



DRAFT BUDGET OF

GREATER GIYANI MUNICIPALITY

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

Adopted by council on 27 March 2024

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- At www.greatergiyani.gov.za

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Part 1 – Draft Budget

1.1 Mayor's Report

I have the honour to present to this May house the 2024/25 IDP/ budget.

Here under are the projects ranging from large to smaller amounts for 2024/25:

Project Descriptions	2024/25 Budgets
Shawela Upgrading from gravel to paving	33,800,000.00
Hlomela upgrading from Gravel to Paving	24,773,088.50
Nwa- Mankena Upgrading of internal streets	16,751,409.41
Acquisitions (Machinery & equipment)	9,500,000.00
Mavalani Indoor Sports Centre	8,365,834.63
Section E Sports Centre	8,000,000.00
Electrification of Mageva Village (150 units /stands)	5,803,000.00
Installation of energy saving street lights	5,500,000.00
Refurbishment of Sporting Facilities (Gawula)	5,000,000.00
Refurbishment of Giyani Stadium & Section A Tennis Court	5,000,000.00
Construction of market stalls (10 market stalls)	5,000,000.00
Mageva Sports centre (Extension of soccer pitch)	4,500,000.00
Acquisitions (Vehicles)	4,000,000.00
LIM331_2017/18IDP_Computer Equipment Aquisitions	3,600,000.00
Electrification of Mnghonghoma Village (200 units /stands)	3,450,000.00
Electrification of Xikukwani Village(150 units /stands)	3,100,000.00

Installation of High mast lights in Greater Giyani	3,000,000.00
Acquisitions (Purchase of bins)	2,900,000.00
Waste Disposal Site Development	2,705,000.00
Electrification of Matsotsosela Village (150 units /stands)	2,500,000.00
Electrification of loloka Village (150 units /stands)	2,400,000.00
Electrification of Mahlathi Village (150 units /stands)	2,400,000.00
Babangu Internal Streets Upgrading from gravel to paving	2,280,352.09
Acquisitions (Furniture & Fittings)	1,500,000.00
Refurbishment of Giyani Community Hall	1,500,000.00
Automated PMS System	1,000,000.00
_LIM331_6105_Help Desk S	1,000,000.00
Electrification of Section F (539 units /stands)	1,000,000.00
Installation of Solar Roof Top in municipal buildings	1,000,000.00
Acquisitions (walk through metal detector & xray machine)	1,000,000.00
Acquisitions (Air conditioners)	1,000,000.00
Leased Assets:Computer Equipment(Tablets and printers	600,000.00
Acquisitions (Patrol management system (Clocking System)	600,000.00
Servicing of 539 sites	500,000.00
Construction of car pots (Civic centre ,Unigaz ,Testing Station and brick yard) and Market stalls	500,000.00
Upgrading from gravel to paving Giyani Section F via Golele to risinga view to Bright star primary shool junction	500,000.00
Acquisitions (Installation of cameras & monitor)	500,000.00
Acquisitions (Law enforcement equipment)	500,000.00
Electrification of Botshabelo village (160 units /stands)	413,000.00

Golf Course Development	400,000.00
Electrification of Dingamazi village (170 units /stands)	363,000.00
Electrification of Maswanganyi Village (250 units /stands)	270,000.00
Electrification of Ndindani village (100 units /stands)	270,000.00
Electrification of Risinga view Village (100 units /stands)	270,000.00
Electrification of Makosha village (100 units /stands)	270,000.00
Electrification of Dzumeri village (100 units /stands)	270,000.00
Youth Database System	250,000.00
Land use scheme review	250,000.00
Spatial Development Framework review	150,000.00
Acquisitions (Firearms)	100,000.00
_LIM331_6108_By-Law Development	100,000.00
Upgrading of Parking Lot	50,000.00
4.9km Section F Upgrading of stormwater Phase 1	50,000.00
TOTALS	180,504,684.63

CONCLUSION

With these allocations we aim to bring tangible changes to the lives of our people. The State President, through the State of the Nation Address, has explicitly given marching orders with regard to what government need to do for the betterment of our people. Our long-standing objectives are reducing poverty, creating jobs and ensuring a better life for all.

I am mindful that poverty still afflicts and chains the majority of our rural population. I am mindful that serious service backlogs and lack of adequate infrastructure network are still issues to be addressed aggressively throughout our municipality.

It is now my honour to formally table the **Draft 2024/2025 IDP, and MTREF BUDGET and TARRIF STRUCTURE FOR 2024/25 FINANCIAL YEAR AND THE TWO OUTER YEARS 2025/26 and 2026/27** for **Adoption** by Council.

1.2 Council Resolutions

On 27 March 2024 the Council of Greater Giyani Local Municipality met at Greater Giyani Council Chamber to consider the draft budget of the municipality for the financial year 2024/25. The Council approved and adopted the following resolutions:

1. The Council of Greater Giyani Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The annual budget of the municipality for the financial year 2024/25 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 18.
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19.
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 21; and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 22.
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following sheets:
 - 1.2.1. Budgeted Financial Position as contained in sheet A6-finpos.
 - 1.2.2. Budgeted Cash Flows as contained in sheet A7 – C flow.
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in sheet A8 – Res recon.
 - 1.2.4. Asset management as contained in sheet A9 - Asset; and
 - 1.2.5. Basic service delivery measurement as contained in sheet A10 – Ser del.
2. The Council of Greater Giyani Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2024:
 - 2.1. the tariff structure of municipal services as set out in Annexure A.
3. To give proper effect to the municipality's annual budget, the Council of Greater Giyani Local Municipality approves:
 - 3.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates to ensure that all capital reserves and provisions, unspent long-term loans and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

SIGNED FOR AND ON BEHALF OF THE GREATER GIYANI MUNICIPAL COUNCIL

SPEAKER

CLLR A E MBOWENI

27/03/2024
DATE

MAYOR

CLLR T ZITHA

27/03/2024
DATE

COUNCILLOR FOR FINANCE

CLLR N H P NDABA

27/03/2024
DATE

1.3 Executive Summary

National Treasury's MFMA Circular No. 126 and 128 were used to guide the compilation of the 2024/25 MTREF.

The main challenges experienced during the compilation of the 2024/25 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy.
- Aging and poorly maintained water, roads infrastructure.
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality.
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies.
- Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2024/25 MTREF process; and

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

- The 2023/24 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2024/25 annual budget.
- Intermediate service level standards were used to inform the measurable objectives, targets, and backlog eradication goals.
- Tariff and property rate increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality. In addition, tariffs need to remain or move towards being cost reflective and should take into account the need to address infrastructure backlogs.
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act.

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

Table 1 Consolidated Overview of the 2024/25 MTREF

	Adjustment Budget	Budget Year	Budget Year +1	Budget Year + 2
	2023/24	2024/25	2025/26	2026/27
	R"000	R"000	R"000	R"000
Total Operating Revenue	538,286	576,941	578,633	569,792
Total Operating Expenditure	633,764	711,070	729,100	756,297
Surplus/ Deficit for the year	1,205	(48,495)	(61,574)	(90,494)
Total Capital Expenditure	219,483	180,505	172,426	148,506

Total operating revenue has gone up by 7.18 per cent or R38,6 million for the 2024/25 financial year when compared to the 2023/24 Adjustments Budget. For the two outer years, operational revenue will increase by 0.29 and decrease by 1.53 per cent respectively.

Total operating expenditure for the 2024/25 financial year has been appropriated at R711 million and translates into a budgeted deficit of R48,4 million. When compared to the 2023/24 Adjustments Budget, operational expenditure has grown by 12,20 per cent in the 2024/25 budget and increase by 2.53 and 3.73 per cent for each of the respective outer years of the MTREF. The operating deficit for the two outer years steadily increases to R61,5 million and R90,4 million respectively. This deficit is due to noncash items that was budgeted correctly in the coming financial year.

The capital budget of R180.5 million for 2024/25 is 17.76 per cent less when compared to the 2023/24 Adjustment Budget. The capital programme decreases to R172,4 million in the 2025/26 financial year and further decreases in 2026/27 to R148,5 million. A substantial portion of the capital budget will be funded from the local government Equitable Share, Municipal Infrastructure grant over MTREF. The balance will be funded from internally generated funds.

1.4. Operating Revenue Framework

For Greater Giyani Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices must be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

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

- National Treasury's guidelines and macroeconomic policy.
- Growth in the Municipality and continued economic development.
- Efficient revenue management, which aims to ensure a 60 per cent annual collection rate for property rates and other key service charges.
- Achievement of full cost recovery of specific user charges especially in relation to trading services.
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service.

- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA).

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

Table 2 Summary of revenue classified by main revenue source.

LIM331 Greater Giyani - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand	1										
Revenue											
Exchange Revenue											
Service charges - Electricity	2	-	-	-	-	-	-	-	-	-	-
Service charges - Water	2	8	-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management	2	3	-	-	-	-	-	-	-	-	-
Service charges - Waste Management	2	7,804	7,972	8,276	9,424	8,746	8,746	8,746	9,184	9,606	10,038
Sale of Goods and Rendering of Services		2,641	1,193	1,703	3,107	1,802	1,802	1,802	2,182	2,438	2,690
Agency services		-	-	0	5,897	1,000	1,000	1,000	6,000	6,276	6,558
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		2,466	2,894	16,246	3,480	1,443	1,443	1,443	1,522	1,592	1,664
Interest earned from Current and Non Current As		5,844	8,150	17,351	12,250	17,820	17,820	17,820	27,216	28,468	29,749
Dividends		-	-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		126	103	446	695	165	165	165	710	732	754
Licence and permits		5,678	6,662	7,100	8,350	8,125	8,125	8,125	8,450	8,734	9,127
Operational Revenue		81	123	454	8,300	2,350	2,350	2,350	2,600	2,700	2,800
Non-Exchange Revenue											
Property rates	2	67,515	67,331	72,852	79,317	79,921	79,921	79,921	84,316	88,195	92,164
Surcharges and Taxes		-	31	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1,626	1,262	1,164	366	105	105	105	355	367	379
Licences or permits		84	62	68	100	60	60	60	120	130	140
Transfer and subsidies - Operational		386,922	352,183	396,155	385,968	393,180	393,180	393,180	410,474	404,487	387,700
Interest		21,938	26,412	32,418	22,570	22,570	22,570	22,570	23,812	24,907	26,028
Fuel Levy		-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	-	-	100	1,000	1,000	1,000	-	-	-
Other Gains		(5,918)	4,824	(4,035)	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and		496,817	479,202	550,198	539,925	538,286	538,286	538,286	576,941	578,633	569,792

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from rates forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise more than two thirds of the total revenue mix. In the 2024/25 financial year, revenue from rates and services charges totalled R93,5 million. This stabilises at R97,8 million and R102,2 million in the respective financial years of the MTREF.

Operating grants and transfers totals R410,4 million in the 2024/25 financial year and steadily decreases to R387,7 million by 2026/27.

Table 3 Operating Transfers and Grant Receipts

LIM331 Greater Giyani - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		369,568	320,318	360,407	385,653	389,153	392,890	410,154	404,162	387,370
EPWP Incentive	–	–	–	2,433	3,151	3,151	2,975	3,348	–	–
Finance Management	–	–	–	2,271	2,400	2,400	2,400	2,400	2,400	2,500
Local Government Equitable Share	–	369,568	320,318	352,203	376,486	376,486	376,486	396,848	394,031	380,817
Municipal Drought Relief	–	–	–	3,500	–	3,500	8,000	–	–	–
Municipal Infrastructure Grant	–	–	–	–	3,616	3,616	3,029	3,558	3,731	4,053
Energy Efficiency and Demand Management	–	–	–	–	–	–	–	4,000	4,000	–
Local Government Equitable Share										
LG seta					315	315	290	320	325	330
Local Government Equitable Share										
District Municipality:		–	–	–	–	–	–	–	–	–
<i>[insert description]</i>										
Other grant providers:		–	–	–	–	–	–	–	–	–
<i>[insert description]</i>										
Total Operating Transfers and Grants	5	369,568	320,318	360,407	385,968	389,468	393,180	410,474	404,487	387,700

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the Municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs, and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 4.9 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilised for the calculation of the CPI consist of items such as food, petrol, and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity and water, petrol, diesel, chemicals, cement etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows.

1.4.1. Property Rates

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

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0, 25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

Table 4 Comparison of proposed rates to levied for the 2024/25 financial year.

Category	Current Tariff (1 July 2023)	Proposed tariff (From 1 July 2024)
	c	C
Residential properties	0,00836	0,00877
State owned properties	0,05312	0,05572
Business & Commercial	0,03345	0,03509

The following table compares current and proposed amounts payable from 1 July 2024:

Table 5 Comparison between current waste removal fees and increases

Description	Current tariffs 2023/24	Proposed tariffs 2024/25
Refuse Removal daily collection	R3 522 per incident	R 3 695 per incident
Refuse removal Businesses	R2 378 per month	R 2 495 per month
Refuse removal government	R2 378 per month	R 2 495 per month
Refuse removal Business Medium	R 1 189 per month	R 1 247 per month
Refuse removal Business Small	R 502 per month	R 526 per month
Refuse removal residential	R 45 per month	R 86 per month
Refuse removal indigent	Free	Free

1.5. Operating Expenditure Framework

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

- The asset renewal strategy and the repairs and maintenance plan.
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit.
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA.
- The capital programme is aligned to the asset renewal strategy and backlog eradication plan.
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and

The following table is a high-level summary of the 2024/25 budget and MTREF (classified per main type of operating expenditure):

Table 6 Summary of operating expenditure by standard classification item

Expenditure											
Employee related costs	2	146,467	152,355	161,582	200,327	178,495	178,495	178,495	203,647	209,378	218,648
Remuneration of councillors		23,581	23,871	25,184	24,916	25,885	25,885	25,885	25,800	26,986	28,201
Bulk purchases - electricity	2	-	-	-	-	-	-	-	-	-	-
Inventory consumed	8	7,703	7,364	8,100	13,150	12,800	12,800	12,800	14,350	15,720	17,500
Debt impairment	3	45,370	14,419	104,226	29,000	122,278	122,278	122,278	125,000	130,000	135,000
Depreciation and amortisation		97,084	102,072	92,773	95,000	96,000	96,000	96,000	104,000	104,000	104,000
Interest		3,941	6,670	4,568	-	-	-	-	-	-	-
Contracted services		47,854	87,869	87,454	105,317	111,132	111,132	111,132	139,416	137,954	144,658
Transfers and subsidies		955	600	1,600	1,500	1,500	1,500	1,500	1,600	1,700	1,700
Irrecoverable debts written off		-	-	19,881	-	-	-	-	-	-	-
Operational costs		44,864	54,368	61,567	79,134	85,674	85,674	85,674	97,258	103,361	106,590
Losses on disposal of Assets		7,378	14,382	4,206	-	-	-	-	-	-	-
Other Losses		77	(2,762)	(4,454)	-	-	-	-	-	-	-
Total Expenditure		425,274	461,210	566,687	548,344	633,764	633,764	633,764	711,070	729,100	756,297

The budgeted allocation for employee related costs for the 2024/25 financial year totals R203,6 million, which equals 28.63 per cent of the total operating expenditure. Based on circular 126 CPI inflation, the salary increases have been factored into this budget at a percentage increase of 4,9 per cent for the 2024/25 financial year. An annual increase of 4,6 per cent and 4,5 per cent has been included in the two outer years of the MTREF.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The percentage used for employees related cost was also used to councillors while waiting for the release of determination of upper limit.

The provision of debt impairment was determined. For the 2024/25 financial year this amount equates to R125 million and increase to R135 million by 2026/27. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R104 million for the 2024/25 financial and equates to 14.62 per cent of the total operating expenditure.

Inventory Consumed comprise of amongst others the inventory for maintenance. For 2024/25 the appropriation against this group of expenditure has gone up by 12,11 per cent (R1.5 million) and continues to go up at 9,55 per cent and 11.32 per cent for the two outer years.

Other expenditure comprises of various line items relating to the daily operations of the municipality and operational projects. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. For 2024/25 this expenditure increases by 13,52 per cent.

1.5.1. Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality current infrastructure, the 2024/25 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 7 Operational repairs and maintenance

Repairs and Maintenance by Expenditure Item	8							
Employee related costs		-	-	-	-	-	-	-
Inventory Consumed (Project Maintenance)		51,760	58,767	58,767	58,767	69,730	70,795	72,033
Contracted Services		-	-	-	-	-	-	-
Other Expenditure		-	-	-	-	-	-	-
Total Repairs and Maintenance Expenditure	9	51,760	58,767	58,767	58,767	69,730	70,795	72,033

During the compilation of the 2024/25 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality infrastructure and historic deferred maintenance. The total allocation for 2024/25 equates to R69.7 million an increase of 18,65 per cent in relation to the Adjustment Budget and it further increases by 1,53 percent in 2026/27. In relation to the total operating expenditure, repairs and maintenance comprises of 9,81; 9,71 and 9,52 per cent for the respective financial years of the MTREF.

1.5.2. Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality Indigent Policy. The target is to register 500 or more indigent households during the 2024/25 financial year, a process reviewed annually.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6. Capital expenditure

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

Table 8 2024/25 Medium-term capital budget per vote

Capital Expenditure - Functional											
Governance and administration		170,434	101,406	129,833	22,225	25,155	25,155	25,155	22,650	18,120	19,050
Executive and council		-	-	-	-	-	-	-	250	-	-
Finance and administration		170,434	101,406	129,833	21,675	25,155	25,155	25,155	22,400	18,120	19,050
Internal audit		-	-	-	550	-	-	-	-	-	-
Community and public safety		(34,019)	23,577	39,530	47,323	55,335	55,335	55,335	32,816	14,000	2,000
Community and social services		-	8,799	4,281	15,309	15,342	15,342	15,342	1,900	2,000	2,000
Sport and recreation		(35,732)	5,735	17,575	24,714	16,117	16,117	16,117	30,866	12,000	-
Public safety		-	2,435	-	1,300	1,300	1,300	1,300	50	-	-
Housing		1,713	6,608	17,674	6,000	22,576	22,576	22,576	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		(9,842)	(16,940)	(5,281)	85,639	79,147	79,147	79,147	86,155	115,106	101,051
Planning and development		-	1,758	-	2,000	750	750	750	6,900	14,500	1,050
Road transport		(9,842)	(18,698)	(5,281)	83,639	78,397	78,397	78,397	79,255	100,606	100,001
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		40,869	(6,872)	4,597	59,803	59,845	59,845	59,845	38,884	25,200	26,405
Energy sources		9,397	(8,548)	4,597	52,503	51,645	51,645	51,645	33,279	22,200	23,305
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		31,471	1,676	-	7,300	8,200	8,200	8,200	5,605	3,000	3,100
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	167,442	101,170	168,679	214,991	219,483	219,483	219,483	180,505	172,426	148,506

Roads Transport receives the highest allocation of R79.2 million in 2024/25 which equates to 43,91 per cent of the total capital budget. Finance and Administration is at 12,41 per cent, R22,4 million.

Further detail relating to asset classes and proposed capital expenditure is contained in Table A9 (Asset Management). In addition to the MBRR Table A9, MBRR Tables SA34a, b, e provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class.

1.7. Draft Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2024/25 budget and MTREF as approved by the Council. Each table is accompanied by explanatory notes on the following page.

Explanatory notes to MBRR Table A1 - Budget Summary

1. Table A1 is a budget summary and provides a concise overview of the Municipality budget from all the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF.
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised is reflected on the Financial Performance Budget.
 - ii. Borrowing is incorporated in the net cash from financing on the Cash Flow Budget
 - iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently, Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year. But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2024/25, when a small surplus is reflected.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs.

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

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note the Total Revenue on this table includes capital revenues (Transfers recognized – capital) and so does not balance to the operating revenue shown on Table A4.
3. Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for Electricity, Water and Waste water functions, but not the Waste management function.
4. Functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Budget and treasury Office.

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

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

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

1. Total revenue is R662,5 million in 2024/25 and increase to R665,8 million by 2026/27. This represents a year-on-year increase of 4.34 per cent for the 2024/25 financial year and a decrease of 0.26 per cent for the 2026/27 financial year.
2. Revenue to be generated from property rates is R84,3 million in the 2024/25 financial year and increases to R92,1 million by 2026/27 which represents 14,61 per cent of the operating revenue base of the municipality and therefore remains a significant funding source for the municipality. It increases over the medium-term and tariff increases have been factored in at 4,6 per cent and 4.5 per cent for each of the respective financial years of the MTREF.
3. Services charges relating to refuse removal constitutes the bigger component of the revenue basket of the municipality totalling R9.1 million for the 2024/25 financial year and increasing to R10 million by 2026/27. For the 2024/25 financial year services charges amount to 1,59 per cent of the total revenue base and increases to 1,76 per cent per annum over the medium-term.
4. Transfers recognized – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government increase by 4,39 per cent for 2024/25 financial year, and rapidly decrease by 1,46 per cent and 4.15 per cent for the two outer years.

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

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to single-year appropriations, for 2024/25 to 2026/27 has not been allocated.
3. Multi-year capital expenditure has been appropriated at R180,5 million for the 2024/25 financial year and remains relatively constant over the MTREF at levels of R172,4 million and R148,5 million respectively for the two outer years.
4. The capital Programme is funded from capital and provincial grants and transfers, public contributions and donations, borrowing and internally generated funds from current year surpluses. For 2024/25, capital transfers totals R180.5 million and escalates to R148.5 million by 2026/27.

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity, i.e., assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits.
 - Consumer debtors.
 - Property, plant and equipment.
 - Trade and other payables.
 - Provisions non-current.
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The approved 2023/24 MTREF provide for a further net increase in cash of R88,6 million for the 2023/24 financial year resulting in an overall projected cash position of R159,3 million at year end.
4. As part of the 2023/24 mid-year review and Adjustments Budget this unsustainable cash position had to be addressed as a matter of urgency and various interventions were implemented such as the reduction of expenditure allocations and rationalization of spending priorities.
5. The 2023/24 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term.
6. Cash and cash equivalents totals to R227,3 million as at the end of the 2024/25 financial year and decrease to R200 million by 2026/27.

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

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The municipality meets 5,18 per cent of these recommendations.

Explanatory notes to Table A10 - Basic Service Delivery Measurement

1. Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.
2. The municipality continues to make good progress with the eradication of backlogs:
 - a. Water and Sanitation services – These services belong to Mopani District Municipality.
 - b. Electricity services – Once the most pressing network issues have been addressed, the electrification programme will be prioritised; with 1 600 households budgeted to be electrified in 2024/25.
 - c. Refuse services – backlog will be reduced by 5 528 households in 2024/25 financial year. However, it should be noted that this function is being investigated with a view to realising greater efficiencies, which is likely to translate into a more rapid process to address backlogs.

Part 2 – Supporting Documentation

2.1. Overview of the draft budget process

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

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

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

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

2.1.1. Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2023) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule on 27 July 2023. Key dates applicable to the process were:

August 2023

- Review of previous year's budget and IDP process and completion of budget evaluation checklist.
- Develop a timetable of key budget and IDP deadlines for the 2024/2025 budget process.
- Approval of SDBIP 28 days after approval of budget.
- Finalization and signing of performance agreements (by senior managers).

October 2023

- Review past performance (financial & non-financial): Analysis of current reality including basic facts and figures.
- Review long term plans, setting out long term performance plans in terms of outcomes, service level requirements, demographics, backlogs etc.

November 2023

- Initial tariff and revenue modelling.
- Integrate macro-economic indicators using Medium Term Budget Policy Statement (MTBPS) from NT.
- Projects prioritization with the communities: Input and feedback flow.

January 2024

- Draft HR plan including personnel budgets.
- Draft IDP amendments.
- Draft operating and capital plans per function or department, detailing service levels, initiatives, financial forecasts and non-financial indicators
- Detailed line item budget in line with operating and capital plans per function or department.
- Prepare and submit to NT, PT and DLG&H the annual reports for 2022/23 and all prior years.
- Assess municipal performance for the first 6 months of 2023/24 and submit mid-year performance assessment to Council. Include oversight report with any corrective measures proposed.
- Table the 2023/24 adjustment budget.

March 2024

- Table Draft Budget Document: Information from operational plans and line-item budgets are combined to form the draft annual budget document.
- Update and develop sector/ integrated plans/ programmes.

April 2024

- Public consultations and budget debates (commencement): Make budget available to and considers views of the public, NT, PT, and other stakeholders.

May 2024

- Approval of IDP and budget together with revised tariffs, budget related policies, SDBIP and IDP /Budget process plan for 2024/25.
- Submission of IDP and budget to NP, PT, DLG&H as well as other stakeholders.

The draft 2024/25 MTREF budget and IDP was tabled before council on 27 March 2024.

There were no deviations from the date for tabling the Draft Budget.

2.1.2. IDP and Service Delivery and Budget Implementation Plan

The Municipality IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management, and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fourth revision cycle included the following key IDP processes and deliverables:

- Registration of community needs.
- Compilation of departmental business plans including key performance indicators and targets.
- Financial planning and budgeting process.
- Public participation process.
- Compilation of the SDBIP, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2024/25 MTREF, based on the approved 2023/24 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2024/25 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2023/24 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

2.1.3. Financial Modelling and Key Planning Drivers

As part of the compilation of the 2024/25 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2024/25 MTREF:

- Municipality growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, household debt, migration patterns)
- Performance trends
- The approved 2023/24 adjustments budget and performance against the SDBIP
- Cash Flow Management Strategy
- Debtor payment level
- The need for tariff increases versus the ability of the community to pay for services.
- Improved and sustainable service delivery.

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 126 and 128 has been taken into consideration in the planning and prioritisation process.

2.2. Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the Municipality response to these requirements.

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009.
- Government Programme of Action.
- Development Facilitation Act of 1995.
- Provincial Growth and Development Strategy (GGDS).
- National and Provincial spatial development perspectives.
- Relevant sector plans such as transportation, legislation and policy.
- National Key Performance Indicators (NKPis).
- Accelerated and Shared Growth Initiative (ASGISA).
- National 2014 Vision.
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP but must also conduct its affairs in a manner which is consistent with its IDP. The following table highlights the IDP's five strategic objectives for the 2024/25 MTREF and further planning refinements that have directly informed the compilation of the budget.

A copy of the municipal draft IDP for 2024/2025 financial year is attached as **ANNEXURE S**.

2.3. Overview of budget related-policies

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

Budget Related Policy Attached with the budget document.

- Tariff Structure-**ANNEXURE A**
- Tariff Policy-**ANNEXURE B**
- Indigent Policy - **ANNEXURE C**
- Property Rates Policy - **ANNEXURE D**
- Credit control and Debt Collection Policy – **ANNEXURE E**
- Virement policy – **ANNEXURE F**
- Supply Chain Management Policy-**ANNEXURE G**
- Subsistence & Travel Policy - **ANNEXURE H**
- Cash and investment Management Policy - **ANNEXURE I**
- Car Allowance Policy - **ANNEXURE J**
- Remuneration Policy - **ANNEXURE K**
- Fleet Management Policy - **ANNEXURE L**
- Asset Management Policy – **ANNEXURE M**
- Budget Policy – **ANNEXURE N**
- Inventory policy – **ANNEXURE O**
- Revenue Enhancement Strategy – **ANNEXURE P**
- Property Rental Policy – **ANNEXURE Q**
- Unallocated Deposit Policy - **ANNEXURE R**

These policies are attached in the Budget document as annexures and they are in the process of being reviewed so that they will be approved with the Final budget in May 2024.

2.4. Overview of budget assumptions

Industry-related rates are used as a baseline for raising estimates for all goods and services to be procured.

The budget takes into consideration national headline inflation estimates and trends that emerged while implementing the SDBIP in the outgoing financial year.

2.5. Overview of budget funding

The projected year-end balance for cash and cash equivalents for 30 June 2023 has been taken into account. The anticipated increase in revenue from municipal tariffs and improving collection rate, estimated at 60 per cent for the first budget year, justifies the anticipated increase in own revenue. Additional revenue is anticipated from property rates because of the new valuation roll that was done in the current financial year and identifies new properties in the municipal areas.

Only gazetted grants and transfers from national government, totalling R496,1M, were factored into the funding envelope. This is to ensure that the budget is based on realistically anticipated revenue.

2.6. Expenditure on allocations and grant programmes

Specific purpose transfers received by the municipality are allocated to capital projects implemented by the municipality in accordance with grant conditions. The other grants, including LGES, are allocated to operational programmes, such as the provision of free basic services, and operating costs.

2.7. Allocations of grants made by the municipality

The municipality gives assistance to local small business and it's called LED support.

For the coming financial year, the local SMME'S will be assisted by R1 600 000.

2.8. Councillors and board member allowances and employee benefits

Employee's costs of councillors and officials are budgeted for at a global increase of 4,9 per cent as confirmed increment rates are not yet available. This is based on a weighting of headline inflation estimates and indications from negotiations going on at the bargaining chamber. The actual increment is 4,9 per cent but on SA22 it's shows 1,4 per cent due to budgeted vacant positions.

2.9. Monthly targets for revenue, expenditure and cash flow

The MBRR SA25 to SA30 is attached.

2.10. Contracts having future budgetary implications.

In terms of the Municipality Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.11. Capital expenditure details

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

Table 8 2024/25 Medium-term capital budget per vote

Capital Expenditure - Functional												
Governance and administration		170,434	101,406	129,833	22,225	25,155	25,155	25,155	22,650	18,120	19,050	
Executive and council		-	-	-	-	-	-	-	250	-	-	
Finance and administration		170,434	101,406	129,833	21,675	25,155	25,155	25,155	22,400	18,120	19,050	
Internal audit		-	-	-	550	-	-	-	-	-	-	
Community and public safety		(34,019)	23,577	39,530	47,323	55,335	55,335	55,335	32,816	14,000	2,000	
Community and social services		-	8,799	4,281	15,309	15,342	15,342	15,342	1,900	2,000	2,000	
Sport and recreation		(35,732)	5,735	17,575	24,714	16,117	16,117	16,117	30,866	12,000	-	
Public safety		-	2,435	-	1,300	1,300	1,300	1,300	50	-	-	
Housing		1,713	6,608	17,674	6,000	22,576	22,576	22,576	-	-	-	
Health		-	-	-	-	-	-	-	-	-	-	
Economic and environmental services		(9,842)	(16,940)	(5,281)	85,639	79,147	79,147	79,147	86,155	115,106	101,051	
Planning and development		-	1,758	-	2,000	750	750	750	6,900	14,500	1,050	
Road transport		(9,842)	(18,698)	(5,281)	83,639	78,397	78,397	78,397	79,255	100,606	100,001	
Environmental protection		-	-	-	-	-	-	-	-	-	-	
Trading services		40,869	(6,872)	4,597	59,803	59,845	59,845	59,845	38,884	25,200	26,405	
Energy sources		9,397	(8,548)	4,597	52,503	51,645	51,645	51,645	33,279	22,200	23,305	
Water management		-	-	-	-	-	-	-	-	-	-	
Waste water management		-	-	-	-	-	-	-	-	-	-	
Waste management		31,471	1,676	-	7,300	8,200	8,200	8,200	5,605	3,000	3,100	
Other		-	-	-	-	-	-	-	-	-	-	
Total Capital Expenditure - Functional		3	167,442	101,170	168,679	214,991	219,483	219,483	219,483	180,505	172,426	148,506

Roads Transport receives the highest allocation of R79,2 million in 2024/25 which equates to 43,91 per cent of the total capital budget. Finance and Administration is at 12,41 per cent, R22,4 million.

Further detail relating to asset classes and proposed capital expenditure is contained in Table A9 (Asset Management). In addition to the MBRR Table A9, MBRR Tables SA34a, b, e provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class.

2.12. Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipality website.

2. Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed six interns undergoing training in various divisions of the Financial Services Department, one is appointed to Internal Audit and one is appointed to Risk division from 1 August 2022, two appointed in finance from 1 December 2022 and two was appointed on the 1 April 2024.

3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee

The Municipality has established its own Audit Committee and they are able to hold one meeting per quarter.

5. Service Delivery and Implementation Plan

The detail SDBIP document is at a draft stage and will be finalised and approved by the mayor.

6. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

2.13.OTHER SUPPORTING DOCUMENTATION

Supporting details to budget are contained in supporting tables SA1 to SA37.

The tariffs structure for 2024/2025 financial year is attached (**Annexure A**).

2.14. Draft budgets of municipal entities attached to the draft budget.

Greater Giyani municipality does not have an entity.

2.15. MUNICIPAL MANAGER'S QUALITY CERTIFICATION

To: Provincial Treasury, Limpopo
National Treasury, South Africa

QUALITY CERTIFICATE ON THE DRAFT MTREF BUDGET

I, **VUSI DUNCAN KHOZA**, municipal manager of **GREATER GIYANI MUNICIPALITY**, hereby certify that the draft budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act (Act No 56 of 2003) and the regulations made under the Act, and the draft budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

KHOZA V D
Municipal Manager:
Greater Giyani Municipality
LIM 331

Date