



Annual Budget 2025/2026

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1. PURPOSE

The purpose of the report is to obtain council approval on the Final Annual Budget for Amahlathi Local Municipality for 2025/2026 financial year.

2. LEGAL/STATUTORY REQUIREMENTS

Municipal Finance Management Act

Municipal Budget and Reporting Regulations

3. BACKGROUND

Section 16 (1) of the MFMA; Act 56 of 2003 states that the council of a municipality must for each financial year approve an annual budget for the municipality before the start of the financial year. Section 16 (2) of the MFMA; Act 56 of 2003 states that; in order for the municipality to comply with subsection (1); the Mayor of the Municipality must table the annual budget at council meeting at least 90 days before the start of the financial year. Furthermore, section 24 of the MFMA states that the council must approve the annual budget 30 days before the start of the budget year. Section 17 of the MFMA; Act 56 of 2003 states that an annual budget of the municipality must be a schedule in the prescribed format: -

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

4. MAYORS REPORT

It gives me great privilege to present the 2025/26 Final Medium Term Revenue and Expenditure Framework (MTREF) budget to council for its consideration. Budgeting for 2025/26 financial year and the outer two financial years were guided by the Budget Process Plan which was adopted by Council on the 31 August 2024 in line with the Municipal Finance Management Act. National Treasury issued MFMA Budget Circular No. 126 and 128 which were used to guide the compilation of the 2025/26 Medium Term Revenue and Expenditure Framework (MTREF) budget. The main objective of a municipal budget is to allocate realistically anticipated resources to the service delivery goals identified as priorities in the Integrated Development Plan. Municipal finances continue to remain under pressure as a result of rising costs to deliver services; declining grants from fiscus; slow revenue collection trends and high salary costs. The Municipality is faced with various challenges, which among them include a culture of slow payment for rates and service charges by debtors which has further been exacerbated by the weak economic growth rate and inflationary pressures. All these factors are negatively affecting municipal revenue collection rate. Having said this, the municipality is implementing various revenue strategies with an objective of improving revenue collection trends. These progress on strategies is reported quarterly in the revenue enhancement committee to assess progress.

The following is the table depicting the high-level overview of the Final Budget for 2025/26

Description	Adjusted 2024/25	2025/26 MTREF	2026/27 MTREF	2027/28 MTREF
Operating Revenue (Incl. capital transfers)	312 054 970	322 000 776	323 772 240	311 133 810
Operating Expenditure	298 302 791	290 496 561	292 090 375	301 705 451
<i>Surplus or (Deficit) after capital transfers</i>	13 752 179	31 504 215	31 681 865	9 428 359
Capital Transfers	79 091 851	89 321 850	46 429 150	48 250 050
Capital Expenditure	86 346 351	92 121 850	46 429 150	48 250 050
<i>Surplus/ (Deficit)</i>	6 497 679	28 704 215	31 681 865	9 428 359

The total revenue including capital transfers has been increased from R391 million per the special adjustments budget to R411 million per the 2025/26 Final Budget. This is a R30 million decrease from the Draft Budget, due to the inclusion of the R15 million Office of the Premier Grant and a decrease in the SMART meter grant in-kind allocation. The operating expenditure has decreased slightly from R298 million to R290 million. Capital expenditure has increased from R86 million to R92 million.

The final annual budget that is tabled before council is budgeted for a surplus of R28 million for the 2025/26 financial year and a surplus of R69.9 million over the MTREF.

5. FINAL BUDGET RELATED RESOLUTIONS

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

- a. That the Final Annual Budget for 2025/2026 and the indicative 2 outer financial years 2026/2027 and 2027/2028 **BE APPROVED** as set out in the following budget tables:-

- 1.1 Table A1 Budget Summary
 - 1.2 Table A2 Budgeted Financial Performance by Standard Classification
 - 1.3 Table A3 Budgeted Financial Performance by Vote
 - 1.4 Table A4 Budgeted Financial Performance – Revenue by Source and Expenditure by type
 - 1.5 Table A5 Budgeted Capital
 - 1.6 Table A6 Budgeted Financial Position
 - 1.7 Table A7 Budgeted Cash Flows
 - 1.8 Table A8 Budgeted Backed Reserves and Accumulated Surplus Reconciliation
 - 1.9 Table A9 Asset management
 - 1.10 Table A10 Basic Service Delivery Measurement
- b. That the list of revised capital projects **BE APPROVED.**
 - c. That the funding plan **BE NOTED.**
 - d. That the Final Annual Budget **BE APPROVED.**

- e. That the final budget related policies **BE NOTED AND APPROVED.**
- f. That the final tariffs list **BE NOTED AND APPROVED.**

6. OVERVIEW OF ASSUMPTIONS USED

The assumptions used were guided by MFMA Circular 129 issued by National Treasury for compilation of 2025/26 MTREF Budget. The following assumptions were used: -

- **Tariffs for property rates** have been decreased in order to avoid a rates shock for consumers.
- **Tariffs for electricity** have been increased by 6%.
- **Tariffs for refuse and other revenue** has been increased by 4,4% in line with CPI forecast and tariff structure. Revenue collection trends and current economic conditions have also been taken into consideration.
- Inflation outlook as indicated below was used:-

Fiscal Year	2025/26	2026/27	2027/28
Consumer Price Inflation (CPI)	4,4%	4,5%	2,5%

- **Bulk electricity costs** will increase in line with NERSA guidelines (Nersa approved 12,74% in 2026).
- **Employee related costs** have been increased by 4,75% in line with the *Salary and Wage Collective Agreement*.
- **Remuneration of councillors** have been budgeted in line with the CPI in the absence of the new Government Gazette on the Remuneration of Public Office Bearers Act. The next gazette is published between December and January. Treasury encourages municipalities to apply the CPI per above.
- **Other Expenditure** has been budgeted for in line with the needs of the various departments, while taking into account the municipality's available resources and reducing equitable share allocation.

7. EXECUTIVE SUMMARY

The revenue of the municipality continues to be under pressure due to various factors; which include the culture of slow payment by debtors; the slow economic growth rate; unemployment rate which was also exacerbated by the pandemic and high salary bill. The municipality has recently reviewed its

revenue raising strategies and these have been approved by council. The progress on implementation of the financial improvement plan is being reported on a quarterly basis. Below is a high-level summary of the final annual budget. The operating revenue has been increased from R312 million to R322 million excluding capital transfers and this is largely due to slight improvement in grants and anticipated revenue. The operating expenditure has been decreased from R298 million to R290 million; and this is attributed to the decrease in Employee related costs, Debt Impairment, Depreciation and Contracted Services.

EC124 Amahlathi - Table A1 Budget Summary

Description	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousands										
Financial Performance										
Property rates	22 178	23 331	24 169	26 746	26 746	26 746	26 746	28 350	30 051	31 855
Service charges	49 713	47 020	57 860	62 935	81 638	81 638	81 638	86 861	89 847	94 724
Investment revenue	366	1 613	3 456	3 892	3 892	3 892	3 892	4 063	4 246	4 352
Transfer and subsidies - Operational	121 776	130 339	138 142	145 505	146 285	146 285	146 285	145 321	140 816	147 158
Other own revenue	17 197	23 335	41 824	27 095	53 495	53 495	53 495	57 405	58 812	33 045
Total Revenue (excluding capital transfers and contributions)	211 230	225 638	265 440	266 172	312 055	312 055	312 055	322 001	323 772	311 134
Employee costs	123 339	135 383	136 206	141 493	131 521	131 521	131 521	126 195	131 038	134 314
Remuneration of councillors	11 533	13 662	13 595	15 031	15 031	15 031	15 031	15 692	16 398	16 808
Depreciation and amortisation	26 049	26 030	25 940	24 186	24 186	24 186	24 186	23 217	23 685	25 626
Interest	2 536	10 047	15 524	3 000	2 500	2 500	2 500	2 000	1 800	1 600
Inventory consumed and bulk purchases	43 063	43 364	51 988	58 195	58 246	58 246	58 246	65 673	69 191	73 461
Transfers and subsidies	-	10	10	-	-	-	-	-	-	-
Other expenditure	26 756	68 365	62 844	66 449	66 820	66 820	66 820	57 719	49 979	49 896
Total Expenditure	233 275	296 863	306 107	308 355	298 303	298 303	298 303	290 497	292 090	301 705
Surplus/(Deficit)	(22 045)	(71 225)	(40 666)	(42 182)	13 752	13 752	13 752	31 504	31 682	9 428
Transfers and subsidies - capital (monetary allocations)	28 300	32 255	46 187	59 538	79 092	79 092	79 092	89 322	46 429	48 250
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	6 255	(38 970)	5 520	17 356	92 844	92 844	92 844	120 826	78 111	57 678
Share of Surplus/Deficit attributable to Associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	6 255	(38 970)	5 520	17 356	92 844	92 844	92 844	120 826	78 111	57 678
Capital expenditure & funds sources										
Capital expenditure	21 971	33 921	47 937	62 148	86 346	86 346	86 346	92 122	46 429	48 250
Transfers recognised - capital	20 376	31 268	39 152	59 538	79 692	79 692	79 692	89 322	46 429	48 250
Borrowing	358	-	-	-	-	-	-	-	-	-
Internally generated funds	1 236	2 653	8 785	2 610	6 655	6 655	6 655	2 800	-	-
Total sources of capital funds	21 971	33 921	47 937	62 148	86 346	86 346	86 346	92 122	46 429	48 250
Financial position										
Total current assets	76 708	95 113	92 496	83 733	70 618	70 618	70 618	85 069	113 264	128 613
Total non current assets	407 260	415 323	437 893	453 285	477 484	477 484	477 484	632 889	655 633	678 258
Total current liabilities	159 692	226 253	229 458	253 489	217 413	217 413	217 413	180 166	179 549	159 844
Total non current liabilities	39 132	39 813	45 608	39 813	39 813	39 813	39 813	39 590	39 590	39 590
Community wealth/Equity	285 144	244 371	255 323	243 716	290 876	290 876	290 876	494 902	546 459	604 137
Cash flows										
Net cash from (used) operating	22 340	38 375	70 541	76 629	104 769	104 769	104 769	93 180	54 909	52 880
Net cash from (used) investing	(26 160)	(32 713)	(75 497)	(71 240)	(86 346)	(86 346)	(86 346)	(92 122)	(46 429)	(48 250)
Net cash from (used) financing	625	(191)	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	10 232	15 702	10 746	21 092	34 125	34 125	34 125	35 183	43 663	48 293
Cash backing/surplus reconciliation										
Cash and investments available	10 232	15 702	22 980	21 092	34 125	34 125	34 125	35 183	43 663	48 293
Application of cash and investments	102 162	164 162	181 790	212 206	17 879	17 879	17 879	17 504	43 623	45 724
Balance - surplus (shortfall)	(91 930)	(148 460)	(158 810)	(191 114)	16 246	16 246	16 246	17 679	40	2 569
Asset management										
Asset register summary (WDV)	407 260	415 719	437 893	453 285	531 984	531 984	632 889	632 889	655 633	678 258
Depreciation	-	-	-	-	-	-	23 217	23 217	23 685	25 626
Renewal and Upgrading of Existing Assets	522 459	538 154	568 046	12 860	12 903	12 903	46 172	40 585	11 453	11 790
Repairs and Maintenance	2 327	2 807	3 717	3 765	2 895	2 895	3 025	3 025	1 808	1 743
Free services										
Cost of Free Basic Services provided	517	181	5 000	5 000	5 000	5 000	4 800	4 800	4 800	-
Revenue cost of free services provided	(1 423)	(1 411)	(1 541)	(1 582)	(3 225)	(3 225)	(3 418)	(3 623)	(3 841)	-
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	5	5	5	5	5	5	5	5	5	-
Refuse:	24	24	24	24	24	24	24	24	24	-

8. OPERATING REVENUE FRAMEWORK

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

During the 2025/26 Financial year the municipality will be implementing and continue to implement various revenue strategies which include, installation of smart meters, reduction in distribution losses, financial improvement plan and debt incentive scheme with an objective to improve financial viability. In order, to meet the objective, the financial improvement committee will monitor and evaluate the implementation of the strategies.

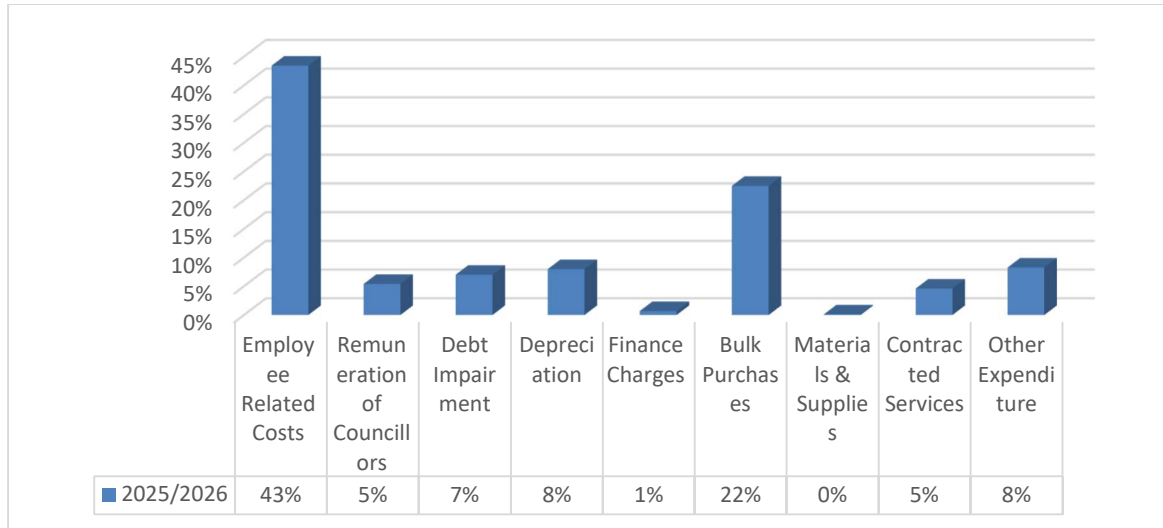
Below is the table reflecting the summary of revenue by source.

EC124 Amahlathi - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Revenue											
Exchange Revenue											
Service charges - Electricity	2	38 857	35 913	46 291	49 465	68 168	68 168	68 168	72 499	75 152	79 662
Service charges - Water	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Management	2	10 856	11 107	11 558	13 469	13 469	13 469	13 469	14 362	14 695	15 062
Sale of Goods and Rendering of Services		5 052	5 355	5 898	6 185	7 053	7 053	7 053	7 363	7 694	7 886
Agency services		986	1 266	1 321	1 918	1 151	1 151	1 151	2 005	2 095	2 147
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		4 086	5 438	7 704	7 779	8 205	8 205	8 205	8 566	8 951	9 175
Interest earned from Current and Non Current Assets		366	1 613	3 456	3 892	3 892	3 892	3 892	4 063	4 246	4 352
Dividends		-	-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		151	221	246	366	200	200	200	209	218	224
Licence and permits		1 854	2 349	2 543	3 066	1 841	1 841	1 841	3 845	4 018	4 118
Special rating levies		-	-	-	-	-	-	-	-	-	-
Operational Revenue		16	1 578	11 903	133	853	853	853	891	931	954
Non-Exchange Revenue											
Property rates	2	22 178	23 331	24 169	26 746	26 746	26 746	26 746	28 350	30 051	31 855
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		12	20	12	29	17	17	17	18	19	19
Licences or permits		-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational		121 776	130 339	138 142	145 505	146 285	146 285	146 285	145 321	140 816	147 158
Interest		4 096	5 900	7 474	7 620	7 620	7 620	7 620	7 955	8 331	8 521
Fuel Levy		-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	26 554	26 554	26 554	26 554	26 554	-
Gains on disposal of Assets		-	-	-	-	-	-	-	-	-	-
Other Gains		946	1 208	4 723	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and cont		211 230	225 638	265 440	266 172	312 055	312 055	312 055	322 001	323 772	311 134

- Service charges have been increased slightly from R81.6m to R86.8m taking into account the prepaid meter project and strategies being implemented to reduce distribution losses, which have yielded results during the 2024/25 financial year. The percentage increase used was based on a conservative approach
- Rental of have been increased from R200 thousand to R209 thousand and this is 4.4% increase which is in line with CPI.
- Interest on investments have been increased slightly from R3.8m to R4m and this is in line with CPI.
- Licences and Permits have been budgeted to increase from R1.8m to R3.8m and this is in line with CPI, based on the 2024/25 original budget due to challenges experienced during the 2024/25 financial year resulting in a decrease in the 2024/25 adjustments budget, being resolved.
- Other revenue include revenue from waiver of debt linked to the Eskom Debt Relief programme. The affect of this would result in a decrease in Trade and other payables.
- Operational transfers and subsidies have decreased from R146.2m to R145.3m when compared to 2024/25 financial year and this is due to a slight decrease in Equitable Share. It is worth to note that the projected Equitable Share to be received by the municipality will further decrease during the 2026/27 financial year before increasing. These reductions form part of governments efforts to drive fiscal consolidation (reducing government deficit and debt accumulation).

Grants and Subsidies constitute 45% of operating revenue; property rates and service charges 36%, interest from all sources 6% and other revenues 9%. This is an indication that the municipality is still heavily dependent on grants. Below is the graph depicting the split of total operating revenue.



8.1 OPERATING REVENUE BY FUNCTION

Below is the operating revenue by function.

EC124 Amahlathi - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
R thousand	1	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
Revenue - Functional										
Governance and administration		148 578	165 504	188 986	180 407	215 215	215 215	216 565	218 526	200 594
Executive and council		115 337	125 714	146 344	150 128	169 501	169 501	142 272	141 515	147 738
Finance and administration		33 240	39 789	42 642	30 279	45 715	45 715	74 293	77 011	52 856
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		7 061	7 505	11 584	7 451	7 758	7 758	8 280	6 442	6 603
Community and social services		2 276	2 578	6 121	2 032	2 032	2 032	2 366	262	268
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		4 764	4 728	4 959	5 301	5 301	5 301	5 534	5 784	5 928
Housing		21	198	505	118	425	425	379	397	406
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		33 825	37 311	52 153	63 280	80 204	80 204	82 477	43 933	45 673
Planning and development		29 577	31 759	46 778	56 611	75 445	75 445	74 562	37 542	39 122
Road transport		4 156	5 239	5 232	6 323	4 620	4 620	7 770	6 240	6 396
Environmental protection		91	313	144	346	138	138	144	151	155
Trading services		50 066	47 574	58 904	74 573	87 970	87 970	104 001	101 300	106 514
Energy sources		38 857	35 913	46 291	54 325	73 028	73 028	89 939	86 605	91 452
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		11 209	11 661	12 613	20 247	14 941	14 941	14 062	14 695	15 062
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	239 530	257 893	311 627	325 710	391 147	391 147	411 323	370 201	359 384

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

8.2 Grants and subsidies

EC124 Amahlathi - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
		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
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		479 671	622 609	658 177	143 651	143 951	143 951	143 505	140 816	147 158
EPWP Incentive	-	4 027	5 595	6 905	1 211	1 511	1 511	1 799	-	-
Finance Management	-	6 535	8 735	10 935	2 200	2 200	2 200	2 200	2 400	2 500
Local Government Equitable Share	-	115 504	124 987	131 533	138 370	138 370	138 370	137 520	136 575	142 739
Metro Informal Settlements Partnership Grant	-	353 009	477 996	477 996	-	-	-	-	-	-
Municipal Infrastructure Grant (MIG)	-	596	5 296	30 808	1 870	1 870	1 870	1 986	1 841	1 919
Other transfers/grants [insert description]										
Provincial Government:		-	-	-	2 184	2 184	2 184	1 823	-	-
Eastern Cape_Capacity Building and Other_Specify LG Seta					1 792	1 792	1 792	1 823	-	-
Human Settlement					330	330	330			
					62	62	62			
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		904	1 153	1 403	-	-	-	-	-	-
Unspecified_Specify (Replace with the name of the)	-	904	1 153	1 403	-	-	-	-	-	-
Total Operating Transfers and Grants	5	480 576	623 762	659 580	145 835	146 135	146 135	145 328	140 816	147 158
Capital Transfers and Grants										
National Government:		100 516	132 217	162 987	59 538	73 770	73 770	74 322	46 429	48 250
Municipal Infrastructure Grant (MIG)	-	100 516	132 217	162 987	35 533	35 533	35 533	37 737	34 976	36 460
Energy Efficiency and Demand Side Management C	-				3 000	3 000	3 000	-	4 000	4 000
Integrated National Electrification Programme Grant					1 860	1 860	1 860	17 440	7 453	7 790
Municipal Disaster Relief Grant					19 145	33 377	33 377	19 145	-	-
Other capital transfers/grants [insert desc]										
Provincial Government:		-	-	-	-	-	-	15 000	-	-
Other capital transfers/grants [insert description]								15 000	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
[insert description]										
Other grant providers:		-	-	-	-	-	-	-	-	-
Unspecified_Specify (R)										
Total Capital Transfers and Grants	5	100 516	132 217	162 987	59 538	73 770	73 770	89 322	46 429	48 250
TOTAL RECEIPTS OF TRANSFERS & GRANTS		581 091	755 979	822 566	205 373	219 905	219 905	234 650	187 245	195 408

9. OPERATING EXPENDITURE FRAMEWORK

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

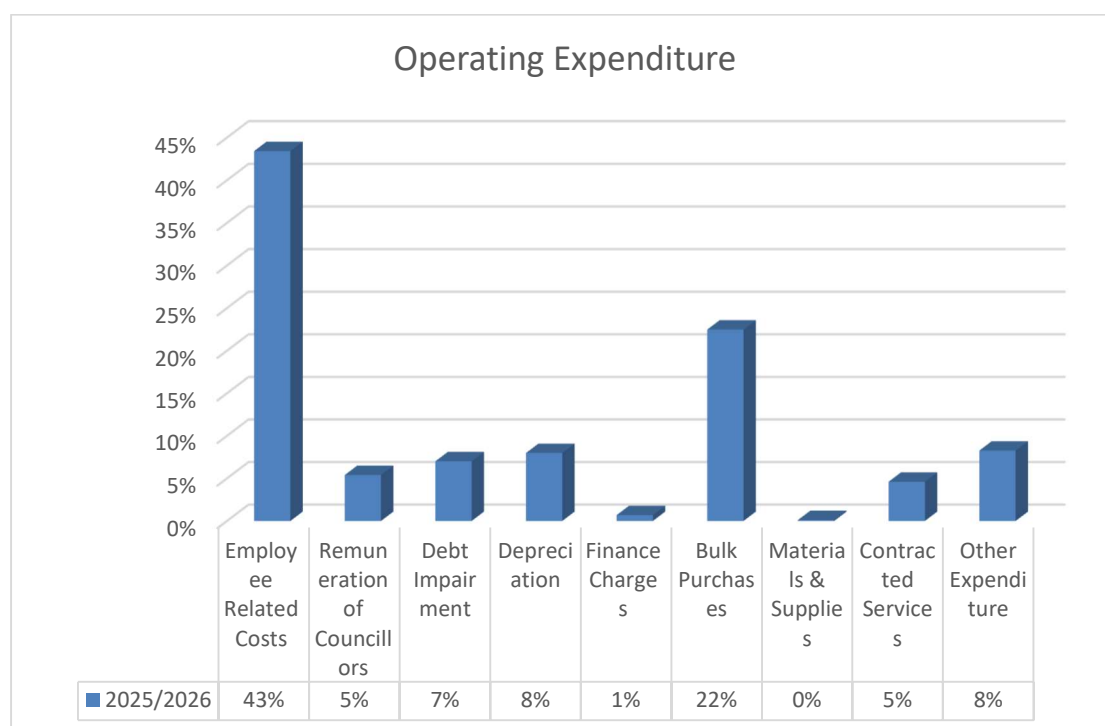
EC124 Amahlathi - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousand	1										
Expenditure											
Employee related costs	2	123 339	135 383	136 206	141 493	131 521	131 521	131 521	126 195	131 038	134 314
Remuneration of councillors		11 533	13 662	13 595	15 031	15 031	15 031	15 031	15 692	16 398	16 808
Bulk purchases - electricity	2	42 658	43 194	51 809	57 965	57 965	57 965	57 965	65 349	68 852	73 114
Inventory consumed	8	405	170	178	231	281	281	281	324	338	347
Debt impairment	3	-	-	-	26 000	26 000	26 000	26 000	20 385	20 866	21 258
Depreciation and amortisation		26 049	26 030	25 940	24 186	24 186	24 186	24 186	23 217	23 685	25 626
Interest		2 536	10 047	15 524	3 000	2 500	2 500	2 500	2 000	1 800	1 600
Contracted services		12 743	13 549	14 341	17 491	17 472	17 472	17 472	13 163	10 700	9 703
Transfers and subsidies		-	10	10	-	-	-	-	-	-	-
Irrecoverable debts written off		(7 489)	29 142	25 872	-	-	-	-	-	-	-
Operational costs		21 542	25 478	22 177	22 958	23 347	23 347	23 347	24 170	18 413	18 935
Losses on disposal of Assets		(40)	-	454	-	-	-	-	-	-	-
Other Losses		-	196	-	-	1	1	1	1	-	-
Total Expenditure		233 275	296 863	306 107	308 355	298 303	298 303	298 303	290 497	292 090	301 705

- Employee related costs have been budgeted at R126 million, this decrease is as result of the implementation of the court order.
- Bulk purchases have been budgeted at R65m, in line with NERSA approved Eskom Tariffs.
- Debt Impairment have been budgeted at R20m and this is a decrease when compared to the adjusted budget of R26m. This is due to the municipality planning another debt write off incentive scheme and a subsequent debt write-off of remaining doubtful debt during the 2025/26 financial year.
- Depreciation and amortisation have been budgeted at R23m, a decrease from R24m and this is due to an auction held during March 2025 and the disposal of the Engineering building.
- Finance Charges have been budgeted at R2m and this is a decrease when compared to the adjusted budget of R2.5m.
- Contracted Services have been budgeted at R13m which is a decrease when compared to the adjusted budget of R17m.

- Other Expenditure have been budgeted at R24m and this is an increase when compared to the adjusted budget of R23m.

Employee costs constitute 43% of operational expenditure which is above treasury norm; non-cash items constitute 15%; Bulk Purchases 22% and these are the expenditure items with bigger percentage share in operating expenditure. Below is the graph depicting the split of total operating expenditure.



10. CAPITALEXPENDITURE

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

Vote Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance and Admin		-	-	-	-	-	-	-	-	-	-
Vote 3 - Internal Audit		-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - Sport & Recreation		-	-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 7 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 8 - Planning & Development		-	-	-	-	-	-	-	-	-	-
Vote 9 - Road Transport		-	-	-	-	-	-	-	-	-	-
Vote 10 - Energy Sources		-	-	-	-	-	-	-	-	-	-
Vote 11 - Waste Management		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Executive & Council		(49)	528	91	400	650	650	650	-	-	-
Vote 2 - Finance and Admin		(3 562)	2 663	(1 554)	950	1 128	1 128	1 128	2 800	-	-
Vote 3 - Internal Audit		(221)	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		10 969	693	2 154	-	-	-	-	-	-	-
Vote 5 - Sport & Recreation		-	-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		-	-	-	-	1 500	1 500	1 500	-	-	-
Vote 7 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 8 - Planning & Development		(15 551)	16 683	15 609	54 678	49 765	49 765	49 765	52 737	34 976	36 460
Vote 9 - Road Transport		24 707	14 043	23 575	-	21 145	21 145	21 145	19 145	-	-
Vote 10 - Energy Sources		1 651	217	173	5 560	8 110	8 110	8 110	17 440	11 453	11 790
Vote 11 - Waste Management		4 028	(905)	7 889	560	4 048	4 048	4 048	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		21 971	33 921	47 937	62 148	86 346	86 346	86 346	92 122	46 429	48 250
Total Capital Expenditure - Vote		21 971	33 921	47 937	62 148	86 346	86 346	86 346	92 122	46 429	48 250
Capital Expenditure - Functional											
Governance and administration		(3 832)	3 191	(1 462)	1 350	1 778	1 778	1 778	700	-	-
Executive and council		(49)	528	91	400	650	650	650	-	-	-
Finance and administration		(3 562)	2 663	(1 554)	950	1 128	1 128	1 128	700	-	-
Internal audit		(221)	-	-	-	-	-	-	-	-	-
Community and public safety		10 969	693	2 154	-	1 500	1 500	1 500	-	-	-
Community and social services		10 969	693	2 154	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	1 500	1 500	1 500	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		9 156	30 725	39 183	54 678	70 910	70 910	70 910	71 882	34 976	36 460
Planning and development		(15 551)	16 683	15 609	54 678	49 765	49 765	49 765	71 882	34 976	36 460
Road transport		24 707	14 043	23 575	-	21 145	21 145	21 145	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		5 678	(688)	8 062	6 120	12 158	12 158	12 158	19 540	11 453	11 790
Energy sources		1 651	217	173	5 560	8 110	8 110	8 110	18 440	11 453	11 790
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		4 028	(905)	7 889	560	4 048	4 048	4 048	1 100	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	21 971	33 921	47 937	62 148	86 346	86 346	86 346	92 122	46 429	48 250
Funded by:											
National Government		20 376	31 268	39 152	59 538	73 620	73 620	73 620	89 322	46 429	48 250
Provincial Government		-	-	-	-	6 072	6 072	6 072	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	20 376	31 268	39 152	59 538	79 692	79 692	79 692	89 322	46 429	48 250
Borrowing	6	358	-	-	-	-	-	-	-	-	-
Internally generated funds		1 236	2 653	8 785	2 610	6 655	6 655	6 655	2 800	-	-
Total Capital Funding	7	21 971	33 921	47 937	62 148	86 346	86 346	86 346	92 122	46 429	48 250

10.1 BUDGETED CAPITAL PROJECTS

Description	Funding	Adjusted 2024/2025	Budget 2025/2026	Budget 2026/2027	Budget 2027/2028
Izidenge Internal Roads	MIG Funding	-	3 326 149	-	-
KKH recreation Centre	MIG Funding	4 600 000	-	-	-
Langdraai Community Hall	MIG Funding	-	4 501 288	-	-
Mbaxa Community Hall	MIG Funding	2 300 000	-	-	-
Mlungisi Sportfield	MIG Funding	5 400 000	5 600 000	-	-
Nqenge Internal Roads	MIG Funding	-	3 462 969	-	-
Paving of Xholorha Internal Roads	MIG Funding	13 232 850	1 000 000,00	-	-
Phumlani Community Hall	MIG Funding	2 000 000	4 651 162	-	-
Municipal Offices	MIG Funding	8 000 000	8 000 000	-	-
Waste Collection Compactor Truck	MIG Funding	-	3 283 196	-	-
Stutterheim Streets Paving	MIG Funding	-	400 000	-	-
Keiskammahoek Town Paving	MIG Funding	-	400 000	-	-
Amabele Paving	MIG Funding	-	315 036	-	-
Keilands Roads	MIG Funding	-	700 000	-	-
Cathcart Town Hall Upgrade	MIG Funding	-	400 000	-	-
Infrastructure plans	MIG Funding	-	1 697 050	-	-
No approved list available	MIG Funding	-	-	34 976 150	36 460 050
Total MIG Funded Projects		35 532 850,00	37 736 850,00	34 976 150,00	36 460 050,00
Vehicles (Comm Services)	Own Funding	600 000	-	-	-
Computer Equipment	Own Funding	178 000	200 000	-	-
Furniture & Office Equipment	Own Funding	950 000	500 000	-	-
Vehicles	Own Funding	2 150 000	1 100 000	-	-
Vehicles (Engineering)	Own Funding	1 400 000	1 000 000	-	-
Equipment	Own Funding	560 000	-	-	-
Waste Trucks	Own Funding	1 416 500	-	-	-
Total Own Funded Projects		7 254 500	2 800 000	-	-
11 kV Stutterheim Main Intake SwS Upgrade Phase 2	INEP Grant	360 000	-	-	-
3-5 MVA 22/11kV Catchart Substation Upgrade Phase 2	INEP Grant	1 500 000	17 440 000	-	-
No approved list available				7 453 000	7 790 000
Total INEP Funded Projects		1 860 000	17 440 000	7 453 000	7 790 000
Landfill Site	Waste Grant	1 471 802	-	-	-
Total Waste Grant Projects		1 471 802	-	-	-
STR KKH Roads	STR	1 500 000	5 500 000		
STR KKH Electricity	STR	500 000	1 500 000		
STR Stutterheim Electricity	STR	1 000 000	4 000 000		
STR Stutterheim Roads	STR	1 000 000	4 000 000		
Total Small Town Revitalisation Projects		4 000 000	15 000 000	0	0
No approved list available	EEDSM	0	-	4 000 000	4 000 000
Demand side project	EEDSM	2 850 000	-	-	-
Total EEDSM Projects		2 850 000	-	4 000 000	4 000 000
Regraveling Cenyu Village Internal Roads	Disaster Grant	3 500 000	-	-	-
Regraveling Goshen Internal Roads	Disaster Grant	2 970 000	-	-	-
Regraveling Emagcumeni Village	Disaster Grant	1 450 000	-	-	-
Regraveling Pumlani Village, Bumbane & Kom Internal Road	Disaster Grant	4 000 000	-	-	-
Regraveling Road from Peer to Nxawe & Road from Matsa to Nxawe	Disaster Grant	3 200 000	-	-	-
Regraveling Road to Sophumelele & Ngxondorheni Village	Disaster Grant	3 500 000	-	-	-
Regraveling Kubusie gravel road from area 5 to Mahanjane	Disaster Grant	525 000	-	-	-
2023/25 Rolled over projects	Disaster Grant	14 232 199	-	-	-
No approved list available	Disaster Grant	-	19 145 000	-	-
Total Disaster Grant Projects		33 377 199	19 145 000	-	-
		86 346 351	92 121 850	46 429 150	48 250 050
Smart Meter Grant – Allocation in kind - Not part of Municipal budget	Smart Meter Grant	-	47 000 000	-	-

11. REPAIRS AND MAINTENANCE

The repairs and maintenance have been budgeted at R3m which is 1.04% of the total operating budget and 1.86% of the 2023/24 Audited Property, plant and equipment which is below the treasury norm. This is attributed to limited budget.

EC124 Amahlathi - Supporting Table SA34c Repairs and maintenance expenditure by asset class

2024/25 Medium Term Revenue & Expenditure Framework										
Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
	1	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
R thousand										
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		608	715	1 454	1 750	1 390	1 390	1 880	761	780
Roads Infrastructure		336	168	705	900	550	550	1 150	575	589
Roads		336	168	705	900	550	550	1 150	575	589
Road Structures		-	-	-	-	-	-	-	-	-
Road Furniture		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		2	-	7	50	30	30	30	31	32
Drainage Collection		2	-	7	50	30	30	30	31	32
Storm water Conveyance		-	-	-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		271	547	742	800	810	810	700	155	158
Power Plants		48	72	46	100	50	50	100	105	107
HV Substations		-	-	-	-	-	-	-	-	-
HV Switching Station		-	-	-	-	-	-	-	-	-
HV Transmission Conductors		223	460	696	700	760	760	600	50	51
MV Substations		-	16	-	-	-	-	-	-	-
MV Switching Stations		-	-	-	-	-	-	-	-	-
MV Networks		-	-	-	-	-	-	-	-	-
LV Networks		-	-	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	150	100	100	100	105	107
Community Facilities		-	-	-	150	100	100	100	105	107
Halls		-	-	-	-	-	-	-	-	-
Centres		-	-	-	-	-	-	-	-	-
Crèches		-	-	-	-	-	-	-	-	-
Clinics/Care Centres		-	-	-	-	-	-	-	-	-
Fire/Ambulance Stations		-	-	-	-	-	-	-	-	-
Testing Stations		-	-	-	-	-	-	-	-	-
Museums		-	-	-	-	-	-	-	-	-
Galleries		-	-	-	-	-	-	-	-	-
Theatres		-	-	-	-	-	-	-	-	-
Libraries		-	-	-	-	-	-	-	-	-
Cemeteries/Crematoria		-	-	-	150	100	100	100	105	107
Police		-	-	-	-	-	-	-	-	-
Investment properties		24	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Improved Property		-	-	-	-	-	-	-	-	-
Unimproved Property		-	-	-	-	-	-	-	-	-
Non-revenue Generating		24	-	-	-	-	-	-	-	-
Improved Property		-	-	-	-	-	-	-	-	-
Unimproved Property		24	-	-	-	-	-	-	-	-
Other assets		52	99	308	515	360	360	450	360	288
Operational Buildings		52	99	308	515	360	360	450	360	288
Municipal Offices		3	85	307	500	350	350	350	280	224
Pay/Enquiry Points		-	-	-	-	-	-	-	-	-
Building Plan Offices		-	-	-	-	-	-	-	-	-
Workshops		-	-	-	-	-	-	-	-	-
Yards		-	-	-	-	-	-	-	-	-
Stores		-	-	-	-	-	-	-	-	-
Laboratories		-	-	-	-	-	-	-	-	-
Training Centres		-	-	-	-	-	-	-	-	-
Manufacturing Plant		-	-	-	-	-	-	-	-	-
Depots		-	-	-	-	-	-	-	-	-
Capital Spares		49	14	0	15	10	10	100	80	64
Machinery and Equipment		-	(0)	-	50	50	50	50	52	54
Machinery and Equipment		-	(0)	-	50	50	50	50	52	54
Transport Assets		1 643	1 994	1 955	1 300	995	995	545	530	515
Transport Assets		1 643	1 994	1 955	1 300	995	995	545	530	515
Total Repairs and Maintenance Expenditure	1	2 327	2 807	3 717	3 765	2 895	2 895	3 025	1 808	1 743

11. QUALITY CERTIFICATE

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

Print Name: Dr. Z Shasha

Municipal Manager of: Amahlathi Municipality

Demarcation Code: EC124

Signature:_____

Date:28 May 2025