of the IDP are as follows:

- (a) Municipal transformation and development
- (b) Service delivery and infrastructure development
- (c) Local economic development
- (d) Financial sustainability and viability
- (e) Good governance and public participation

The abovementioned strategic focus areas informed the preparation of the Budget.

Below are tables, which illustrate the link between the Budget and the IDP.

TABLE 39 (BUDGET ALLOCATION ACCORDING TO IDP PRIORITIES (OPERATING REVENUE) (SA4))

Strategic Objective	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
	R thousand Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Municipal Transformation and Development	1,154,636	1,541,838	1,747,257	1,811,716	1,802,829	1,802,829	1,953,082	2,062,734	2,194,503
Service Delivery and Infrastructure	6,255,440	8,355,324	7,338,479	7,609,209	7,571,882	7,571,882	8,202,947	8,663,481	9,216,913
Local Economic Development	1,667,807	2,227,289	1,921,982	1,992,888	1,983,112	1,983,112	2,148,391	2,269,007	2,413,953
Financial Sustainability and Viability	2,822,443	3,769,126	3,669,239	3,804,604	3,785,941	3,785,941	4,101,474	4,331,741	4,608,457
Good Governance and Public Participation	898,050	1,199,967	2,795,611	2,898,746	2,884,527	2,884,527	3,061,064	3,247,851	3,462,264
Total Revenue (excluding capital transfers and contributions)	12,798,376	17,093,544	17,472,568	18,117,163	18,028,291	18,028,291	19,466,958	20,574,814	21,896,090

TABLE 40 (BUDGET ALLOCATION ACCORDING TO IDP PRIORITIES (OPERATING EXPENDITURE) (SA5))

Strategic Objective	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
	R thousand Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Municipal Transformation and Development	1,198,623	1,420,388	1,749,350	1,811,606	1,802,829	1,802,829	1,953,082	2,062,729	2,194,496
Service Delivery and Infrastructure	6,493,747	7,697,179	7,347,268	7,608,746	7,571,882	7,571,882	8,134,081	8,568,983	9,096,012
Local Economic Development	1,731,344	2,051,846	1,924,285	1,992,767	1,983,112	1,983,112	2,148,390	2,269,002	2,413,945
Financial Sustainability and Viability	2,929,966	3,472,234	3,673,634	3,804,373	3,785,941	3,785,941	4,101,473	4,331,733	4,608,442
Good Governance and Public Participation	932,262	1,105,446	2,798,959	2,898,570	2,884,527	2,884,527	3,124,932	3,300,367	3,511,193
Total Revenue (excluding capital transfers and contributions)	13,285,942	15,747,093	17,493,496	18,116,062	18,028,291	18,028,291	19,461,958	20,532,814	21,824,088

2.2.1 Alignment with National and Provincial Priorities

The Municipality’s priorities are aligned to those of the National and Provincial Governments.

The matrix below shows the alignment with National and Provincial Government priorities

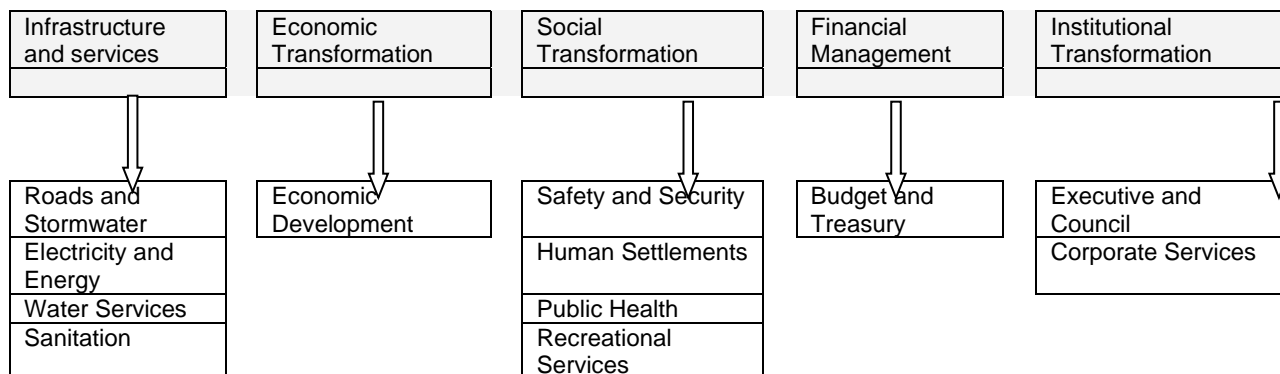


Figure 4: Alignment with National and Provincial Priorities

The above is an indication of NMBM's alignment to the National and Provincial Key Performance Areas and how Directorates are aligned thereto. It should, however, be noted that in terms of implementation all Directorates are focusing on the five areas. To monitor and evaluate service delivery and financial performance, key performance indicators are included in all Executive Directors' performance agreements and are monitored through the monitoring system under the Chief Operating Officer's (COO's) office, accordingly.

2.3 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

This section contains some of the key performance indicators.

TABLE 41 (MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS)

Description of financial indicator	Basis of calculation	2025/26 Medium Term Revenue & Expenditure Framework		
		Budget Year 2025/26	Budget Year 2026/27	Budget Year 2027/28
Borrowing Management				
Credit Rating		Aaa.za	Aaa.za	Aaa.za
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2.6%	2.6%	2.7%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	3.0%	3.0%	3.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	25.0%	25.0%	25.0%
Safety of Capital				
Gearing	Long Term Borrowing/ Funds & Reserves	5.93%	5.93%	5.93%
Liquidity				
Current Ratio	Current assets/current liabilities	2.09:1	2.09:1	2.10:1
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	2.09:1	2.09:1	2.10:1
Liquidity Ratio	Monetary Assets/Current Liabilities	1.15:1	1.15:1	1.20:1
Revenue Management				
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		76%	81%	85%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	24.4%	24.4%	24.5%
Creditors Management				
Creditors to Cash and Investments		69.6%	69.6%	69.6%
Other Indicators				
Employee costs	Employee costs/(Total Revenue - capital revenue)	30%	30%	30%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	30.3%	30.3%	30.5%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	4.0%	4.0%	4.1%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	9.3%	9.3%	9.5%
IDP regulation financial viability indicators				
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	15.6	15.6	17.2
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	32%	32%	32%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	3.6	3.6	3.7

2.3.1 Drinking Water Quality and Waste-Water Management

The Municipality performs the dual roles of a Water Service Authority (WSA) and a Water Service Provider (WSP), in managing the provision of drinking water and the treatment of wastewater.

The detailed reports relating to the above are available from the respective Directorates.

2.3.2 Basic social services package for indigent households

The Constitution of the Republic of South Act (1996) stipulates that a municipality must structure and manage its administration, budgeting and planning to give priority to the basic needs of the community and to promote their social and economic development. The basic social package is an affirmation of the Municipality's commitment to push back the frontiers of poverty by providing social welfare to those residents who cannot afford to pay, because of adverse social and economic conditions.

The Municipality utilises the Equitable Share allocation towards assisting the poor. The National Treasury has allocated the following amounts towards the Equitable Share in terms of the Division of Revenue Act (DORA) for this purpose: -

2025/26 = R1,637,749,000,
2026/27 = R1,739,300,000, and
2027/28 = R1,817,952,000

2.4 OVERVIEW OF BUDGET RELATED POLICIES

The Local Government: Municipal Finance Management Act (MFMA) (56 of 2003) and the Local Government: Municipal Budget and Reporting Regulations (MBRR) require budget related policies to be reviewed, and where applicable, be updated on an annual basis. This process will be concluded leading up to the final approval of the budget by the end of May 2025.

It is to be noted though that the following budget related policies are attached as Annexures to this Budget Report as they will form part of public participation processes in the 2025/26 MTREF period: -

- 2.4.1. Tariff By-Law;
- 2.4.2. Water Tariff Policy;
- 2.4.3. Wastewater / Sanitation Tariff By-Law;
- 2.4.4. Miscellaneous Tariff Policy, and
- 2.4.5. Property Rates Policy

All the aforementioned Policies and By-Law are intended to be implemented with effect from 1st July 2025 of in the 2025/26 financial year.

2.5 OVERVIEW OF BUDGET ASSUMPTIONS

Budget assumptions/parameters are determined in advance of the budget process to allow budgets to be prepared to support the achievement of the longer-term financial and strategic targets. The circulars issued by National Treasury (i.e. Circular 129 & 130) guiding municipalities on budget processes are considered. All conditional / unconditional grants as availed after the budget speech by the Finance Minister dated 12th March 2025 have been incorporated into this budget.

The municipal fiscal environment is influenced by a variety of macroeconomic control measures. National Treasury provides guidelines on the ceiling of year-on-year increases in the total Budget through the Circulars mentioned in the previous paragraph, whilst the National Electricity Regulator of South Africa (NERSA) regulates bulk electricity tariff increases, and the Department of Water and Sanitation regulates bulk water tariff increases. The municipality's employee related costs are also influenced by collective agreements concluded in the South African Local Government Bargaining Council. Various government departments also affect municipal service delivery through the level of grants and subsidies allocated to the NMBM, such as Library Subsidies, etc.

The following principles and guidelines directly informed the compilation of the Budget:

- The priorities and targets, relating to the key strategic focus areas, as determined in the IDP.
- The need to enhance the municipality's revenue base.
- The impact of the water drought situation & implementation of punitive water tariffs.

- The level of property rates and tariff increases to consider the need to address maintenance and infrastructural backlogs, including the expansion of services.
- The level of property rates and tariff increases to ensure the delivery of services on a financially sustainable basis.
- The level of grants as per the budget speech of the Finance Minister dated 21nd May 2025.
- Compliance with National Treasury Budget Circulars, and the requirements of the Municipal Standard Chart of Accounts (MSCOA) reforms.
- An assessment of the relative human resources capacity to implement the Budget.

The Municipality faced the following significant challenges in preparing the 2025/26 – 2027/28 Budget:

- Declining Collection Rate.
- Maintaining electricity and water losses at acceptable levels.
- Allocation of the required operating budget provision for newly created infrastructure and facilities, with a consequential impact on the level of rates and tariff increases.
- Allocation of the required budget provision for the rehabilitation and maintenance of infrastructure.
- Reprioritisation of capital projects and operating expenditure within the financial affordability limits of the Budget, taking the municipality's cash position into account.
- The limitations created by the non-existence of a fully compliant MSCOA system to enable the full implementation of the regulated MSCOA reforms as regulated by National Treasury.
- The continuous drought situation that requires more financial resources to deal with the urgent demands.

2.6 EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

The following table indicates all grants to be transferred to the NMBM for the 2025/26 MTREF period:

TABLE 42 (GRANTS ALLOCATED IN TERMS OF THE DIVISION OF REVENUE ACT BY NATIONAL GOVERNMENT)

ALLOCATION OF GRANTS i.t.o. THE DIVISION OF REVENUE BILL (2025/2026 to 2027/28)						
GRANT NAME	Page Number	GRANT TYPE (CONDITIONAL / UNCONDITIONAL)	2024/25 (Baseline)	2025/26	2026/27 (1st Outer Year Projections)	2027/28 (2nd Outer Year Projections)
OPERATING GRANTS						
	-		R'000	R'000	R'000	R'000
Equitable Share (Schedule 3)	33	Unconditional	1,523,361,000	1,637,749,000	1,739,300,000	1,817,952,000
Financial Management Grant	259	Conditional	1,000,000	1,000,000	1,200,000	1,400,000
Infrastructure Skills Development Grant	259	Conditional	13,800,000	8,900,000	10,400,000	11,000,000
EPWP	259	Conditional	3,480,000	2,457,000	-	-
City Led Public Employment Program (Included in the NDPG)		Conditional	15,000,000	<i>Zero allocation</i>		
Urban Development Financing Grant (New Grant from National Treasury)	44	Conditional	-	48,800,000	38,606,000	44,537,000
General Fuel Levy		Unconditional	825,005,000	861,978,000	902,511,000	944,416,000
Programme and Project Preparation Support Grant		Conditional	15,000,000			
TOTAL - OPERATING			2,396,646,000	2,560,884,000	2,692,017,000	2,819,305,000
GRANT NAME		GRANT TYPE (CONDITIONAL / UNCONDITIONAL)	2024/25	2025/26 (1st Outer Year Projections)	2026/27 (1st Outer Year Projections)	2027/28 (2nd Outer Year Projections)
CAPITAL GRANTS						
	-		R'000	R'000	R'000	R'000
Urban Settlements Development Grant (USDG) Annexure W5)	44	Conditional	635,473,000	663,817,000	694,121,000	725,509,000
Informal Settlement Upgrading Partnership Grant	272	Conditional	361,684,000	377,887,000	395,200,000	413,071,000

Neighbourhood Partnership Development Grant (NDPG)		Conditional	17,213,000	<i>Zero allocation</i>		
Public Transport Network Operations Grant	272	Conditional	339,948,000	298,225,000	305,631,000	324,803,000
Regional Bulk Infrastructure Grant (Page 312 of 336)		Conditional	250,000,000	390,000,000	-	-
Energy Efficiency and Demand Side Management Grant	266	Conditional	7,000,000	7,000,000	8,500,000	9,000,000
TOTAL - CAPITAL			1,611,318,000	1,736,929,000	1,403,452,000	1,472,383,000
TOTAL GRANTS (OPERATING AND CAPITAL)			4,007,964,000	4,297,813,000	4,095,469,000	4,291,688,000

2.7 COUNCILLORS AND BOARD MEMBERS ALLOWANCES AND EMPLOYEE BENEFITS

The salaries and allowances paid to Councillors are in terms of the Remuneration of Public Office Bearer's Act and the Board of Directors' emoluments are paid based on approval by the parent municipality at the applicable rates.

2.8 ANNUAL BUDGETS AND SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLANS – DIRECTORATES

In terms of section 53 (1)(c)(ii) of the MFMA, the Service Delivery and Budget Implementation Plan (SDBIP) constitutes a detailed plan for implementing the Municipality's delivery of services and its annual budget, which must include the following:

- (a) Monthly projections of
 - Revenue to be collected, by source; and
 - Operational and capital expenditure, by vote.
- (b) Service delivery targets and performance indicators for each quarter.

In accordance with Section 53 of the MFMA, the Executive Mayor is required to approve the SDBIP within 28 days after the final approval of the budget. Furthermore, the Executive Mayor must ensure that the revenue and expenditure projections for each month and the service delivery targets and performance indicators, as set out in the SDBIP, are made public within 14 days after the approval of the SDBIP.

The SDBIP gives effect to the IDP and Budget of the Municipality. It includes the service delivery targets and performance indicators for each quarter, which forms the basis for the performance agreements of the Executive Directors. It therefore facilitates oversight over the financial and non-financial performance of the Municipality and allows the City Manager to monitor the performance of the Executive Directors, the Executive Mayor/Council to monitor the performance of the City Manager, and the Community to monitor the performance of the Municipality.

The SDBIP relating to the 2025/26 financial year must be approved by the Executive Mayor, following the approval of the Budget by the end of May 2025.

2.9 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

Below the schedule of contracts impacting on future budgets:

TABLE 43 (CONTRACTS IMPACTING ON THE MUNICIPALITY'S REVENUE)

Description	Preceding Years	Current Year 2020/21	2021/22 Medium Term Revenue & Expenditure Framework			Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Forecast 2027/28	Forecast 2028/29	Forecast 2029/30	Forecast 2030/31	Total Contract Value
	Total	Original Budget	Budget Year 2021/22	Budget Year 2022/23	Budget Year 2023/24	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate	Estimate
R thousand													
Parent Municipality:													
Revenue Obligation By Contract													
<i>Contract 1</i>													
Total Operating Revenue Implication	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure Obligation By Contract													
<i>Contract 1</i>													
Total Operating Expenditure Implication	9,946	5,425	5,750	6,095	0	0							27,216
Total Operating Expenditure Implication	9,946	5,425	5,750	6,095	0	-0	-	-	-	-	-	-	27,216
Capital Expenditure Obligation By Contract													
<i>Contract 1</i>													
Total Capital Expenditure Implication	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Parent Expenditure Implication	9,946	5,425	5,750	6,095	0	0	-	-	-	-	-	-	27,216
Entities:													
Revenue Obligation By Contract													
<i>Contract 1</i>													
Total Operating Revenue Implication	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenditure Obligation By Contract													
<i>Contract 1 Banking Service Contract</i>													
Total Operating Expenditure Implication	44	24	25	27	28	30	32	34	36	38	0	0	318
Total Operating Expenditure Implication	44	24	25	27	28	30	32	34	36	38	0	0	318
Capital Expenditure Obligation By Contract													
<i>Contract 1</i>													
Total Capital Expenditure Implication	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Entity Expenditure Implication	44	24	25	27	28	30	32	34	36	38	0	0	318

Contracts Impacting on the Municipality's Expenditure

No contracts exceeding the R5 million limit in respect of MFMA section 33 expenditure except for the case of a contract of nine-years entered into with the Vehicle Operating Company (VOCA) under the IPTS (I&E), has been disclosed by the time this report was concluded.

2.10 LEGISLATION COMPLIANCE STATUS

Below a discussion of the Municipality's progress relating to the implementation of the Local Government: Municipal Finance Management Act (MFMA) (56 of 2003):

Implementation of the MFMA

The municipality has been implementing the provisions of the MFMA since its inception. The municipality monitors its implementation status on an ongoing basis through reporting via its various committees as established by Council, including the following:

- The City Manager's Executive Management Team which includes the acting / Chief Financial Officer (CFO), acting / Chief Operating Officer (COO) and all the acting / Executive Directors, which meets on a regular basis.
- The Budget and Treasury Standing Committee – a standing committee of the Council established in terms of Section 79 of the Municipal Structures Act, which meets every six weeks. The

committee considers specific MFMA implementation issues and reports via the Mayoral Committee to Council.

- The NMBM has also established Municipal Public Accounts Committee (MPAC), an Audit Committee (AC), and a Risk Management Committee (RMC), which play an oversight role.
- The municipality also has an Internal Audit function reporting directly to the acting / City Manager.
- A Disciplinary Board established in terms of the applicable Regulations is also in existence.

The following reflects the status of implementation of some of the key MFMA areas:

IDP

The Municipal Systems Act (32 of 2000) requires that Council must approve a five-year Integrated Development Plan (IDP), and as such the IDP document that guides the budgeting process is also subjected to the review due to the establishment of Council that came into being after the Local Government Elections in November 2021.

Budget

The annual budget document has been developed taking into account, the MFMA and National Treasury (NT) requirements as guided by the National Treasury Circulars 126 and 128.

In-Year Reporting

The municipality submits the various required reports to the Executive Mayor, Council and NT on an ongoing basis, in accordance with the MFMA.

Supply Chain Management Policy (SCM)

A Supply Chain Management Policy has been adopted and implemented in accordance with the MFMA and NT requirements.

The required SCM committee structures (or Bid Committees) are in place. Whilst the municipality is working at making these processes operate more efficiently and effectively, it is considered that the municipality is currently complying with the MFMA and NT guidelines as it relates to these matters. National Treasury has also been able to assist in identifying capacity in this area due to challenges that are experienced as can be identified in the audit reports by the Auditor General South Africa (AGSA).

Budget and Treasury Office (BTO)

A Budget and Treasury Office (BTO) / Directorate has been established in accordance with Chapter 9 of the MFMA and NT requirements, consisting of a CFO and municipal officials reporting to the CFO.

The BTO is split into the following Directorates: -

- (i) Budget and Financial Accounting.
- (ii) Expenditure Management.
- (iii) Revenue Management & Customer Care (RMCC).
- (iv) Office of the Treasury & Financial Support, and ‘
- (v) Supply Chain Management (SCM).

Audit Committee

An Audit Committee (AC) has been established and meets on a quarterly basis.

Disciplinary Board

A Disciplinary Board has been established in line with the Financial Misconduct Regulations (Number 37682 dated 30 May 2014).

Internal Audit Function

The Municipality has an Internal Audit Sub-Directorate reporting to the acting / City Manager and operating in accordance with an approved audit plan.

Financial Internship Programme

The Finance Internship programme is funded from National Treasury's Finance Management Grant (FMG), whilst Finance interns are rotated within various Sub Directorates of Budget and Treasury Directorate, to capacitate them. So far, the institution has been able to recruit many of the Finance Interns into fulltime employment due to their relevant work exposure and relevant qualifications. Finance Interns also undertake the training program in the form of the applicable Unit Standards as part of the training and development strategy.

2.11 COUNCIL'S INVESTMENT PORTFOLIO (ACTUALS AND ESTIMATED FIGURES)

In ensuring that Council's cash is managed efficiently and effectively as required in terms of Council's Cash Management and Investment Policy, excess cash is invested with banks registered in terms of the Banks Act (Act 94 of 1990). The investments are diversified across various banks based on the types of investments (Term or Call) as well as their maturity dates depending on the cashflow requirements.

The following Table gives an illustration of the historic investment portfolio for prior years, current financial year and the anticipated Investment Portfolio for the three financial years (2025/26 to 2027/28).

TABLE 44 (NMBM'S PROJECTED INVESTMENT PORTFOLIO)

INSTITUTION	2023/24 ACTUAL INVESTMENT	ACTUAL INVESTMENTS 28 FEBRUARY 2025	PROJECTED INVESTMENT BALANCE 30 JUNE 2025	PROJECTED INVESTMENT BALANCE 30 JUNE 2026	PROJECTED INVESTMENT BALANCE 30 JUNE 2027	PROJECTED INVESTMENT BALANCE 30 JUNE 2028
ABSA	500,000,000	510,000,000	560,000,000	560,000,000	560,000,000	560,000,000
ABSA CALL	7,676,969	7,676,969	7,676,969	7,676,969	7,676,969	7,676,969
FNB	640,000,000	565,000,000	630,000,000	630,000,000	630,000,000	630,000,000
NEDBANK	665,000,000	485,000,000	730,000,000	730,000,000	730,000,000	730,000,000
NEDBANK CALL	680,500,000	680,500,000	600,500,000	500,500,000	400,000,000	300,000,000
STANDARD BANK	726,700,000	736,700,000	671,700,000	671,700,000	671,700,000	671,700,000
INVESTEC	183,817,624	193,456,740	193,456,740	193,456,740	193,456,740	193,456,740
Stanlib	259,657	259,657	259,657	259,657	-	-
ABSA Current Account	912,197,412	347,166,640	953,186,540	965,807,283	946,697,647	944,988,011
TOTAL INVESTMENTS	4,316,151,662	3,525,760,006	4,346,779,906	4,259,400,649	4,139,531,356	4,037,821,720

The above investments are committed to finance other operations or commitments against the municipality, such as ESKOM payments, Salary & Wages, Repayments of Loans, and Grant funded projects, etc.

2.12 URBAN DEVELOPMENT FINANCE GRANT

Council must note that with effect from the 2025/26 financial year a new conditional grant named Urban Development Finance Grant (UDFG) has been introduced in terms of the latest Division of Revenue Bill availed directly from the National Treasury.

The following Table represents the funding allocation made to the metropolitan municipalities under this conditional grant across the country: -

TABLE 45 (URBAN DEVELOPMENT FINANCE GRANT AS GAZETTED)

METROPOLITAN MUNICIPALITY	Page Number	Schedule Number	2025/26	% Ntage Allocation per Metro vs. Total Allocation	2026/27 (1st Outer Year Projections)	2027/28 (2nd Outer Year Projections)	PROJECTED TOTAL OVER MTREF PERIOD
Nelson Mandela Metro	44	Schedule 4 Part B	48,800,000	5%	38 606 000	44 537 000	131 943 000
Buffalo City	44	Schedule 4 Part B	48 500 000	5%	39 200 000	45 160 000	132 860 000
Mangaung	44	Schedule 4 Part B	48 396 000	5%	37 000 000	38 600 000	123 996 000
Ekurhuleni	44	Schedule 4 Part B	182 011 000	18%	120 819 000	124 200 000	427 030 000
Joburg	44	Schedule 4 Part B	140 208 000	14%	694 847 000	641 335 000	1 476 390 000
Tshwane	44	Schedule 4 Part B	151 868 000	15%	87 052 000	117 764 000	356 684 000
eThekweni	44	Schedule 4 Part B	221 753 000	22%	218 697 000	219 313 000	659 763 000
Cape Town	44	Schedule 4 Part B	182 100 000	18%	129 200 000	112 191 000	423 491 000
TOTAL USDG			1,023,636,000	100%	1,365,421,000	1,343,100,000	3,732,157,000

The above Table indicates that over the 2025/26 MTREF period NMBM will be receiving an amount of R131.9 million, whilst a total amount of R3.7 billion is allocated across all eight metropolitan municipalities for the Urban Development Finance Grant. It is important that the contents of the grant framework be properly studied as there are terms and conditions to be complied with to qualify for the transfers to the municipality from National Treasury.

2.13 IMPORTANCE OF THE NATIONAL TREASURY GUIDELINES ISSUED THROUGH BUDGET CIRCULARS

National Treasury issues Budget Circulars in each MTREF period to guide the budgeting process. For the 2025/26 MTREF period National Treasury has already issued Budget Circulars 129 and 130. Budget Circular 129 was issued in December 2024, whilst a second Budget Circular 130 was issued after the Budget Speech by the Minister of Finance on 12 March 2025.

Budget Circulars give guidance on various issues that municipalities must consider when preparing their budgets, with the credibility and funding status of the budgets being assessed by National Treasury before Council's consideration for final approval by the end of May of each year.

The following table provides a summary of critical issues raised in the National Treasury Budget Circular 130: -

TABLE 46 (CRITICAL ISSUES RAISED IN THE NATIONAL TREASURY BUDGET CIRCULAR 129 and 130)

CIRCULAR 129	
PARAGRAPH NUMBER	COMMENTS
2.2 Metropolitan Municipalities Trading Services Reform performance incentive	<ul style="list-style-type: none"> • The provision of water, sanitation, electricity, and solid waste management are in a significant decline, resulting in poor reliability, safety, and accessibility of these services. • The immediate cause of service decline is long-term and systemic underinvestment in maintaining, rehabilitating, and expanding infrastructure assets. • A new feature of the conditional grant structure from 2024/25 is a performance incentive for metros who agree to embark upon specific trading services reforms, subject to performance on accountability, financial and operational performance metrics. • The purpose of the Metro Trading Services performance incentive is to support and incentivise the turnaround of metro trading services to functional utilities that can access loan finance. • The incentive programme is currently planned to run over six years, from 2024/25 to 2030/31, and will cover water and sanitation (W&S), electricity and energy (E&E), and solid waste management (SWM). • For metros seeking to access the incentive, the second day of the Mid-year Budget and Performance Review (MYBR) engagements will be dedicated in assessing the readiness for trading services reform and the details of A3: PIAP. Metros should submit a complete first draft A3: PIAP prior to the MYBR engagement. • Similarly, for metros seeking to access the incentive, the Budget and Benchmark engagements will devote time to assess investment plans, commercial initiatives, of trading services. Metros should be ready for the meeting with a final A3: PIAP. • Metros who have been or are unable to generate satisfactory Trading Services Reform Strategy documents will have further opportunities (with assistance of NT) to join the programme in future.
3. Revenue Management	<ul style="list-style-type: none"> • National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring that the tariffs are cost reflective for the financial sustainability of the municipality.
3.1 Revenue enhancement and Improved debt collection	<ul style="list-style-type: none"> • The Smart Meters Grant Roll-Out and RT29-2024 Transversal Tender (available to all government institutions) are both useful not only to improve revenue in municipalities, but also to assist in improving debt collection. • Not only can water and electricity losses be reduced, but cash can be generated up front. • By making use of the available tools and smart metering systems, municipalities will be in a better position to prepare cost-reflective tariffs and credible funded budgets, budgets that align with actual revenues and expenditures.
3.4 Consumer Deposits and securities	<ul style="list-style-type: none"> • Credit control policies must be reviewed and amended to include the raising of consumer deposits, the authority to raise deposits must be deleted where it is still in the Electricity and Water by-laws, this must be included in the Credit Control and Debt Collection By-laws. • Deposits must be equal or more than two months bulk accounts from water services authorities and Eskom.
3.6 Indigent Management	<ul style="list-style-type: none"> • It is critical to progressively manage the restriction of free basic services to national policy limits. • Therefore, free basic services to indigent households must be restricted. • Where any unlimited supply or supply above national policy limits is provided, the budget narrative must explicitly articulate how this is funded, also in a context of facilitating adequate asset management and adequate provision for related debt impairment and ability to maintain payment of Eskom, bulk water, and other creditors.
3.10. Organ of State Debt	<ul style="list-style-type: none"> • The reconciliation of Organ of State debt begins with the municipal statement as the foundational document, serving as the baseline for reviewing and verifying all transactions, balances, and outstanding amounts between the municipality and the respective organ of state. • Once the reconciliation is complete and all parties agree on the verified balances, the municipality must formally sign off on the reconciled accounts. • This step signifies the accuracy and acceptance of the financial records. • The organ of state must then ensure that all verified accounts are settled in full without delay, demonstrating its commitment to sound financial management and equitable treatment of debtors. • By enforcing credit control measures and focusing on timely settlement, the municipality not only improves its financial position, but also strengthens relationships with organs of state, fostering a culture of accountability and mutual respect.
4.4. Municipal Pension Fund Contributions	<ul style="list-style-type: none"> • It has been observed that municipalities have defaulted on their responsibility to ensure that 3rd party payment obligations are met, despite deductions being made from employees' salaries. • This has put several municipal employees in a very unfortunate situation where they have no funds in their pension fund accounts despite salary deductions having been made. • Municipalities must therefore ensure that measures are put in place to ensure that salary deductions for pension fund contributions are paid over to the pension funds. • In addition, those municipalities who have outstanding pension fund contributions are advised to ensure that any outstanding payments are paid over by latest end of the 2024/25 financial year, failure which will result in punitive measures being implemented against relevant municipalities. • Equally important is to ensure that payments to these statutory bodies are prioritised, or suitable arrangements are made with them towards settling their accounts.

<u>CIRCULAR 129</u>	
PARAGRAPH NUMBER	COMMENTS
	<ul style="list-style-type: none"> The two bodies must be equally urged to ensure that they provide suitable attachments when they issue their invoices to the municipality so that there is clarity of payments being made.

<u>CIRCULAR 130</u>	
PARAGRAPH NUMBER	COMMENTS
2.6. Metro Trading Services reform incentive	<p>Metros will have three planning opportunities</p> <p>YEAR 1: Metro Councils who in Year 0 (2024/25, i.e. by the end of this municipal financial year), pass a satisfactory A3 PIAP v1 with minimum commitments, will be awarded the Year 1 allocation as finalised in the National Adjusted Budget process;</p> <p>YEAR 2 and 3: Similarly, Metro Councils who in Year 1 (2025/26, i.e. by the end of June 2026) achieve the eight minimum commitments and pass a satisfactory A3 PIAP v2, will be awarded the Year 2 and Year 3 allocations as finalised. This is appropriate since planned spending for those years will by then be based upon well-substantiated business turnaround and financial strategies;</p> <p>YEARS 4, 5 and 6: Once strategy implementation is underway, incentive allocations for any year (Y) will depend upon metro performance against numerical targets set for year (Y-2). This must be assessed after financial year end, but early enough during year (Y-1) to enter the budget process for Year (Y). The earliest this can apply is for Year 4, based on assessed performance in Year 2. This arrangement will determine incentive allocations for Years 4, 5 and 6.</p>
2.8. Three-year and one-year capital appropriations	<p>To facilitate the delivery of large capital projects, section 16(3) of the MFMA allows a municipality to appropriate capital budgets for three financial years, i.e. the budget year and the following two years of the MTREF. The aim of such multi-year capital appropriations is to:</p> <ul style="list-style-type: none"> lock the council into funding the full cost of large capital projects so as to ensure their successful completion; facilitate the forward planning of capital projects and programmes; enable the municipality to initiate procurement processes for capital projects in the two outer years of the MTREF (given the funds are appropriated) and so ensure improved levels of capital spending; and enable funding for such capital projects to be brought forward in terms of section 31 of the MFMA to facilitate more rapid project implementation (although National Treasury would prefer municipalities to the use of the mid-year adjustments budget for this purpose). <p>Municipalities are encouraged to use these provisions of the MFMA appropriately, and ensure they divide their capital budgets correctly between the 'multi-year expenditure and the single year expenditure sections on Tables A5A and A5. Further information can be obtained in MFMA Circular No. 58.</p>
2.9. Criteria for the release of the Equitable Share	<ul style="list-style-type: none"> The criteria for the release of the equitable share which were covered in MFMA Circulars No. 122 remains relevant and are still applicable for the release of equitable share instalments in the 2025/26 financial year. Failure to comply with the criteria will result in National Treasury invoking Section 38 of the MFMA which empowers National Treasury to withhold a municipality's equitable share if the municipality commits a serious or persistent breach of the measures established in terms of Section 216(2) of the Constitution which includes reporting obligations set out in the MFMA and National Treasury requests for information in terms of Section 74 of the MFMA.
2.10. Criteria for the rollover of conditional grant fu	<p>When requesting a rollover in terms of Section 21(2) of the 2024 DoRA, municipalities must include the following information with their submission to National Treasury: -</p> <ol style="list-style-type: none"> A formal letter, signed by the accounting officer addressed to the National Treasury requesting the rollover of unspent conditional grants in terms of Section 21(2) of the 2024 DoRA; A list of all the projects that are linked to the unspent conditional grants and a breakdown of how much was allocated, spent and the balance per project; The following evidence indicating that work on each of the projects has commenced, as applicable to the specific rollover(s): <ul style="list-style-type: none"> Proof that the service provider was appointed for delivery of the project before 31 March 2025; or Proof of project tender and tender submissions published and closed before 31 March 2025 or with the appointment of contractor or service provider for delivery of service before 30 June 2025 in cases where additional funding was allocated during the course of the financial year of the project; Incorporation of the Appropriation Statement; and

<u>CIRCULAR 130</u>	
PARAGRAPH NUMBER	COMMENTS
	<ul style="list-style-type: none"> • Evidence that all projects linked to an allocation will be fully utilised by 30 June 2025 (attach cash flow projection for the applicable grant). <ol style="list-style-type: none"> 4. A progress report (also reflecting percentages) on the status of each project's implementation that includes an attached legible implementation plan); 5. The value of the committed project funding and the conditional allocation from the funding source; 6. Reasons why the grants were not fully spent during the year on the original allocation per the DoRA; 7. Rollover of rollovers will not be considered. Municipalities must therefore not include previous year's unspent conditional grants as rollover request; 8. An indication of the time period within which the funds are to be spent if the rollover is approved; and 9. Proof that the Municipal Manager and Chief Financial Officer are permanently appointed. <p>NB: No rollover requests will be considered for municipalities with vacant or acting Chief Financial Officers and Municipal Managers for a period exceeding 6 months from the date of vacancy; this also includes acting appointments because of suspensions of either MM or CFO that are more than 12 months.</p>
3.6. Prohibition on vending system(s) / third party vending solutions without consulting the National Treasury	The municipality should send any request for the written input of the National Treasury together with the signed and / or proposed contract for such a service offering to: both RevenueManagement@treasury.gov.za and mfma@treasury.gov.za for the attention of Mr. Sadesh Ramjathan, Director: Local Government Budget Analysis: Revenue Section, and Mr. Wayne McComans, Chief Director: MFMA Implementation and parallel to the relevant Provincial Treasury.
4.2. Management of Water Tankers	<ul style="list-style-type: none"> • There is a growing trend of water challenges in most municipalities in the country which is spiralling out of control. This is a direct threat to municipalities' financial sustainability and could lead to a lack of trading in this key source of municipal revenue. • Most municipalities have tried to procure water tankers to close the gap in areas which are increasingly experiencing sporadic water supply challenges. As a result, the municipalities are not able to trade, leading to less revenue and an unprofitable water business. • It has emerged in the recent Mid-year Budget and Performance Review engagements that contracted water tankers have developed as a business rather than a stop gap measure. • As such, municipalities are encouraged to protect their revenue through avoiding protracted long contracts of water tankers. Where possible the municipality should use its internal water tankers as a temporary measure with a clear intention to restore the service.

2.14 METRO TRADING SERVICES REFORMS

The Explanatory Memorandum (Annexure W1, p121) for the Division of Revenue Bill, 2024 indicates an intention by National Treasury to explore the introduction into the Urban Settlements Development Grant (USDG) of a performance-based incentive grant component for trading services, starting in 2025/26 financial year with water and sanitation services, and rolled out to other trading services in subsequent financial years.

The USDG framework on page 232, under the heading Water Financing Component indicates that to qualify for the incentive grant component: (Metro) municipalities **must** submit the following to the Transferring Office and the National Treasury: -

- a. A council approved water turnaround strategy by **31 July 2024**;
- b. A roadmap on institutional reforms for improved management and governance by **30 September 2024**; and
- c. A water and sanitation business and investment plan that is consistent with the water services development plan by **30 September 2024**.

Council must note that trading services are services for which consumption charges are levied and determined with the intention to make a surplus (profit) on the delivery of the services. The surplus (after maintenance costs) is required to provide firstly, for capital investments and other business improvements, calculated the long-term viability; and secondly, for contributions to the rates and general account.

The primary source of metro capital funding are the surpluses (profits) of metro trading services, and/ or metro property taxes. The USDG is only supplementary. Trading services are services for which service charges are levied: water and sanitation, electricity, solid waste management. The charges are based

on consumption (in the case of electricity and water), or approximations or proxies in the case of sanitation and solid waste.

The fundamental long-term objective of a municipal trading service is to sustainably provide universal access to essential services. This is critical for the social and economic development of the people, businesses and institutions of the city, including its city government.

In alignment with these initiatives, National Treasury:

- a) will now require full separate annual financial statements for each metro trading services, in addition to those of the metro as a whole, consistent with the *mSCOA Specimen AFS*;
- b) is seeking concessional infrastructure funding which can be used to leverage private funding and structured for impact; and
- c) is restructuring conditional grants to increase impact.

The grant reforms are intended to:

- a) increase investment in trading services by leveraging grant finance with loan finance, linked to improved operational and financial performance of service providers;
- b) catalyse changes in structure, management, and governance of trading service businesses, to support improvements in operational, technical and financial performance;
- c) promote professional management with single point of management accountability for trading services in cities, suitable managerial autonomy and the technical skills necessary to manage an effective service; and
- d) promote and ensure full financial transparency, including by making the financial relationship between the utility and the municipality explicit.

Resulting from the ability of a metro municipality to submit the required documents and after properly following the processes, municipalities are then incentivised with grants commencing from the 2025/26 financial year. As the NMBM could not fully comply with the due dates stated above, National Treasury could not make the incentives available in the 2025/26 financial year.

2.15 NATIONAL TREASURY CIRCULAR 131 - FUNDS TRANSFERRED BY MUNICIPALITIES TO ORGANISATIONS AND BODIES OUTSIDE THE GOVERNMENT

Council must also note that on 31st March 2025 National Treasury issued the aforementioned Circular guiding municipalities on the implementation of section 67 in the Local Government: Municipal Finance Management Act 56 of 2003 (MFMA) relating to instances when municipalities transfer funds to organisations or bodies outside of government, i.e. non-governmental organisations (NGOs), which also includes nonprofit organisation (NPOs).

The Circular, as issued by National Treasury, includes an Annexure, which outlines examples of instances where municipalities must follow procurement processes instead of making a transfer payment as contemplated in terms of section 67 of the MFMA.

Section 67 of the MFMA outlines a process which must be followed before transferring funds to NGO's in instances where such transfers are not for the actual supply of goods or services. The Circular advises that where a municipality procures goods and services, even from an NGO, it must comply with the procurement processes as required in terms of Section 217 of the Constitution, read in conjunction with Chapter 11 of the MFMA, the Municipal Supply Chain Management (SCM) Regulations and other applicable procurement prescripts, before appointing an NGO to provide goods and services to a municipality.

It is emphasised in the Circular that Section 67 of the MFMA should, not be used as a mechanism to bypass official public sector procurement legal prescripts as it only enables municipalities to make transfers to NGOs in instances other than through the normal course of providing municipal services. A

transfer within the context of section 67 of the MFMA refers to instances where a municipality does not buy any item or pay for goods or services, regardless of whether it is in furtherance of a municipal assigned or unassigned function.

Section 67 of the MFMA provides a mechanism for municipalities to make transfers to organisations or bodies outside of government, such as nonprofit organisations (which include non-governmental organisations and community-based organisations), to enable them to support projects and programmes of these organisations.

In terms of this Circular Municipalities are advised to prioritise budgeting for sufficient service delivery municipal mandates over budgeting for unassigned functions. Irrespective of whether a municipality is performing an assigned or unassigned function, Section 217 of the Constitution will apply to any procurement of goods or services in relation to the performance of the assigned or unassigned function. Therefore, section 67 of the MFMA cannot be used to procure goods and services from NGOs for unassigned functions.

In budgeting for section 67 transfers, municipalities must always take cognisance of sections 62(1)(a) of the MFMA, which stipulates that the accounting officer of a municipality is responsible for managing the financial administration of a municipality and must, for this purpose take all reasonable steps to ensure that the resources of the municipality are used effectively, efficiently and economically. Service delivery must always be prioritised.

In terms of our operations the Policy Governing Financial Assistance to External Organisations (previously known as Grant-in-Aid Policy) is a better position of how to deal with Section 67 transfers. Based on National Treasury Circular 131 there may have to be some amendments made to the existing policies (Including the Policy Governing Financial Assistance to External Organisations) as there are such cases that are prevalent internally which may be in contravention of the Act.

National Treasury Circular 131 interprets any implementation of section 67 contrary to its initial intention as “irregular expenditure”, which may result to financial misconduct in line with Section 171 of the MFMA.

National Treasury Circular 131 also emphasises the importance of mSCOA Circular No. 8 which considers the virements. The municipality will have to review the Virement Policy, amongst other actions, to ensure that it aligns with the principles and guidance as per MFMA Circulars No. 12, 51, 88 and mSCOA Circular No. 8. Virements may only be made; between existing policy and must be submitted as part of the budget documents on Go Muni. The municipality will only be able to review the policy once it has adopted the Organisational Establishment Structure.

Processes will therefore to be put in place to ensure compliance with this requirement to avoid unintended consequences.

[Attached as a separate Annexure to this report is National Treasury Circular 131 and mSCOA Circular No. 8 for Council’s information].

2.16 ATTACHMENTS TO THE BUDGET REPORT

Attached to this Budget Report are the following Annexures: -

- Capital Works Plan (2025/26 to 2027/28) (**refer to Annexure “A1”**);
- Ward Budget / Allocations (2025/26 to 2027/28) (**refer to Annexure “A2”**);
- National Treasury Budget Circular 129 (**refer to Annexure “A3”**);
- National Treasury Budget Circular 130 (**refer to Annexure “A4”**);
- Letter from National Treasury – confirming the funding status of the Budget (**Annexure “A5”**);
- Tariff By-Law (**refer to Annexure “A6”**);
- Water Tariff Policy (**refer to Annexure “A7”**);
- Wastewater / Sanitation Tariff Policy (**refer to Annexure “A8”**);
- Miscellaneous Tariff Policy (**refer to Annexure “A9”**);
- Tariffs Booklet (**refer to Annexure “A10”**); and

- National Treasury Circular 131 - Funds transferred by municipalities to organisations and bodies outside the government (**refer to Annexure “A11”**)

2.17 CITY MANAGER’S QUALITY CERTIFICATE

I, **DM PILLAY (Mr)**, Acting City Manager of the Nelson Mandela Bay Metropolitan Municipality, hereby certify that the budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act (56 of 2003) and the Municipal Budget and Reporting Regulations (32141 dated 17 April 2009) made under that Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the Municipality.

Print Name : **DM PILLAY (Mr)**

Acting City Manager of Nelson Mandela Bay Municipality (EC000)

Signature : _____

Date : **26 May 2025**