Annual Budget
2025/2026

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1. PURPOSE

The purpose of the report is to obtain council approval on the Draft 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 Draft 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 Draft Budget for 2025/26

Description	Adjusted 2024/25	2025/26 MTREF	2026/27 MTREF	2027/28 MTREF
Operating Revenue (Incl. capital transfers)	279 200 699	320 076 776	323 772 240	311 133 810
Operating Expenditure	298 302 792	290 604 863	292 090 375	301 705 481
Surplus or (Deficit) after capital transfers	***(19 102 093)***	***29 471 913***	***31 681 865***	***9 428 329***
Capital Transfers	135 091 851	121 321 850	46 429 150	48 250 050
Capital Expenditure	140 846 351	124 121 850	46 429 150	48 250 050
Surplus/ (Deficit)	***(24 856 593)***	***26 571 913***	***31 681 865***	***9 428 329***

The total revenue including capital transfers has been increased from R414 million per the adjustments budget to R441 million per the 2025/26 Draft Budget. The operating expenditure has decreased slightly from R298 million to R290 million. Capital expenditure has decreased from R140.8 million to R124 million.

The draft annual budget that is tabled before council is budgeted for a surplus of R26 million for the 2025/26 financial year and a surplus of R67 million over the MTREF.

5. DRAFT BUDGET RELATED RESOLUTIONS

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

a. That the Draft Annual Budget for 2024/2025 and the indicative 2 outer financial years 2025/2026 and 2026/2027 **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 draft funding plan **BE NOTED.**
d. That the Draft Annual Budget **BE APPROVED.**
e. That the draft budget related policies **BE NOTED AND APPROVED.**
f. That the draft 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 increased by 6% for businesses and other categories.
- **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 revenue enhancement strategy is being

reported on a quarterly basis. Below is a high-level summary of the draft annual budget. The operating revenue has been increased from R279 million to R320 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		
R thousands	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
Financial Performance										
Property rates	22 178	23 331	24 169	26 746	26 746	26 746	14 633	28 350	30 051	31 855
Service charges	49 713	47 020	57 850	62 935	75 638	75 638	52 113	84 961	89 847	94 724
Investment revenue	366	1 613	3 456	3 892	3 892	3 892	1 471	4 063	4 246	4 352
Transfer and subsidies - Operational	121 776	130 339	138 142	145 505	145 985	145 985	142 026	145 297	140 816	147 158
Other own revenue	17 197	23 335	41 824	27 095	26 940	26 940	16 955	57 405	58 812	33 045
Total Revenue (excluding capital transfers and contributions)	211 230	225 638	265 440	266 172	279 201	279 201	227 198	320 077	323 772	311 134
Employee costs	123 339	135 383	136 206	141 493	131 521	131 521	85 608	126 195	131 038	134 314
Remuneration of councillors	11 533	13 662	13 595	15 031	15 031	15 031	9 391	15 692	16 398	16 808
Depreciation and amortisation	26 049	26 030	25 940	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	117	2 000	1 800	1 600
Inventory consumed and bulk purchases	43 063	43 364	51 988	58 195	58 246	58 246	3 062	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	21 699	57 828	49 979	49 896
Total Expenditure	233 275	296 863	306 107	308 355	298 303	298 303	119 876	290 605	292 090	301 705
Surplus/(Deficit)	(22 045)	(71 225)	(40 666)	(42 182)	(19 102)	(19 102)	107 322	29 472	31 682	9 428
Transfers and subsidies - capital (monetary allocations)	28 300	32 255	46 187	59 538	135 092	135 092	41 005	121 322	46 429	48 250
Transfers and subsidies - capital (in-kind)	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	6 255	(38 970)	5 520	17 356	115 990	115 990	148 327	150 794	78 111	57 678
Share of Surplus/Deficit attributable to Associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	6 255	(38 970)	5 520	17 356	115 990	115 990	148 327	150 794	78 111	57 678
Capital expenditure & funds sources										
Capital expenditure	21 971	33 921	47 937	62 148	140 846	140 846	140 846	124 122	46 429	48 250
Transfers recognised - capital	20 376	31 268	39 152	59 538	135 692	135 692	135 692	121 322	46 429	48 250
Borrowing	358	–	–	–	–	–	–	–	–	–
Internally generated funds	1 236	2 653	8 785	2 610	5 155	5 155	5 155	2 800	–	–
Total sources of capital funds	21 971	33 921	47 937	62 148	140 846	140 846	140 846	124 122	46 429	48 250
Financial position										
Total current assets	76 708	95 113	92 496	83 733	67 816	67 816	103 354	80 234	108 430	123 779
Total non current assets	407 260	415 323	437 893	453 285	531 984	531 984	530 223	632 889	655 633	678 258
Total current liabilities	159 692	226 253	229 458	253 489	217 413	217 413	232 582	153 611	126 440	106 735
Total non current liabilities	39 132	39 813	45 608	39 813	39 813	39 813	29 540	39 590	39 590	39 590
Community wealth/Equity	285 144	244 371	255 323	243 716	342 574	342 574	371 455	519 921	598 032	655 711
Cash flows										
Net cash from (used) operating	22 340	38 375	70 541	76 629	155 969	155 969	155 969	123 433	54 909	52 880
Net cash from (used) investing	(26 160)	(32 713)	(75 497)	(71 240)	(140 846)	(140 846)	(140 846)	(124 122)	(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	30 825	30 825	30 825	30 136	38 616	43 246
Cash backing/surplus reconciliation										
Cash and investments available	10 232	15 702	22 980	21 092	30 825	30 825	50 941	30 136	38 616	43 246
Application of cash and investments	102 162	164 162	181 790	212 206	180 035	180 035	160 438	79 790	35 160	8 896
Balance - surplus (shortfall)	(91 930)	(148 460)	(158 810)	(191 114)	(149 210)	(149 210)	(109 496)	(49 654)	3 456	34 350
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)	(1 592)	(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, revenue enhancement strategy; financial recovery plan and debt incentive scheme with an objective to improve financial viability. In order, to meet the objective of the strategy a revenue enhancement committee monitors and evaluates the implementation of the strategies.

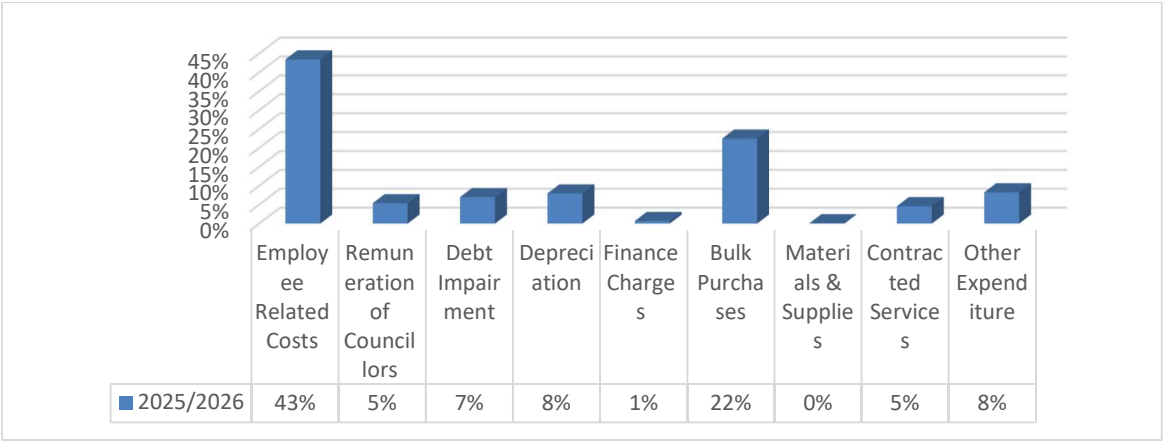
Below is the table reflecting the summary of revenue by source.

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		
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
Revenue											
Exchange Revenue											
Service charges - Electricity	2	38 857	35 913	46 291	49 465	62 168	62 168	62 168	70 899	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	14 062	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	27 445	27 485	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	145 985	145 985	145 985	145 297	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		-	-	-	-	-	-	-	-	-	-
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**	**279 201**	**279 201**	**279 201**	**320 077**	**323 772**	**311 134**

- Service charges have been increased slightly from R75.6m to R84.9m 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 line item have not been included in the adjustments budget. The affect of this would result in a decrease in Trade and other payables.
- Operational transfers and subsidies have decreased from R145.9m to R145.2m 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**	**188 661**	**188 661**	**216 565**	**218 526**	**200 594**
Executive and council		115 337	125 714	146 344	150 128	142 947	142 947	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**	**7 956**	**6 442**	**6 603**
Community and social services		2 276	2 578	6 121	2 032	2 032	2 032	2 042	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**	**135 904**	**135 904**	**67 477**	**43 933**	**45 673**
Planning and development		29 577	31 759	46 778	56 611	131 445	131 445	59 562	37 542	39 122
Road transport		4 156	5 239	5 232	6 323	4 320	4 320	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**	**81 970**	**81 970**	**149 401**	**101 300**	**106 514**
Energy sources		38 857	35 913	46 291	54 325	67 028	67 028	135 339	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**	**414 293**	**414 293**	**441 399**	**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		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		**120 867**	**130 340**	**136 582**	**143 651**	**143 801**	**143 801**	**143 505**	**140 816**	**147 158**
Local Government Equitable Share	_	115 504	124 987	131 533	138 370	138 370	138 370	137 520	136 575	142 739
Finance Management	_	2 100	2 200	2 200	2 200	2 200	2 200	2 200	2 400	2 500
EPWP Incentive	_	1 263	1 568	1 310	1 211	1 211	1 211	1 799	–	–
PMU 5%	_	1 404	1 585	1 539	1 870	1 870	1 870	1 986	1 841	1 919
Energy Efficiency & Demand-Side Management Grant	_	596	–	–	–	150	150	–	–	–
Other transfers/grants [insert description]										
Provincial Government:		**1 468**	**1 584**	**1 561**	**1 854**	**2 184**	**2 184**	**1 792**	**–**	**–**
Sport and Recreation		1 200	1 200	1 200	1 792	1 792	1 792	1 792	–	–
Human Settlements		136	136	111	62	62	62	–	–	–
Seta		132	248	250		330	330	–	–	–
Other transfers/grants [insert description]										
District Municipality:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]										
Other grant providers:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Unspecified_Specify (Replace with the name of the	_	–	–	–	–	–	–	–	–	–
Total Operating Transfers and Grants	5	**122 335**	**131 924**	**138 142**	**145 505**	**145 985**	**145 985**	**145 297**	**140 816**	**147 158**
Capital Transfers and Grants										
National Government:		**26 676**	**34 816**	**54 744**	**59 538**	**73 620**	**73 620**	**121 322**	**46 429**	**48 250**
Municipal Infrastructure Grant (MIG)	_	26 676	30 116	29 232	35 533	35 533	35 533	37 737	34 976	36 460
INEP Grant	_		–	–	1 860	1 860	1 860	17 440	7 453	7 790
Disaster Grant			4 700	25 512	19 145	33 377	33 377	19 145	–	–
Energy Efficiency & Demand-Side Management Grant			–	–	3 000	2 850	2 850	–	4 000	4 000
Smart Meter Grant - In kind			–	–	–	–	–	47 000	–	–
Provincial Government:		**3 300**	**–**	**–**	**–**	**1 472**	**1 472**	**–**	**–**	**–**
Office of the Premier			–	–		60 000	60 000	–	–	–
Waste Grant		3 300	–	–		1 472	1 472	–	–	–
District Municipality:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
[insert description]										
Other grant providers:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Unspecified_Specify (R										
Total Capital Transfers and Grants	5	**29 976**	**34 816**	**54 744**	**59 538**	**75 092**	**75 092**	**121 322**	**46 429**	**48 250**
TOTAL RECEIPTS OF TRANSFERS & GRANTS		**152 311**	**166 740**	**192 886**	**205 043**	**221 077**	**221 077**	**266 619**	**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.

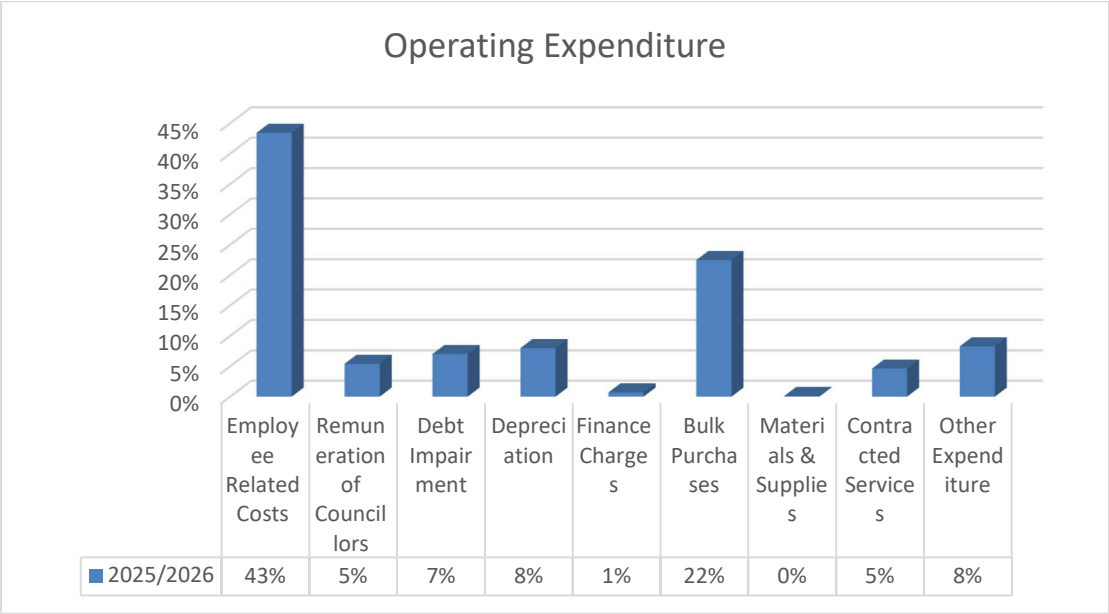
EC124 Amahlathi - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
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
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	13 401	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	24 040	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**	**298 302**	**298 302**	**298 302**	**290 605**	**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	700	–	–
Vote 3 - Internal Audit		(221)	–	–	–	–	–	–	–	–	–
Vote 4 - Community and Social Services		10 969	693	2 154	–	–	–	–	–	–	–
Vote 5 - Sport & Recreation		–	–	–	–	–	–	–	–	–	–
Vote 6 - Public Safety		–	–	–	–	–	–	–	–	–	–
Vote 7 - Housing		–	–	–	–	–	–	–	–	–	–
Vote 8 - Planning & Development		(15 551)	16 683	15 609	54 678	49 765	49 765	49 765	56 882	34 976	36 460
Vote 9 - Road Transport		24 707	14 043	23 575	–	79 145	79 145	79 145	–	–	–
Vote 10 - Energy Sources		1 651	217	173	5 560	6 110	6 110	6 110	65 440	11 453	11 790
Vote 11 - Waste Management		4 028	(905)	7 889	560	4 048	4 048	4 048	1 100	–	–
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**	**140 846**	**140 846**	**140 846**	**124 122**	**46 429**	**48 250**
Total Capital Expenditure - Vote		**21 971**	**33 921**	**47 937**	**62 148**	**140 846**	**140 846**	**140 846**	**124 122**	**46 429**	**48 250**
Capital Expenditure - Functional											
Governance and administration		**(3 832)**	**3 191**	**(1 462)**	**1 350**	**1 778**	**1 778**	**(573)**	**700**	**–**	**–**
Executive and council		(49)	528	91	400	650	650	(528)	–	–	–
Finance and administration		(3 562)	2 663	(1 554)	950	1 128	1 128	(45)	700	–	–
Internal audit		(221)	–	–	–	–	–	–	–	–	–
Community and public safety		**10 969**	**693**	**2 154**	**–**	**–**	**–**	**1 369**	**–**	**–**	**–**
Community and social services		10 969	693	2 154	–	–	–	1 369	–	–	–
Sport and recreation		–	–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–
Economic and environmental services		**9 156**	**30 725**	**39 183**	**54 678**	**128 910**	**128 910**	**4 573**	**56 882**	**34 976**	**36 460**
Planning and development		(15 551)	16 683	15 609	54 678	49 765	49 765	(21 442)	56 882	34 976	36 460
Road transport		24 707	14 043	23 575	–	79 145	79 145	26 015	–	–	–
Environmental protection		–	–	–	–	–	–	–	–	–	–
Trading services		**5 678**	**(688)**	**8 062**	**6 120**	**10 158**	**10 158**	**9 358**	**66 540**	**11 453**	**11 790**
Energy sources		1 651	217	173	5 560	6 110	6 110	1 624	65 440	11 453	11 790
Water management		–	–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–	–
Waste management		4 028	(905)	7 889	560	4 048	4 048	7 734	1 100	–	–
Other		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Capital Expenditure - Functional	3	**21 971**	**33 921**	**47 937**	**62 148**	**140 846**	**140 846**	**14 727**	**124 122**	**46 429**	**48 250**
Funded by:											
National Government		20 376	31 268	39 152	59 538	73 620	73 620	5 888	121 322	46 429	48 250
Provincial Government		–	–	–	–	62 072	62 072	2 073	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)		–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	4	**20 376**	**31 268**	**39 152**	**59 538**	**135 692**	**135 692**	**7 961**	**121 322**	**46 429**	**48 250**
Borrowing	6	358	–	–	–	–	–	–	–	–	–
Internally generated funds		1 236	2 653	8 785	2 610	5 155	5 155	6 766	2 800	–	–
Total Capital Funding	7	**21 971**	**33 921**	**47 937**	**62 148**	**140 846**	**140 846**	**14 727**	**124 122**	**46 429**	**48 250**

10.1 DRAFT 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	-	4 701 288	-	-
Mbaxa Community Hall	MIG Funding	2 300 000	-	-	-
Mlungisi Sportfield	MIG Funding	5 400 000	5 600 000	-	-
Nqenqe Internal Roads	MIG Funding	-	3 718 069	-	-
Paving of Xholorha Internal Roads	MIG Funding	13 232 850	-	-	-
Phumlani Community Hall	MIG Funding	2 000 000	5 151 162	-	-
Municipal Offices	MIG Funding	8 000 000	8 000 000	-	-
Waste Collection Compactor Truck	MIG Funding	-	3 500 000	-	-
Stutterhiem Streets Paving	MIG Funding	-	400 000	-	-
Keiskammahoek Town Paving	MIG Funding	-	400 000	-	-
Amabele Paving	MIG Funding	-	387 332	-	-
Keilands Roads	MIG Funding	-	700 000	-	-
Khayelitsha Community Hall	MIG Funding	-	-	-	-
Cathcart Town Hall Upgrade	MIG Funding	-	400 000	-	-
Infrastructure plans	MIG Funding	-	1 452 850	-	-
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	650 000	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		**5 754 500**	**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	35 000 000			
STR KKH Electricity	STR	5 000 000			
STR Stutterheim Electricity	STR	10 000 000			
STR Stutterheim Roads	STR	10 000 000			
Total Small Town Revitalisation Projects		**60 000 000**	-	-	-
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**	-	-
Smart Meter Grant – Allocation in kind No approved list available	Smart Meter Grant	**-**	47 000 000	**-**	**-**
Total Smart Meter Grant Projects		**-**	**47 000 000**	**-**	**-**
		140 846 351	**124 121 850**	**46 429 150**	**48 250 050**

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

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
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
Cemeteries/Crematoria		–	–	–	150	100	100	100	105	107
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
Computer Equipment		–	–	–	–	–	–	–	–	–
Computer Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment		–	(0)	–	50	50	50	57	59	62
Machinery and Equipment		–	(0)	–	50	50	50	57	59	62
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**	**3 032**	**1 815**	**1 751**

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 draft 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:18 March 2024

ANNEXURES

EC124 Amahlathi - Table A1 Budget Summary

Description	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Financial Performance										
Property rates	22 178	23 331	24 169	26 746	26 746	26 746	14 633	28 350	30 051	31 855
Service charges	49 713	47 020	57 850	62 935	75 638	75 638	52 113	84 961	89 847	94 724
Investment revenue	366	1 613	3 456	3 892	3 892	3 892	1 471	4 063	4 246	4 352
Transfer and subsidies - Operational	121 776	130 339	138 142	145 505	145 985	145 985	142 026	145 297	140 816	147 158
Other own revenue	17 197	23 335	41 824	27 095	26 940	26 940	16 955	57 405	58 812	33 045
Total Revenue (excluding capital transfers and contributions)	211 230	225 638	265 440	266 172	279 201	279 201	227 198	320 077	323 772	311 134
Employee costs	123 339	135 383	136 206	141 493	131 521	131 521	85 608	126 195	131 038	134 314
Remuneration of councillors	11 533	13 662	13 595	15 031	15 031	15 031	9 391	15 692	16 398	16 808
Depreciation and amortisation	26 049	26 030	25 940	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	117	2 000	1 800	1 600
Inventory consumed and bulk purchases	43 063	43 364	51 988	58 195	58 246	58 246	3 062	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	21 699	57 828	49 979	49 896
Total Expenditure	233 275	296 863	306 107	308 355	298 303	298 303	119 876	290 605	292 090	301 705
Surplus/(Deficit)	(22 045)	(71 225)	(40 666)	(42 182)	(19 102)	(19 102)	107 322	29 472	31 682	9 428
Transfers and subsidies - capital (monetary allocations)	28 300	32 255	46 187	59 538	135 092	135 092	41 005	121 322	46 429	48 250
Transfers and subsidies - capital (in-kind)	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	6 255	(38 970)	5 520	17 356	115 990	115 990	148 327	150 794	78 111	57 678
Share of Surplus/Deficit attributable to Associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	6 255	(38 970)	5 520	17 356	115 990	115 990	148 327	150 794	78 111	57 678
Capital expenditure & funds sources										
Capital expenditure	21 971	33 921	47 937	62 148	140 846	140 846	140 846	124 122	46 429	48 250
Transfers recognised - capital	20 376	31 268	39 152	59 538	135 692	135 692	135 692	121 322	46 429	48 250
Borrowing	358	–	–	–	–	–	–	–	–	–
Internally generated funds	1 236	2 653	8 785	2 610	5 155	5 155	5 155	2 800	–	–
Total sources of capital funds	21 971	33 921	47 937	62 148	140 846	140 846	140 846	124 122	46 429	48 250
Financial position										
Total current assets	76 708	95 113	92 496	83 733	67 816	67 816	103 354	80 234	108 430	123 779
Total non current assets	407 260	415 323	437 893	453 285	531 984	531 984	530 223	632 889	655 633	678 258
Total current liabilities	159 692	226 253	229 458	253 489	217 413	217 413	232 582	153 611	126 440	106 735
Total non current liabilities	39 132	39 813	45 608	39 813	39 813	39 813	29 540	39 590	39 590	39 590
Community wealth/Equity	285 144	244 371	255 323	243 716	342 574	342 574	371 455	519 921	598 032	655 711
Cash flows										
Net cash from (used) operating	22 340	38 375	70 541	76 629	155 969	155 969	155 969	123 433	54 909	52 880
Net cash from (used) investing	(26 160)	(32 713)	(75 497)	(71 240)	(140 846)	(140 846)	(140 846)	(124 122)	(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	30 825	30 825	30 825	30 136	38 616	43 246
Cash backing/surplus reconciliation										
Cash and investments available	10 232	15 702	22 980	21 092	30 825	30 825	50 941	30 136	38 616	43 246
Application of cash and investments	102 162	164 162	181 790	212 206	180 035	180 035	160 438	79 790	35 160	8 896
Balance - surplus (shortfall)	(91 930)	(148 460)	(158 810)	(191 114)	(149 210)	(149 210)	(109 496)	(49 654)	3 456	34 350
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)	(1 592)	(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	–

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**	**188 661**	**188 661**	**216 565**	**218 526**	**200 594**
Executive and council		115 337	125 714	146 344	150 128	142 947	142 947	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**	**7 956**	**6 442**	**6 603**
Community and social services		2 276	2 578	6 121	2 032	2 032	2 032	2 042	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**	**135 904**	**135 904**	**67 477**	**43 933**	**45 673**
Planning and development		29 577	31 759	46 778	56 611	131 445	131 445	59 562	37 542	39 122
Road transport		4 156	5 239	5 232	6 323	4 320	4 320	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**	**81 970**	**81 970**	**149 401**	**101 300**	**106 514**
Energy sources		38 857	35 913	46 291	54 325	67 028	67 028	135 339	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**	**414 293**	**414 293**	**441 399**	**370 201**	**359 384**
Expenditure - Functional										
Governance and administration		**85 665**	**149 316**	**140 665**	**132 114**	**123 985**	**123 985**	**116 338**	**112 841**	**114 699**
Executive and council		24 708	85 984	82 009	64 978	61 095	61 095	44 354	43 611	44 293
Finance and administration		58 415	61 092	56 531	65 523	60 163	60 163	69 349	66 575	67 751
Internal audit		2 542	2 239	2 125	1 612	2 727	2 727	2 634	2 654	2 654
Community and public safety		**18 754**	**14 492**	**15 089**	**14 662**	**13 043**	**13 043**	**12 572**	**12 786**	**12 916**
Community and social services		13 829	8 862	8 405	8 369	7 939	7 939	7 767	7 832	7 867
Sport and recreation		1 994	2 199	2 254	2 249	2 113	2 113	2 103	2 195	2 250
Public safety		2 927	3 310	4 230	4 043	2 915	2 915	2 626	2 700	2 739
Housing		3	122	199	–	76	76	75	60	62
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		**67 791**	**70 312**	**76 894**	**73 082**	**69 215**	**69 215**	**66 339**	**67 894**	**71 042**
Planning and development		8 515	9 067	8 860	9 777	8 914	8 914	9 041	9 218	9 448
Road transport		59 258	61 110	67 458	63 055	59 761	59 761	56 758	58 137	61 054
Environmental protection		19	135	576	250	540	540	540	540	540
Trading services		**61 064**	**62 744**	**73 459**	**88 498**	**92 060**	**92 060**	**95 356**	**98 569**	**103 049**
Energy sources		47 618	49 496	59 774	65 788	68 756	68 756	76 066	78 781	82 956
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		13 445	13 247	13 685	22 709	23 304	23 304	19 290	19 789	20 093
Other	4	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Expenditure - Functional	3	**233 275**	**296 863**	**306 107**	**308 355**	**298 303**	**298 303**	**290 605**	**292 090**	**301 705**
Surplus/(Deficit) for the year		**6 255**	**(38 970)**	**5 520**	**17 356**	**115 990**	**115 990**	**150 794**	**78 111**	**57 678**

References

1. Government Finance Statistics Functions and Sub-functions are standardised to assist the compilation of national and international accounts for comparison purposes

2. Total Revenue by functional classification must reconcile to Total Operating Revenue shown in Budgeted Financial Performance (revenue and expenditure)

3. Total Expenditure by Functional Classification must reconcile to Total Operating Expenditure shown in Budgeted Financial Performance (revenue and expenditure)

4. All amounts must be classified under a functional classification . The GFS function 'Other' is only for Abbatoirs, Air Transport, Forestry, Licensing and Regulation, Markets and Tourism - and if used must be supported by footnotes. Nothing else may be placed under 'Other'. Assign associate share to relevant classification.

EC124 Amahlathi - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Revenue by Vote	1									
Vote 1 - Executive & Council		115 337	125 714	146 344	150 128	142 947	142 947	142 272	141 515	147 738
Vote 2 - Finance and Admin		33 240	39 789	42 642	30 279	45 715	45 715	74 293	77 011	52 856
Vote 3 - Internal Audit		–	–	–	–	–	–	–	–	–
Vote 4 - Community and Social Services		2 276	2 578	6 121	2 032	2 032	2 032	2 042	262	268
Vote 5 - Sport & Recreation		–	–	–	–	–	–	–	–	–
Vote 6 - Public Safety		4 764	4 728	4 959	5 301	5 301	5 301	5 534	5 784	5 928
Vote 7 - Housing		21	198	505	118	425	425	379	397	406
Vote 8 - Planning & Development		29 577	31 759	46 778	56 611	131 445	131 445	59 562	37 542	39 122
Vote 9 - Road Transport		4 156	5 239	5 232	6 323	4 320	4 320	7 770	6 240	6 396
Vote 10 - Energy Sources		38 857	35 913	46 291	54 325	67 028	67 028	135 339	86 605	91 452
Vote 11 - Waste Management		11 209	11 661	12 613	20 247	14 941	14 941	14 062	14 695	15 062
Vote 12 - [NAME OF VOTE 12]		91	313	144	346	138	138	144	151	155
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	**239 530**	**257 893**	**311 627**	**325 710**	**414 293**	**414 293**	**441 399**	**370 201**	**359 384**
Expenditure by Vote *to be appropriated*	1									
Vote 1 - Executive & Council		24 708	85 984	82 009	64 978	61 095	61 095	44 354	43 611	44 293
Vote 2 - Finance and Admin		56 099	58 703	55 370	65 746	60 163	60 163	69 349	66 575	67 751
Vote 3 - Internal Audit		2 542	2 239	2 125	1 612	2 727	2 727	2 634	2 654	2 654
Vote 4 - Community and Social Services		13 829	8 862	8 405	8 369	7 939	7 939	7 767	7 832	7 867
Vote 5 - Sport & Recreation		1 994	2 199	2 254	2 249	2 113	2 113	2 103	2 195	2 250
Vote 6 - Public Safety		2 927	3 310	4 230	4 043	2 915	2 915	2 626	2 700	2 739
Vote 7 - Housing		3	122	199	–	76	76	75	60	62
Vote 8 - Planning & Development		8 515	9 067	8 860	9 777	8 914	8 914	9 041	9 218	9 448
Vote 9 - Road Transport		59 258	61 110	67 458	63 055	59 761	59 761	56 758	58 137	61 054
Vote 10 - Energy Sources		47 618	49 496	59 774	65 788	68 756	68 756	76 066	78 781	82 956
Vote 11 - Waste Management		13 445	13 247	13 685	22 709	23 304	23 304	19 290	19 789	20 093
Vote 12 - [NAME OF VOTE 12]		19	135	576	250	540	540	540	540	540
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	**230 959**	**294 473**	**304 945**	**308 577**	**298 303**	**298 303**	**290 605**	**292 090**	**301 705**
Surplus/(Deficit) for the year	2	**8 571**	**(36 580)**	**6 682**	**17 133**	**115 990**	**115 990**	**150 794**	**78 111**	**57 678**

References

1. Insert 'Vote'; e.g. department, if different to functional classification structure

2. Must reconcile to Budgeted Financial Performance (revenue and expenditure)

3. Assign share in 'associate' to relevant Vote

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		
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
Revenue											
Exchange Revenue											
Service charges - Electricity	2	38 857	35 913	46 291	49 465	62 168	62 168	44 279	70 899	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	7 833	14 062	14 695	15 062
Sale of Goods and Rendering of Services		5 052	5 355	5 898	6 185	7 053	7 053	4 487	7 363	7 694	7 886
Agency services		986	1 266	1 321	1 918	1 151	1 151	42	2 005	2 095	2 147
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		4 086	5 438	7 704	7 779	8 205	8 205	6 112	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	1 471	4 063	4 246	4 352
Dividends		-	-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		151	221	246	366	200	200	283	209	218	224
Licence and permits		1 854	2 349	2 543	3 066	1 841	1 841	9	3 845	4 018	4 118
Special rating levies		-	-	-	-	-	-	-	-	-	-
Operational Revenue		16	1 578	11 903	133	853	853	730	27 445	27 485	954
Non-Exchange Revenue											
Property rates	2	22 178	23 331	24 169	26 746	26 746	26 746	14 633	28 350	30 051	31 855
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		12	20	12	29	17	17	4	18	19	19
Licences or permits		-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational		121 776	130 339	138 142	145 505	145 985	145 985	142 026	145 297	140 816	147 158
Interest		4 096	5 900	7 474	7 620	7 620	7 620	5 289	7 955	8 331	8 521
Fuel Levy		-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	-	-	-	-	-	-	-	-	-
Other Gains		946	1 208	4 723	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contril		**211 230**	**225 638**	**265 440**	**266 172**	**279 201**	**279 201**	**227 198**	**320 077**	**323 772**	**311 134**
Expenditure											
Employee related costs	2	123 339	135 383	136 206	141 493	131 521	131 521	85 608	126 195	131 038	134 314
Remuneration of councillors		11 533	13 662	13 595	15 031	15 031	15 031	9 391	15 692	16 398	16 808
Bulk purchases - electricity	2	42 658	43 194	51 809	57 965	57 965	57 965	2 831	65 349	68 852	73 114
Inventory consumed	8	405	170	178	231	281	281	231	324	338	347
Debt impairment	3	-	-	-	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	-	23 217	23 685	25 626
Interest		2 536	10 047	15 524	3 000	2 500	2 500	117	2 000	1 800	1 600
Contracted services		12 743	13 549	14 341	17 491	17 472	17 472	11 685	13 401	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	10 014	24 040	18 413	18 935
Losses on disposal of Assets		(40)	-	454	-	-	-	-	-	-	-
Other Losses		-	196	-	-	1	1	-	1	-	-
Total Expenditure		**233 275**	**296 863**	**306 107**	**308 355**	**298 303**	**298 303**	**119 876**	**290 605**	**292 090**	**301 705**
Surplus/(Deficit)		**(22 045)**	**(71 225)**	**(40 666)**	**(42 182)**	**(19 102)**	**(19 102)**	**107 322**	**29 472**	**31 682**	**9 428**
Transfers and subsidies - capital (monetary	6	28 300	32 255	46 187	59 538	135 092	135 092	41 005	121 322	46 429	48 250
Transfers and subsidies - capital (in-kind)	6	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		**6 255**	**(38 970)**	**5 520**	**17 356**	**115 990**	**115 990**	**148 327**	**150 794**	**78 111**	**57 678**
Income Tax		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after income tax		**6 255**	**(38 970)**	**5 520**	**17 356**	**115 990**	**115 990**	**148 327**	**150 794**	**78 111**	**57 678**
Share of Surplus/Deficit attributable to Joint Venture		–	–	–	–	–	–	–	–	–	–
Share of Surplus/Deficit attributable to Minorities		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		**6 255**	**(38 970)**	**5 520**	**17 356**	**115 990**	**115 990**	**148 327**	**150 794**	**78 111**	**57 678**
Share of Surplus/Deficit attributable to Associate	7	–	–	–	–	–	–	–	–	–	–
Intercompany/Parent subsidiary transactions		–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	1	**6 255**	**(38 970)**	**5 520**	**17 356**	**115 990**	**115 990**	**148 327**	**150 794**	**78 111**	**57 678**

References

1. Classifications are revenue sources and expenditure type
2. Detail to be provided in Table SA1
3. Debt impairment includes Impairment and Reversal of Impairment Losses
4. Expenditure type components previously shown under repairs and maintenance should be allocated back to the originating expenditure group/item; e.g. employee costs
5. Repairs & maintenance detailed in Table A9 and Table SA34c
6. Contributions are funds provided by external organisations to assist with infrastructure development; e.g. developer contributions (detail to be provided in Table SA1)
7. Equity method (Includes Joint Ventures)
8. All materials consumed including water consumed and materials used in operations.

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	700	–	–
Vote 3 - Internal Audit		(221)	–	–	–	–	–	–	–	–	–
Vote 4 - Community and Social Services		10 969	693	2 154	–	–	–	–	–	–	–
Vote 5 - Sport & Recreation		–	–	–	–	–	–	–	–	–	–
Vote 6 - Public Safety		–	–	–	–	–	–	–	–	–	–
Vote 7 - Housing		–	–	–	–	–	–	–	–	–	–
Vote 8 - Planning & Development		(15 551)	16 683	15 609	54 678	49 765	49 765	49 765	56 882	34 976	36 460
Vote 9 - Road Transport		24 707	14 043	23 575	–	79 145	79 145	79 145	–	–	–
Vote 10 - Energy Sources		1 651	217	173	5 560	6 110	6 110	6 110	65 440	11 453	11 790
Vote 11 - Waste Management		4 028	(905)	7 889	560	4 048	4 048	4 048	1 100	–	–
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**	**140 846**	**140 846**	**140 846**	**124 122**	**46 429**	**48 250**
Total Capital Expenditure - Vote		**21 971**	**33 921**	**47 937**	**62 148**	**140 846**	**140 846**	**140 846**	**124 122**	**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**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Community and social services		10 969	693	2 154	–	–	–	–	–	–	–
Sport and recreation		–	–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–
Economic and environmental services		**9 156**	**30 725**	**39 183**	**54 678**	**128 910**	**128 910**	**128 910**	**56 882**	**34 976**	**36 460**
Planning and development		(15 551)	16 683	15 609	54 678	49 765	49 765	49 765	56 882	34 976	36 460
Road transport		24 707	14 043	23 575	–	79 145	79 145	79 145	–	–	–
Environmental protection		–	–	–	–	–	–	–	–	–	–
Trading services		**5 678**	**(688)**	**8 062**	**6 120**	**10 158**	**10 158**	**10 158**	**66 540**	**11 453**	**11 790**
Energy sources		1 651	217	173	5 560	6 110	6 110	6 110	65 440	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**	**140 846**	**140 846**	**140 846**	**124 122**	**46 429**	**48 250**
Funded by:											
National Government		20 376	31 268	39 152	59 538	73 620	73 620	73 620	121 322	46 429	48 250
Provincial Government		–	–	–	–	62 072	62 072	62 072	–	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)		–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	4	**20 376**	**31 268**	**39 152**	**59 538**	**135 692**	**135 692**	**135 692**	**121 322**	**46 429**	**48 250**
Borrowing	6	358	–	–	–	–	–	–	–	–	–
Internally generated funds		1 236	2 653	8 785	2 610	5 155	5 155	5 155	2 800	–	–
Total Capital Funding	7	**21 971**	**33 921**	**47 937**	**62 148**	**140 846**	**140 846**	**140 846**	**124 122**	**46 429**	**48 250**

References

1. Municipalities may choose to appropriate for capital expenditure for three years or for one year (if one year appropriation projected expenditure required for yr2 and yr3).

2. Include capital component of PPP unitary payment. Note that capital transfers are only appropriated to municipalities for the budget year

3. Capital expenditure by functional classification must reconcile to the appropriations by vote

4. Must reconcile to supporting table SA20 and to Budgeted Financial Performance (revenue and expenditure)

6. Include finance leases and PPP capital funding component of unitary payment - total borrowing/repayments to reconcile to changes in Table SA17

7. Total Capital Funding must balance with Total Capital Expenditure

8. Include any capitalised interest (MFMA section 46) as part of relevant capital budget

EC124 Amahlathi - Table A6 Budgeted Financial Position

Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
ASSETS											
Current assets											
Cash and cash equivalents		10 232	15 702	22 980	21 092	30 825	30 825	50 941	30 136	38 616	43 246
Trade and other receivables from exchange transactions	1	6 486	14 892	27 196	20 492	13 980	13 980	–	23 059	32 968	43 596
Receivables from non-exchange transactions	1	31 103	25 797	30 078	17 192	7 572	7 572	–	11 626	16 118	20 914
Current portion of non-current receivables		–	–	–	–	–	–	–	–	–	–
Inventory	2	211	6	3	74	25	25	(766)	–	–	–
VAT		28 675	38 716	11 614	24 882	15 414	15 414	51 870	15 414	20 728	16 022
Other current assets		–	–	625	–	–	–	1 309	–	–	–
Total current assets		**76 708**	**95 113**	**92 496**	**83 733**	**67 816**	**67 816**	**103 354**	**80 234**	**108 430**	**123 779**
Non current assets											
Investments		–	–	-	–	–	–	–	–	–	–
Investment property		11 688	11 687	11 679	11 687	11 687	11 687	11 679	11 686	11 686	11 685
Property, plant and equipment	3	389 849	396 743	421 113	434 745	513 443	513 443	513 443	614 349	637 094	659 719
Biological assets		5 006	6 214	4 470	6 214	6 214	6 214	4 470	6 214	6 214	6 214
Living and non-living resources		–	–	–	–	–	–	–	–	–	–
Heritage assets		610	610	610	610	610	610	610	610	610	610
Intangible assets		107	68	20	30	30	30	20	30	30	30
Trade and other receivables from exchange transactions		–	–	–	–	–	–	–	–	–	–
Non-current receivables from non-exchange transactions		–	–	–	–	–	–	–	–	–	–
Other non-current assets		–	–	–	–	–	–	–	–	–	–
Total non current assets		**407 260**	**415 323**	**437 893**	**453 285**	**531 984**	**531 984**	**530 223**	**632 889**	**655 633**	**678 258**
TOTAL ASSETS		**483 968**	**510 437**	**530 389**	**537 018**	**599 800**	**599 800**	**633 577**	**713 123**	**764 063**	**802 036**
LIABILITIES											
Current liabilities											
Bank overdraft		–	–	–	–	–	–	–	–	–	–
Financial liabilities		191	228	222	228	228	228	–	–	–	–
Consumer deposits		1 840	1 844	1 737	1 844	1 844	1 844	1 774	1 844	1 844	1 844
Trade and other payables from exchange transactions	4	108 588	162 577	183 735	207 406	171 330	171 330	130 620	107 331	74 846	59 846
Trade and other payables from non-exchange transactions	5	3 887	8 319	15 783	15 500	15 500	15 500	28 044	–	–	–
Provision		16 103	16 380	17 036	18 394	18 394	18 394	17 036	32 295	35 181	27 562
VAT		29 082	36 906	10 945	10 118	10 118	10 118	55 109	12 141	14 570	17 484
Other current liabilities		–	–	–	–	–	–	–	–	–	–
Total current liabilities		**159 692**	**226 253**	**229 458**	**253 489**	**217 413**	**217 413**	**232 582**	**153 611**	**126 440**	**106 735**
Non current liabilities											
Financial liabilities	6	450	222	–	222	222	222	–	–	–	–
Provision	7	7 436	7 862	16 068	7 862	7 862	7 862	–	7 862	7 862	7 862
Long term portion of trade payables		–	–	–	–	–	–	–	–	–	–
Other non-current liabilities		31 246	31 728	29 540	31 728	31 728	31 728	29 540	31 728	31 728	31 728
Total non current liabilities		**39 132**	**39 813**	**45 608**	**39 813**	**39 813**	**39 813**	**29 540**	**39 590**	**39 590**	**39 590**
TOTAL LIABILITIES		**198 824**	**266 066**	**275 066**	**293 302**	**257 226**	**257 226**	**262 122**	**193 202**	**166 030**	**146 325**
NET ASSETS		**285 144**	**244 371**	**255 323**	**243 716**	**342 574**	**342 574**	**371 455**	**519 921**	**598 032**	**655 711**
COMMUNITY WEALTH/EQUITY											
Accumulated surplus/(deficit)	8	285 144	244 371	255 323	243 716	342 574	342 574	371 455	519 921	598 032	655 711
Reserves and funds	9	–	–	–	–	–	–	–	–	–	–
Other											
TOTAL COMMUNITY WEALTH/EQUITY	10	**285 144**	**244 371**	**255 323**	**243 716**	**342 574**	**342 574**	**371 455**	**519 921**	**598 032**	**655 711**

References

1. Detail breakdown in Table SA3 for Trade receivables from Exchange and Non-exchange transactions

2. Include completed low cost housing to be transferred to beneficiaries within 12 months detail provided in Table SA3

3. Include 'Construction-work-in-progress' (disclosed separately in annual financial statements) detail in SA3

EC124 Amahlathi - Table A7 Budgeted Cash Flows

Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		12 057	10 733	21 943	22 670	29 971	29 971	29 971	24 098	25 544	27 076
Service charges		53 954	34 854	52 910	57 411	75 638	75 638	75 638	72 216	76 370	80 515
Other revenue		3 296	2 997	12 315	12 987	11 172	11 172	11 172	40 884	41 529	15 349
Transfers and Subsidies - Operational	1	121 776	130 339	138 309	146 250	145 985	145 985	145 985	145 297	140 816	147 158
Transfers and Subsidies - Capital	1	28 300	36 401	61 970	59 538	135 092	135 092	135 092	121 322	46 429	48 250
Interest		8 548	12 952	3 710	13 947	19 660	19 660	19 660	4 063	4 246	4 352
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		(203 054)	(179 852)	(213 369)	(233 173)	(259 049)	(259 049)	(259 049)	(282 448)	(278 225)	(268 221)
Interest		(2 536)	(10 047)	(7 247)	(3 000)	(2 500)	(2 500)	(2 500)	(2 000)	(1 800)	(1 600)
Transfers and Subsidies	1	–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		**22 340**	**38 375**	**70 541**	**76 629**	**155 969**	**155 969**	**155 969**	**123 433**	**54 909**	**52 880**
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current receivables		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–	–	–	–
Payments											
Capital assets		(26 160)	(32 713)	(75 497)	(71 240)	(140 846)	(140 846)	(140 846)	(124 122)	(46 429)	(48 250)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(26 160)**	**(32 713)**	**(75 497)**	**(71 240)**	**(140 846)**	**(140 846)**	**(140 846)**	**(124 122)**	**(46 429)**	**(48 250)**
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits									–	–	–
Payments											
Repayment of borrowing		625	(191)	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		**625**	**(191)**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
NET INCREASE/ (DECREASE) IN CASH HELD		**(3 195)**	**5 471**	**(4 956)**	**5 389**	**15 123**	**15 123**	**15 123**	**(689)**	**8 480**	**4 630**
Cash/cash equivalents at the year begin:	2	**13 426**	**10 232**	**15 702**	**15 702**	**15 702**	**15 702**	**15 702**	**30 825**	**30 136**	**38 616**
Cash/cash equivalents at the year end:	2	**10 232**	**15 702**	**10 746**	**21 092**	**30 825**	**30 825**	**30 825**	**30 136**	**38 616**	**43 246**

References

1. Local/District municipalities to include transfers from/to District/Local Municipalities

2. Cash equivalents includes investments with maturities of 3 months or less

3. The MTREF is populated directly from SA30.

EC124 Amahlathi - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Cash and investments available											
Cash/cash equivalents at the year end	1	10 232	15 702	10 746	21 092	30 825	30 825	30 825	30 136	38 616	43 246
Other current investments > 90 days		0	(0)	12 234	–	–	–	20 116	–	–	–
Non current Investments	1	–	–	–	–	–	–	–	–	–	–
Cash and investments available:		**10 232**	**15 702**	**22 980**	**21 092**	**30 825**	**30 825**	**50 941**	**30 136**	**38 616**	**43 246**
Application of cash and investments											
Unspent conditional transfers		3 887	8 319	15 783	15 500	15 500	15 500	28 044	–	–	–
Unspent borrowing											
Statutory requirements	2										
Other working capital requirements	3	98 275	155 844	166 007	196 706	164 535	164 535	132 394	79 790	35 160	8 896
Other provisions											
Long term investments committed	4	–	–	–	–	–	–	–	–	–	–
Reserves to be backed by cash/investments	5										
Total Application of cash and investments:		**102 162**	**164 162**	**181 790**	**212 206**	**180 035**	**180 035**	**160 438**	**79 790**	**35 160**	**8 896**
Surplus(shortfall) - Excluding Non-Current Creditors Trf to		**(91 930)**	**(148 460)**	**(158 810)**	**(191 114)**	**(149 210)**	**(149 210)**	**(109 496)**	**(49 654)**	**3 456**	**34 350**
Creditors transferred to Debt Relief - Non-Current portion		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Surplus(shortfall) - Including Non-Current Creditors Trf to I		**(91 930)**	**(148 460)**	**(158 810)**	**(191 114)**	**(149 210)**	**(149 210)**	**(109 496)**	**(49 654)**	**3 456**	**34 350**

References

1. Must reconcile with Budgeted Cash Flows

2. For example: VAT, taxation

3. Council approval for policy required - include sufficient working capital (e.g. allowing for a % of current debtors > 90 days as uncollectable)

4. For example: sinking fund requirements for borrowing

5. Council approval required for each reserve created and basis of cash backing of reserves - Total Reserves to be backed by cash/investments excl Valuation reserve

EC124 Amahlathi - Table A9 Asset Management

Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
CAPITAL EXPENDITURE										
Total New Assets	1	**93 565**	**110 725**	**128 800**	**48 728**	**127 384**	**127 384**	**77 950**	**34 976**	**36 460**
Roads Infrastructure		44 337	51 806	47 358	32 378	107 417	107 417	9 197	34 976	36 460
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		16 729	16 729	16 729	–	–	–	47 000	–	–
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	1 472	1 472	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		***61 067***	***68 535***	***64 087***	***32 378***	***108 889***	***108 889***	***56 197***	***34 976***	***36 460***
Community Facilities		25 151	33 925	53 930	14 300	13 300	13 300	9 852	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	5 600	–	–
Community Assets		***25 151***	***33 925***	***53 930***	***14 300***	***13 300***	***13 300***	***15 452***	**–**	**–**
Heritage Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		98	98	883	–	–	–	–	–	–
Investment properties		***98***	***98***	***883***	**–**	**–**	**–**	**–**	**–**	**–**
Operational Buildings		(114)	(114)	(114)	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		***(114)***	***(114)***	***(114)***	**–**	**–**	**–**	**–**	**–**	**–**
Biological or Cultivated Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Computer Equipment		**2 273**	**2 650**	**2 980**	**–**	**178**	**178**	**200**	**–**	**–**
Furniture and Office Equipment		**(26)**	**(14)**	**(10)**	**950**	**950**	**950**	**500**	**–**	**–**
Machinery and Equipment		**31**	**31**	**1 399**	**–**	**–**	**–**	**–**	**–**	**–**
Transport Assets		**(1 847)**	**(1 319)**	**(1 290)**	**1 100**	**4 067**	**4 067**	**5 600**	**–**	**–**
Land		**6 934**	**6 934**	**6 934**	**–**	**–**	**–**	**–**	**–**	**–**
Zoo's, Marine and Non-biological Animals		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Mature		–	-	-	-	-	-	-	-	-
Immature		–	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	**521 412**	**536 450**	**566 169**	**1 860**	**2 850**	**2 850**	**36 585**	**7 453**	**7 790**
Roads Infrastructure		380 920	394 962	418 558	–	–	–	19 145	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		44 209	44 209	44 209	1 860	2 850	2 850	17 440	7 453	7 790
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		14 958	14 053	21 920	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		***440 087***	***453 224***	***484 687***	***1 860***	***2 850***	***2 850***	***36 585***	***7 453***	***7 790***
Community Facilities		74 526	75 219	75 219	–	–	–	–	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		***74 526***	***75 219***	***75 219***	**–**	**–**	**–**	**–**	**–**	**–**
Heritage Assets		**610**	**610**	**610**	**–**	**–**	**–**	**–**	**–**	**–**
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		1 183	1 183	1 183	–	–	–	–	–	–
Investment properties		***1 183***	***1 183***	***1 183***	**–**	**–**	**–**	**–**	**–**	**–**
Operational Buildings		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Biological or Cultivated Assets		**5 006**	**6 214**	**4 470**	**–**	**–**	**–**	**–**	**–**	**–**
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Computer Equipment		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Furniture and Office Equipment		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Machinery and Equipment		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Transport Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Land		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Zoo's, Marine and Non-biological Animals		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Mature		–	-	-	-	-	-	-	-	-
Immature		–	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-

Total Upgrading of Existing Assets	6	**1 047**	**1 704**	**1 877**	**11 000**	**10 053**	**10 053**	**9 587**	**4 000**	**4 000**
Roads Infrastructure		–	–	–	–	–	–	1 187	–	–
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		1 047	1 264	1 437	3 000	1 860	1 860	–	4 000	4 000
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		***1 047***	***1 264***	***1 437***	***3 000***	***1 860***	***1 860***	***1 187***	***4 000***	***4 000***
Community Facilities		–	–	–	–	–	–	400	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		**–**	**–**	**–**	**–**	**–**	**–**	***400***	**–**	**–**
Heritage Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		–	–	–	–	–	–	–	–	–
Investment properties		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Operational Buildings		–	440	440	8 000	8 193	8 193	8 000	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		**–**	***440***	***440***	***8 000***	***8 193***	***8 193***	***8 000***	**–**	**–**
Biological or Cultivated Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Computer Equipment		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Furniture and Office Equipment		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Machinery and Equipment		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Transport Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Land		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Zoo's, Marine and Non-biological Animals		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Mature		–	-	-	-	-	-	-	-	-
Immature		–	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	**616 024**	**648 879**	**696 846**	**61 588**	**140 286**	**140 286**	**124 122**	**46 429**	**48 250**
Roads Infrastructure		425 257	446 768	465 915	32 378	107 417	107 417	29 529	34 976	36 460
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		61 986	62 203	62 376	4 860	4 710	4 710	64 440	11 453	11 790
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		14 958	14 053	21 920	–	1 472	1 472	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		***502 200***	***523 023***	***550 211***	***37 238***	***113 599***	***113 599***	***93 969***	***46 429***	***48 250***
Community Facilities		99 676	109 144	129 149	14 300	13 300	13 300	10 252	–	–
Sport and Recreation Facilities		–	–	–	–	–	–	5 600	–	–
Community Assets		***99 676***	***109 144***	***129 149***	***14 300***	***13 300***	***13 300***	***15 852***	**–**	**–**
Heritage Assets		**610**	**610**	**610**	**–**	**–**	**–**	**–**	**–**	**–**
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		1 281	1 281	2 066	–	–	–	–	–	–
Investment properties		***1 281***	***1 281***	***2 066***	**–**	**–**	**–**	**–**	**–**	**–**
Operational Buildings		(114)	326	326	8 000	8 193	8 193	8 000	–	–
Housing		–	–	–	–	–	–	–	–	–
Other Assets		***(114)***	***326***	***326***	***8 000***	***8 193***	***8 193***	***8 000***	**–**	**–**
Biological or Cultivated Assets		**5 006**	**6 214**	**4 470**	**–**	**–**	**–**	**–**	**–**	**–**
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Computer Equipment		**2 273**	**2 650**	**2 980**	**–**	**178**	**178**	**200**	**–**	**–**
Furniture and Office Equipment		**(26)**	**(14)**	**(10)**	**950**	**950**	**950**	**500**	**–**	**–**
Machinery and Equipment		**31**	**31**	**1 399**	**–**	**–**	**–**	**–**	**–**	**–**
Transport Assets		**(1 847)**	**(1 319)**	**(1 290)**	**1 100**	**4 067**	**4 067**	**5 600**	**–**	**–**
Land		**6 934**	**6 934**	**6 934**	**–**	**–**	**–**	**–**	**–**	**–**
Zoo's, Marine and Non-biological Animals		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Mature		–	-	-	-	-	-	-	-	-
Immature		–	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		**616 024**	**648 879**	**696 846**	**61 588**	**140 286**	**140 286**	**124 122**	**46 429**	**48 250**

ASSET REGISTER SUMMARY - PPE (WDV)	5	407 260	415 719	437 893	453 285	531 984	531 984	632 889	655 633	678 258
Roads Infrastructure		255 159	257 587	257 892	322 484	397 523	397 523	410 173	427 649	444 668
Storm water Infrastructure		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		42 768	42 019	41 145	27 802	27 652	27 652	91 342	102 195	113 385
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		11 129	9 629	16 005	8 176	9 648	9 648	8 540	7 433	6 326
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		(1 444)	(1 643)	(1 643)	–	–	–	–	–	–
Infrastructure		***307 612***	***307 591***	***313 399***	***358 461***	***434 823***	***434 823***	***510 056***	***537 277***	***564 379***
Community Assets		64 667	72 000	89 199	50 883	49 683	49 683	62 634	59 931	57 229
Heritage Assets		**610**	**610**	**610**	**610**	**610**	**610**	**610**	**610**	**610**
Investment properties		**11 688**	**11 683**	**11 679**	**11 687**	**11 687**	**11 687**	**11 686**	**11 686**	**11 685**
Other Assets		63	503	1 288	8 000	8 193	8 193	16 154	16 115	16 077
Biological or Cultivated Assets		**5 006**	**6 214**	**4 470**	**6 214**	**6 214**	**6 214**	**6 214**	**6 214**	**6 214**
Intangible Assets		107	46	20	30	30	30	30	30	30
Computer Equipment		**1 833**	**2 366**	**2 472**	**605**	**983**	**983**	**1 183**	**983**	**783**
Furniture and Office Equipment		**701**	**541**	**388**	**1 328**	**1 328**	**1 328**	**1 660**	**1 495**	**1 330**
Machinery and Equipment		**1 439**	**1 101**	**2 149**	**1 391**	**1 391**	**1 391**	**1 094**	**797**	**500**
Transport Assets		**7 663**	**7 194**	**6 346**	**7 142**	**10 109**	**10 109**	**14 635**	**13 561**	**12 487**
Land		**5 871**	**5 871**	**5 871**	**6 934**	**6 934**	**6 934**	**6 934**	**6 934**	**6 934**
Zoo's, Marine and Non-biological Animals		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Living Resources		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	**407 260**	**415 719**	**437 893**	**453 285**	**531 984**	**531 984**	**632 889**	**655 633**	**678 258**
EXPENDITURE OTHER ITEMS		**2 327**	**2 807**	**3 717**	**3 765**	**2 895**	**2 895**	**26 242**	**25 492**	**27 369**
Depreciation	7	–	–	–	–	–	–	23 217	23 685	25 626
Repairs and Maintenance by Asset Class	3	**2 327**	**2 807**	**3 717**	**3 765**	**2 895**	**2 895**	**3 025**	**1 808**	**1 743**
Roads Infrastructure		336	168	705	900	550	550	1 150	575	589
Storm water Infrastructure		2	–	7	50	30	30	30	31	32
Electrical Infrastructure		271	547	742	800	810	810	700	155	158
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Sanitation Infrastructure		–	–	–	–	–	–	–	–	–
Solid Waste Infrastructure		–	–	–	–	–	–	–	–	–
Rail Infrastructure		–	–	–	–	–	–	–	–	–
Coastal Infrastructure		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		–	–	–	–	–	–	–	–	–
Infrastructure		***608***	***715***	***1 454***	***1 750***	***1 390***	***1 390***	***1 880***	***761***	***780***
Community Facilities		–	–	–	150	100	100	100	105	107
Sport and Recreation Facilities		–	–	–	–	–	–	–	–	–
Community Assets		**–**	**–**	**–**	***150***	***100***	***100***	***100***	***105***	***107***
Heritage Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Revenue Generating		–	–	–	–	–	–	–	–	–
Non-revenue Generating		24	–	–	–	–	–	–	–	–
Investment properties		***24***	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Operational Buildings		52	99	308	515	360	360	450	360	288
Housing		–	–	–	–	–	–	–	–	–
Other Assets		***52***	***99***	***308***	***515***	***360***	***360***	***450***	***360***	***288***
Biological or Cultivated Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Servitudes		–	–	–	–	–	–	–	–	–
Licences and Rights		–	–	–	–	–	–	–	–	–
Intangible Assets		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Computer Equipment		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Furniture and Office Equipment		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
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**
Land		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Zoo's, Marine and Non-biological Animals		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Mature		–	-	-	-	-	-	-	-	-
Immature		–	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		**2 327**	**2 807**	**3 717**	**3 765**	**2 895**	**2 895**	**26 242**	**25 492**	**27 369**
Renewal and upgrading of Existing Assets as % of total capex		*84,8%*	*82,9%*	*81,5%*	*20,9%*	*9,2%*	*9,2%*	*37,2%*	*24,7%*	*24,4%*
Renewal and upgrading of Existing Assets as % of deprecn		*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*0,0%*	*198,9%*	*48,4%*	*46,0%*
R&M as a % of PPE & Investment Property		*0,6%*	*0,7%*	*0,9%*	*0,8%*	*0,6%*	*0,6%*	*0,5%*	*0,3%*	*0,3%*
Renewal and upgrading and R&M as a % of PPE and Investment Proper		*130,7%*	*132,3%*	*132,1%*	*3,7%*	*3,0%*	*3,0%*	*7,9%*	*2,0%*	*2,0%*

References

1. Detail of new assets provided in Table SA34a
2. Detail of renewal of existing assets provided in Table SA34b
3. Detail of Repairs and Maintenance by Asset Class provided in Table SA34c
4. Must reconcile to total capital expenditure on Budgeted Capital Expenditure
5. Must reconcile to 'Budgeted Financial Position' (written down value)
6. Detail of upgrading of existing assets provided in Table SA34e
7. Detail of depreciation provided in Table SA34d

EC124 Amahlathi - Table A10 Basic service delivery measurement

Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Household service targets	1									
Water:										
Piped water inside dwelling		–	–	–	–	–	–	–	–	–
Piped water inside yard (but not in dwelling)		–	–	–	–	–	–	–	–	–
Using public tap (at least min.service level)	2	–	–	–	–	–	–	–	–	–
Other water supply (at least min.service level)	4	–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Using public tap (< min.service level)	3	–	–	–	–	–	–	–	–	–
Other water supply (< min.service level)	4	–	–	–	–	–	–	–	–	–
No water supply		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		–	–	–	–	–	–	–	–	–
Flush toilet (with septic tank)		–	–	–	–	–	–	–	–	–
Chemical toilet		–	–	–	–	–	–	–	–	–
Pit toilet (ventilated)		–	–	–	–	–	–	–	–	–
Other toilet provisions (> min.service level)		–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		–	–	–	–	–	–	–	–	–
Bucket toilet		–	–	–	–	–	–	–	–	–
Other toilet provisions (< min.service level)		–	–	–	–	–	–	–	–	–
No toilet provisions		–	–	–	–	–	–	–	–	–
Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–
Total number of households	5	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Energy:										
Electricity (at least min.service level)		43 450	43 450	43 450	43 450	43 450	43 450	43 450	43 450	43 450
Electricity - prepaid (min.service level)		–	–	–	–	–	–	–	–	–
Minimum Service Level and Above sub-total		43 450	43 450	43 450	43 450	43 450	43 450	43 450	43 450	43 450
Electricity (< min.service level)		–	–	–	–	–	–	–	–	–
Electricity - prepaid (< min. service level)		–	–	–	–	–	–	–	–	–
Other energy sources		5 210	5 210	5 210	5 210	5 210	5 210	5 210	5 210	5 210
Below Minimum Service Level sub-total		5 210	5 210	5 210	5 210	5 210	5 210	5 210	5 210	5 210
Total number of households	5	**48 660**	**48 660**	**48 660**	**48 660**	**48 660**	**48 660**	**48 660**	**48 660**	**48 660**
Refuse:										
Removed at least once a week		3 438	3 438	3 438	3 438	3 438	3 438	3 438	3 438	3 438
Minimum Service Level and Above sub-total		3 438	3 438	3 438	3 438	3 438	3 438	3 438	3 438	3 438
Removed less frequently than once a week		3 438	3 438	3 438	3 438	3 438	3 438	3 438	3 438	3 438
Using communal refuse dump		2 637	2 637	2 637	2 637	2 637	2 637	2 637	2 637	2 637
Using own refuse dump		17 323	17 323	17 323	17 323	17 323	17 323	17 323	17 323	17 323
Other rubbish disposal		256	256	256	256	256	256	256	256	256
No rubbish disposal		231	231	231	231	231	231	231	231	231
Below Minimum Service Level sub-total		23 885	23 885	23 885	23 885	23 885	23 885	23 885	23 885	23 885
Total number of households	5	**27 323**	**27 323**	**27 323**	**27 323**	**27 323**	**27 323**	**27 323**	**27 323**	**27 323**
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		–	–	–	–	–	–	–	–	–
Sanitation (free minimum level service)		–	–	–	–	–	–	–	–	–
Electricity/other energy (50kwh per household per month)		–	–	–	–	–	–	–	–	–
Refuse (removed at least once a week)		–	–	–	–	–	–	–	–	–
Informal Settlements		–	–	–	–	–	–	–	–	–
Cost of Free Basic Services provided - Formal Settlements (R'000)										
Water (6 kilolitres per **indigent** household per month)		–	–	–	–	–	–	–	–	–
Sanitation (free sanitation service to **indigent households**)		–	–	–	–	–	–	–	–	–
Electricity/other energy (50kwh per **indigent** household per month)		–	–	–	–	–	–	–	–	–
Refuse (removed once a week **for indigent households**)		–	–	–	–	–	–	–	–	–
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)		517	181	5 000	5 000	5 000	5 000	4 800	4 800	4 800
Total cost of FBS provided	8	**517**	**181**	**5 000**	**5 000**	**5 000**	**5 000**	**4 800**	**4 800**	**4 800**
Highest level of free service provided per household										
Property rates (R value threshold)		–	–	–	–	–	–	–	–	–
Water (kilolitres per household per month)		–	–	–	–	–	–	–	–	–
Sanitation (kilolitres per household per month)		–	–	–	–	–	–	–	–	–
Sanitation (Rand per household per month)		–	–	–	–	–	–	–	–	–
Electricity (kwh per household per month)		–	–	–	–	–	–	–	–	–
Refuse (average litres per week)		–	–	–	–	–	–	–	–	–
Revenue cost of subsidised services provided (R'000)	9									
Property rates **(tariff adjustment)** (**impermissable values per section 17 of MPRA**)		–	–	–	–	–	–	–	–	–
Property rates exemptions, reductions and rebates **and impermissable values in excess of section 17 of MPRA)**		(1 423)	(1 411)	(1 541)	(1 592)	(3 225)	(3 225)	(3 418)	(3 623)	(3 841)
Water **(in excess of 6 kilolitres per indigent household per month)**		–	–	–	–	–	–	–	–	–
Sanitation **(in excess of free sanitation service to indigent households)**		–	–	–	–	–	–	–	–	–
Electricity/other energy **(in excess of 50 kwh per indigent household per month)**		–	–	–	–	–	–	–	–	–
Refuse **(in excess of one removal a week for indigent households)**		–	–	–	–	–	–	–	–	–
Municipal Housing - rental rebates		–	–	–	–	–	–	–	–	–
Housing - top structure subsidies	6	–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–
Total revenue cost of subsidised services provided		**(1 423)**	**(1 411)**	**(1 541)**	**(1 592)**	**(3 225)**	**(3 225)**	**(3 418)**	**(3 623)**	**(3 841)**

References

1. Include services provided by another entity; e.g. Eskom
2. Stand distance <= 200m from dwelling
3. Stand distance > 200m from dwelling
4. Borehole, spring, rain-water tank etc.
5. Must agree to total number of households in municipal area (informal settlements receiving services must be included)
6. Include value of subsidy provided by municipality above provincial subsidy level
7. Show number of households receiving at least these levels of services completely free (informal settlements must be included)
8. Must reflect the cost to the municipality of providing the Free Basic Service

Tariffs for all income catogories

Code	Description	Vat	% increase	Amount Increase	2025/2026 Excl VAT	2025/2026 Incl VAT
	REFUSE					
201	Domestic	Y	4,4%	6,84	162,39	186,75
201A	Domestic (Kologha Housing Project) (New)	Y	4,4%	6,46	153,20	176,18
202	Business per bin	Y	4,4%	11,57	274,52	315,69
203	Business per bin	Y	4,4%	11,57	274,52	315,69
204	Business per trolley (6 Trolley Bins) 5 Days a week		4,4%	488,25	11 584,77	13 322,49
205	Business per trolley	Y	4,4%	48,82	1 158,47	1 332,25
205	Business skip bin (6 * Trolley Bins) 3 Days a week		4,4%	292,95	6 950,85	7 993,48
206	Municipal	N	4,4%	48,82	1 158,47	1 109,65
	Garden Refuse M3	Y	4,4%	4,61	109,40	125,81
	Sale of Refuse Bags - Actual cost of the bag	Y	4,4%	1,38	32,82	37,74
	Sale of Refuse Bins	Y	4,4%	9,74	231,15	265,83
	ELECTRICITY					
	Prepaid Domestic 20A & 60A - Inclining Block Tariff					
	Block 1 (0-50 kWh)	Y	6%	10,34	182,74	210,16
	Block 2 (51 - 350 kWh)	Y	6%	13,30	234,95	270,19
	Bock 3 (351 - 600 kWh)	Y	6%	18,68	330,03	379,54
	Block > 600 kWh	Y	6%	22,04	389,41	447,83
	Commercial pre-payment					
TI 04 - 201	Business Single Phase < 60Amps	Y	6%	23,03	406,81	467,84
TI 05 - 202	Business 3 Phase 0Amps > 40Amps	Y	6%	23,03	406,81	467,84
TI 06 - 203	Business 3 Phase 40Apms > 70Amps	Y	6%	23,03	406,81	467,84
	Domestic Conventional 20A & 60A (Post Paid)					
400	Basic Charge (R/month)	Y	6%	30,02	530,30	609,85
420	Inclining Block Tariffs (c/kWh)					
420	Block 1 (0-50 kWh)	Y	6%	10,34	182,75	210,16
420	Block 2 (51 - 350 kWh)	Y	6%	13,30	234,95	270,19
420	Bock 3 (351 - 600 kWh)	Y	6%	18,72	330,66	380,25
420	Block > 600 kWh	Y	6%	22,04	389,41	447,82
	Commercial Conventional Single Phase < 70A					
402	Basic Charge S/phase 00-20amps	Y	6%	73,95	1 306,52	1 502,50
403	Basic Charge S/phase 21-30amps	Y	6%	73,95	1 306,52	1 502,50
404	Basic Charge S/phase 31-40amps	Y	6%	73,95	1 306,52	1 502,50
406	Basic Charge S/phase 51-60amps	N	6%	73,95	1 306,52	1 502,50
407	Basic Charge S/phase 61-70amps	Y	6%	73,95	1 306,52	1 502,50
415	Basic Charge S/phase 21-30amps	N	6%	73,95	1 306,52	1 502,50
417	Basic Charge Street Lights	Y	6%	73,95	1 306,52	1 502,50
429	Basic Charge S/phase 31-40amps	N	6%	73,95	1 306,53	1 502,51
444	Basic Charge S/phase 51-60amps	N	6%	73,95	1 306,52	1 502,50
432	Energy Charge (c/kWh) < 500kWh	Y	6%	19,08	337,09	387,65
432	Energy Charge (c/kWh) > 500kWh	Y	6%	16,80	296,82	341,35
	Commercial Conventional Three Phase <70A					
408	Basic Charge 3/phase 00-15amps	Y	6%	134,58	2 377,66	2 734,30
410	Basic Charge 3/phase 21-30amps	Y	6%	134,58	2 377,66	2 734,30
411	Basic Charge 3/phase 31-40amps	Y	6%	134,58	2 377,66	2 734,30
412	Basic Charge 3/phase 41-60amps	Y	6%	134,58	2 377,66	2 734,30
413	Basic Charge 3/phase 61-70amps	N	6%	134,58	2 377,66	2 734,30
426	Basic Charge 3/phase 0-15amps	N	6%	134,58	2 377,66	2 734,30
428	Basic Charge 3/phase 31-40amps	N	6%	134,58	2 377,66	2 734,30
425	Energy Charge (c/kWh) < 500kWh	N	6%	18,18	321,20	369,39
425	Energy Charge (c/kWh) > 500kWh	N	6%	16,08	284,12	326,74
	Agricultural Conventional Low Users Three Phase					

Code	Description	Vat	% increase	Amount Increase	2025/2026 Excl VAT	2025/2026 Incl VAT
432	Sign Site Rental	Y	6%	15,43	272,58	313,46
433	Sign Consumption	Y	6%	-	-	-
435	Land Rate Basic Charge		6%	150,46	2 658,19	3 056,92
434	Land Rate Consumption (<500 kwh)	Y	6%	20,18	356,56	410,04
434	Land Rate Consumption (>500 kwh)	Y	6%	17,93	316,81	364,34
	Industrial Large Power Users					
414	Basic Charge / month	Y	6%	93,76	1 656,40	1 904,86
423	Energy Charge (c/kWh)	Y	6%	17,65	311,90	358,68
422	Demand Charge (R/kVa)	Y	6%	13,26	234,27	269,41
	Scale 40T Urban 40R Peri - Urban > 200KVA (Time Of Use)					
	Basic Charge (R/month)		6%	85,55	1 511,35	1 738,05
	Energy Charge (c/kWh):					
	High Season					
500	Peak	Y	6%	33,96	599,90	689,89
501	Standard	Y	6%	14,35	253,49	291,51
502	Off peak	Y	6%	8,88	156,83	180,36
427	Demand Charge (R/kVa)	Y	6%	15,18	268,10	308,32
	Low Season					
503	Peak	Y	6%	23,19	409,69	471,14
504	Standard	Y	6%	6,53	115,43	132,74
505	Off peak	Y	6%	5,92	104,64	120,33
427	Demand Charge (R/kVa)		6%	15,10	266,71	306,72
424	Street Lights kWh	Y	6%	0,15	2,66	3,06
	Time of Use - Bulk Supply					
430	Basic Charge 3/phase 21-30amps	N	6%	134,58	2 377,65	2 734,30
418	Basic Charge 3/phase 41-60amps	N	6%	136,35	2 408,86	2 770,19
500	Basic Charge 3/phase >70amps	Y	6%	152,00	2 685,40	3 088,21
	Electricity Test Meter	Y	6%	29,73	525,25	604,04
	Connection Fees	Y	6%	772,45	1 036,26	1 191,70
	Reconnection Fees	Y	6%	50,82	897,90	1 032,58
	Special / Test Readings - Refundable if fault is identified	Y	6%	15,83	279,64	321,58
	Temporary Connections: Single Phase	Y	6%	59,29	1 047,49	1 204,61
	Temporary Connections: Three Phase	Y		New	2 379,68	2 736,63
	Wiring Inspection	Y	6%	59,29	1 047,49	1 204,61
	Electricity Availability	Y	6%	187,39	3 310,55	3 807,13
	Connection Fees (New)	Y	6%	931,67	16 459,58	18 928,52
	Connection Fees (New) Business	Y	6%	21 864,84	37 392,75	43 001,66
	Transfer to Pre-paid Meter	Y	6%	295,30	2 000,00	2 300,00
	Conversion from Prepaid to Conventional Meter	Y	6%	1 477,26	26 098,25	30 012,99
	Three Phase to Single Phase Convertion Single Phase to Three Phase Convertion	Y		New	5 590,49	6 429,06
	New meter	Y		New	5 590,49	6 429,06
	Call Out Fees : Office Hours	Y	6%	48,59	858,35	987,11
	Call Out Fees : After Hours	Y	6%	64,61	1 141,50	1 312,73
	Call Out Fees : Sundays & Public Holidays	Y	6%	97,17	1 716,59	1 974,08
	Charge for all ALM Internal Services. Call out fee					
	include first hr, then rate/hour apply					
	(material is not included in tariff)	Y	6%	29,69	524,58	603,26
	Tampering/ Theft of electricity (Interference/use with intent to percieve a loss of income to ALM					
T1	Breaking a municipal lock		6%	171,51	3 030,05	3 484,56
T2	Breaking of an seal	Y	6%	171,51	3 030,05	3 484,56
T3	Interference/Bypassing of Hot Water Load/ Load control Switches		6%	1 715,12	30 300,48	34 845,56
T4	**Interference with energy meters 1 phase meters**	Y				

Code	Description	Vat	% increase	Amount Increase	2025/2026 Excl VAT	2025/2026 Incl VAT
	First offence	Y	6%	669,90	11 834,88	13 610,11
	Second offence	Y	6%	1 339,80	23 669,76	27 220,22
	Third offence	Y	6%	2 009,70	35 504,65	40 830,35
T5	Interference with energy meters 3 phase meters	Y				
	First offence	Y	6%	1 279,63	22 606,79	25 997,81
	Second offence	Y	6%	2 559,26	45 213,60	51 995,64
	Third offence	Y	6%	3 838,89	67 820,42	77 993,48
T6	Interference with energy Bulk meters <200kva	Y				
	First offence		6%	3 838,93	67 821,06	77 994,21
	Second offence		6%	7 677,86	135 642,11	155 988,43
	Third offence		6%	11 516,78	203 463,17	233 982,64
T7	Interference with energy Bulk meters >200kva	Y				
	First offence		6%	11 516,82	203 463,80	233 983,38
	Second offence		6%	23 033,64	406 927,62	467 966,76
	Third offence		6%	34 550,46	610 391,44	701 950,15
T8	Interference with electricity Current transformers/ wiring	Y	6%	3 763,94	66 496,30	76 470,75
T9	Illegal Connection	Y	6%	101,65	1 795,80	2 065,17
	T1-T9 ALM losses are recoverable. No reinstatement of supply without updated Certificate of Compliance and receipt of payment					
	Tampering = Percieved action that effect a loss, that have financial inmplication, to ALM)					
	NEW CONNECTIONS					
1	KVA Range 15-40 Dom/Com (Primary)	Y	6%	980,12	17 315,47	19 912,79
1A	KVA Range 15-40 Dom/Com (Primary) Kologha	Y	6%	2 072,97	36 622,48	42 115,86
2	KVA Range 40-100 Com/LP Users (Primary)	Y	6%	3 959,71	69 954,91	80 448,15
	Com LP Users (Secondary)	Y	6%	112,71	1 991,29	2 289,98
	Com LP Users (Secondary)>30m	Y	6%	34,31	606,16	697,09
3	KVA Range 100 + LP users	Y	6%	-	-	-
4	KVA Range 15 + Rural (A) Primary	Y	6%	980,12	17 315,47	19 912,79
	KVA Range 15 + Rural (A) Secondary	Y	6%	-	-	-
	KVA Range 15 + Rural (B) Primary	Y	6%	2 072,97	36 622,48	42 115,86
	KVA Range 15 + Rural (B) Secondary	Y				
5A	KVA Range 0-15 Dom/Com/Kol (Primary)	Y	6%	980,12	17 315,47	19 912,79
	KVA Range 0-15 Dom/Com/Kol (Secondary)	Y	6%	980,12	17 315,47	19 912,79
5B	KVA Range 0-15 Dom/Com/Kol (Primary)	Y	6%	2 072,97	36 622,48	42 115,86
	KVA Range 0-15 Dom/Com/Kol (Secondary)	Y	6%	980,12	17 315,47	19 912,79
6	KVA Range 0-40 Dom/Flats (Primary)	Y	6%	980,12	17 315,47	19 912,79
6A	KVA Range 40-100 as for 6 (Primary)	Y	6%	3 959,71	69 954,91	80 448,15
	KVA Range 40-100 as for 6 (Secondary)	Y	6%	112,71	1 991,29	2 289,98
	KVA Range 40-100 as for 6 (Secondary)>30	Y	6%	34,31	606,16	697,09
	DEPOSITS					
	Domestic Electricity	Y	6%	250,61	4 427,42	5 091,54
	Supply of 15KVA S/Phase (Business)	Y	6%	449,07	7 933,55	9 123,58
	Supply of 25KVA 3/Phase (40amps)	Y	6%	869,16	15 355,25	17 658,53
	Supply of 35KVA 3/Phase (50amps)	Y	6%	956,08	16 890,78	19 424,39
	Supply of 50KVA 3/Phase (70amps)	Y	6%	1 043,00	18 426,30	21 190,25
	Supply of 75KVA 3/Phase Industrial	Y	6%	1 273,33	22 495,44	25 869,76
	Supply of 100 KVA 3/Phase Industrial	Y	6%	1 506,55	26 615,78	30 608,14
	Domestic Elect (Salary< R6 6000 Pa)	Y	6%	86,92	1 535,53	1 765,86
	COUNCIL GENERAL EXPENSES					
VARES	Residential		4,4%	0,00	R 0,01052	
VARESS	Residential		4,4%	0,00	R 0,01052	
VARESM	Sole Property Owner < R3000 p/m		4,4%	0,00	R 0,01052	
VAMUN	Municipal		4,4%	-	R -	
VAPUBB	Public Benefit Organisation		4,4%	0,00	R 0,00189	
VAPUBS	Public Service		4,4%	0,00	R 0,00263	

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VABUS	Business		4,4%	0,00	R 0,01052	
VAVACANT	Vacant (New)		4,4%	0,00	R 0,01093	
VAGOV	Government		4,4%	0,00	R 0,01052	
VAGRIF	Agriculture		4,4%	0,00	R 0,00189	
VAGHWE	Farms with Labourers Houses,Water and Elect		4,4%	0,00	R 0,00189	
VAGRH	Farms with Labourers Houses		4,4%	0,00	R 0,00189	
VAGRIS	Agriculture Small Holdings		4,4%	0,00	R 0,00189	
VABUSF	Farms used for Business or Commercial		4,4%	0,00	R 0,00189	
VAMON	Monument		4,4%	0,00	R 0,00189	
VAINDS	Small Holding used for Industrial		4,4%	0,00	R 0,00189	
VAIND	Industrial Purpose		4,4%	0,00	R 0,01052	
VACMNL	Communal Land		4,4%	0,00	R 0,00189	
VARUST	State Trust Land		4,4%	0,00	R 0,00189	
	Property Clearance Application	Y	4,4%	7,21	171,01	196,66
	Property Clearance Certificate	New	4,4%	12,44	295,20	339,48
	Valuation Certificate	New	4,4%	12,44	295,20	339,48
	CEMETERY					
	Mlungisi (Excavation at own cost) Poorer section of community :	Y	4,4%	11,35	269,26	309,65
	Town Cem (Excavation at own cost)	Y	4,4%	20,95	497,10	571,67
	Excavation	Y	4,4%	27,06	642,09	738,40
	Town per single plot	Y	4,4%	96,02	2 278,38	2 620,14
	Town Double Depth	Y	4,4%	192,05	4 556,75	5 240,26
	Niche	Y	4,4%	31,43	745,65	857,50
	Monumental Fees	Y	4,4%	22,70	538,53	619,30
	Kati-Kati	Y	4,4%	11,35	269,26	309,65
	Town - Cathcart	Y	4,4%	20,95	497,10	571,67
	Wall of Remembrance	Y	4,4%	1,15	27,34	31,44
	FOREST AND COMMONAGE					
	Sale of Bark and Trees - per Tender	Y				
	Pine Tree					
	Permit Fee to Harvest Pine (3 Months)	Y	4,4%	32,65	774,65	890,85
	At Stump/Standing Pine Tree (Per Cubic Meter)	Y	4,4%	13,01	308,75	355,07
	Gum Tree					
	Permit Fee to Harvest Droppers (3 Months)	Y	4,4%	13,99	331,99	381,79
	At Stump/Standing Droppers (1 Ton)	Y	4,4%	9,33	221,33	254,53
	Permit Fee for Gum Poles (3 Months)	Y	4,4%	23,32	553,32	636,32
	At Stump/Standing Gum Poles (1 Ton)	Y	4,4%	18,66	442,66	509,05
	Permit Fee to Harvest Hard Gum (Kineri) (3 Months)	Y	4,4%	9,33	221,33	254,53
	At Stump/Standing Hard Gum (1 Ton)	Y	4,4%	7,00	166,00	190,90
	Wattle Tree					
	Permit Fee to Harvest Wattle (3 Months)	Y	4,4%	18,66	442,66	509,05
	At Stump/Standing Wattle Trees (1 Ton)	Y	4,4%	9,33	221,33	254,53
	Permit Fee to Harvest Wattle Building Dropper (3 Days)	Y	4,4%	0,23	5,53	6,36
	At Stump/Standing Wattle Building Droppers (1 Ton)	Y	4,4%	9,33	221,33	254,53
	Cycling					
	Permit Fee (Annually) Bicycle (per Year)	Y	4,4%	4,66	110,66	127,26
	Permit Fee (per Person Per day)	Y	4,4%	0,47	11,07	12,73
	Permit Fee for Motor cycle (Per Year)	Y	4,4%	9,33	221,33	254,53
	Entrance Fee Per Motor Cycle	Y	4,4%	0,93	22,13	25,45
	Fire Wood					
	Permit Fee for Fire Wood (3 Months)	Y	4,4%	4,66	110,66	127,26
	Fire Wood (1Ton)	Y	4,4%	4,66	110,66	127,26

Code	Description	Vat	% increase	Amount Increase	2025/2026 Excl VAT	2025/2026 Incl VAT
	Commonage Fees (Per Month per Head)					
	Cattle (50 % of the economic rate)	Y	4,4%	2,97	70,55	81,13
	Sheep (50 % of the economic rate)	Y	4,4%	0,83	19,59	22,53
	Goat (50 % of the economic rate)	Y	4,4%	0,83	19,59	22,53
	Donkey/Horse (50 % of the economic rate)	Y	4,4%	9,33	221,33	254,53
	Pigs (50 % of the economic rate)	Y	4,4%	1,20	28,44	32,71
	Vegetation (50 % of the economic rate)	Y				
	Mining (100 % of the economic rate)	Y				
	NB: Penalty fee for non-compliance in the forest and commonage is R500,00 each time					
	PUBLIC WORKS					
	Buiding Plan Fees (per m2 - min=R 326.00)	Y	4,4%	0,38	9,09	10,45
	New Dwellings (multiplied by 0.5% per m²)	Y	4,4%	69,96	1 659,96	1 908,95
	Outbuilding	Y	4,4%	62,96	1 493,96	1 718,06
	Flats,Townhouse and Hotels, Entertainment centres,B&Bs	Y	4,4%	81,62	1 936,62	2 227,11
	Shops, Offices and Banks	Y	4,4%	81,62	1 936,62	2 227,11
	Factories ,Warehouses and Workshops	Y	4,4%	88,62	2 102,62	2 418,01
	Hostel, Old age Home and Churches, and Sports recreation	Y	4,4%	81,62	1 936,62	2 227,11
	Hospitals,Schools,Creches and Libraries	Y	4,4%	88,62	2 102,62	2 418,01
	Carports and basement parking (Per Plan)	Y	4,4%	18,66	442,66	509,05
	Pools (Per Plan)	Y	4,4%	18,66	442,66	509,05
	Patios/Pergolas/Lapa and Sun decks (Per Plan)	Y	4,4%	18,66	442,66	509,05
	Drainage only plans (Per Plan)	Y	4,4%	18,66	442,66	509,05
	Minor work(Alterations and additions)	Y	4,4%	16,32	387,32	445,42
	Low Cost Housing	Y	4,4%	11,66	276,66	318,16
	Illegal structures demolition and dangerous building	Y	4,4%	93,28	2 213,28	2 545,27
	Failing to provide toilet facility on site	Y	4,4%	23,32	553,32	636,32
	Deviation from an approved plan	Y	4,4%	23,32	553,32	636,32
	Excessive rubble on or around pavement	Y	4,4%	46,64	1 106,64	1 272,64
	Illegal Occupying a building without an occupational Certificate	Y	4,4%	69,96	1 659,96	1 908,95
	Usage of building for other purpose other than the one approved	Y	4,4%	93,28	2 213,28	2 545,27
	Not allowing Building Control unit onto your property	Y	4,4%	23,32	553,32	636,32
	Using unregistered plumber, electrician and installation without authorised inspection	Y	4,4%	46,64	1 106,64	1 272,64
	FIRE SERVICE					
	Large Vehicles - per hour incl. staff and equipment	Y	4,4%	94,53	2 242,84	2 579,26
	Medium Vehicles - per hour incl. staff and equipment	Y	4,4%	47,64	1 130,28	1 299,83
	Additional Personnel	Y				
	Officer - per hour	Y	4,4%	15,69	372,33	428,18
	Firemen - per hour	Y	4,4%	9,15	217,19	249,77
	Consumable Materials - cost plus	Y	4,4%	0,03	0,60	0,69
	Veld Fires - per hour	Y	4,4%	23,82	565,14	649,91
	Fire Levy					
	All Areas (Stutterheim, Cathcart,Keiskammahoek and Kei Road)		4,4%	1,40	33,22	38,20
	Business		4,4%	1,87	44,31	50,95
	ADMINISTRATION					
	Photocopies A4	Y	4,4%	0,08	1,89	2,18
	Photocopies A3	Y	4,4%	0,09	2,19	2,52
	Photocopies A4 Colour	Y	4,4%	0,31	7,29	8,38
	Photocopies A3 Colour	Y	4,4%	0,61	14,55	16,74

Code	Description	Vat	% increase	Amount Increase	2025/2026 Excl VAT	2025/2026 Incl VAT
	Search Fees	Y	4,4%	6,42	152,26	175,10
	Fax Charges per page	Y	4,4%	0,37	8,70	10,01
	Encroachments	Y	4,4%	1,18	28,06	32,27
	LIBRARY					
	Sale of Postcards	Y	4,4%	0,04	1,04	1,20
	Internet per 15 min	Y	4,4%	0,50	11,79	13,56
	Internet per 15 min	Y	4,4%	0,99	23,58	27,12
	Internet per 15 min	Y	4,4%	1,49	35,38	40,68
	Internet per 15 min	Y	4,4%	1,99	47,17	54,24
	Laminating - A4	Y	4,4%	0,40	9,61	11,05
	Laminating - A5	Y	4,4%	0,21	5,10	5,86
	Laminating - A3	Y	4,4%	0,46	10,92	12,56
	Laminating - Credit Card	Y	4,4%	0,17	3,93	4,52
	Photocopies - A4	Y	4,4%	0,17	3,93	4,52
	Photocopies - A3	Y	4,4%	0,09	2,19	2,52
	Photocopies A4 Colour	Y	4,4%	0,31	7,29	8,38
	Photocopies A3 Colour	Y	4,4%	0,61	14,55	16,74
	Printing - Black	Y	4,4%	0,08	1,89	2,18
	Printing - Colour	Y	4,4%	0,31	7,28	8,37
	Membership - Adult	Y	4,4%	1,87	44,26	50,89
	Membership - Children	Y	4,4%	0,93	22,13	25,45
	Membership - Pensioner	Y	4,4%	0,93	22,13	25,45
	Membership Deposits		4,4%	5,32	126,30	145,24
	Fax					
	Receiving	Y	4,4%	0,18	4,37	5,02
	Local	Y	4,4%	0,36	8,44	9,71
	King Williams Town	Y	4,4%	0,38	9,03	10,38
	East London	Y	4,4%	0,46	10,92	12,56
	Queenstown	Y	4,4%	0,52	12,37	14,23
	Umtata	Y	4,4%	0,55	13,10	15,07
	Port Elizabeth	Y	4,4%	0,55	13,10	15,07
	Butterworth	Y	4,4%	0,52	12,37	14,23
	Port Alfred	Y	4,4%	0,55	13,10	15,07
	Durban	Y	4,4%	0,61	14,56	16,74
	Johannesburg	Y	4,4%	0,61	14,56	16,74
	Cape Town	Y	4,4%	0,61	14,56	16,74
	Bloemfontein	Y	4,4%	0,61	14,56	16,74
	Scanner A4	Y	4,4%	0,31	7,29	8,38
	Hire Activity Room - Per Session	Y	4,4%	3,92	93,02	106,98
	Hire Activity Room - Kitchen	Y	4,4%	2,80	66,53	76,51
	LOCAL ECONOMIC DEVELOPMENT					
	Tractor Hire - Hectar		4,4%	91,86	2 179,58	2 506,52
	Tractor Hire - Half Hectar		4,4%	45,93	1 089,79	1 253,26
	Tractor Hire - Acre		4,4%	22,96	544,90	626,63
	Big Garden		4,4%	19,68	467,05	537,11
	Small Garden		4,4%	15,75	373,64	429,69
	Business License					
	· Cellphone shops		4,4%	14,95	354,65	407,85
	· Clothing shops		4,4%	21,35	506,65	582,65
	· Funeral parlor		4,4%	21,35	506,65	582,65
	· Abattoir/ Butchery		4,4%	93,95	2 229,25	2 563,64
	· Cosmetic shops		4,4%	21,35	506,65	582,65
	· Pharmacy		4,4%	21,35	506,65	582,65
	· Fabrics		4,4%	21,35	506,65	582,65
	· Gymnasium		4,4%	14,95	354,65	407,85
	· Provision of entertainment/ Night clubs and taverns		4,4%	166,55	3 951,86	4 544,64
	· Accommodation Establishments		4,4%	21,35	506,65	582,65

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	· Supermarkets		4,4%	166,55	3 951,86	4 544,64
	· Salons		4,4%	21,35	506,65	582,65
	· Liquor stores		4,4%	38,44	911,97	1 048,76
	· Furniture stores		4,4%	38,44	911,97	1 048,76
	· Filling Station		4,4%	166,55	3 951,86	4 544,64
	· Hardware store		4,4%	166,55	3 951,86	4 544,64
	· Car and Tractor dealership		4,4%	166,55	3 951,86	4 544,64
	· Internet Café		4,4%	21,35	506,65	582,65
	· TV repairs		4,4%	14,95	354,65	407,85
	· Fruit & Vegetables shops		4,4%	14,95	354,65	407,85
	· Panel beaters and Motor Spares		4,4%	24,34	577,58	664,22
	· Driving schools		4,4%	10,68	253,32	291,32
	· Banks		4,4%	38,44	911,97	1 048,76
	· Herbal Shops		4,4%	14,95	354,65	407,85
	· Agricultural Supplies		4,4%	19,22	455,98	524,38
	· Warehouse		4,4%	213,53	5 066,49	5 826,46
	· Brick Making/ Industrial		4,4%	170,82	4 053,19	4 661,17
	· Business Services Offices		4,4%	5,98	141,86	163,14
	· Tshisanyama		4,4%	25,62	607,98	699,18
	Laundry and Dry Cleaners		4,4%	14,95	354,65	407,85
	· Sales/ supply of meals or perishable foodstuff		4,4%	7,26	172,26	198,10
	Hawker Trading Permits					
	· Hawker Stand		4,4%	2,14	50,66	58,26
	· Clothing Stand		4,4%	17,08	405,32	466,12
	Hawker Shelter		4,4%	6,41	151,99	174,79
	Permit for businesses operating in Shipping Container		4,4%	14,95	354,65	407,85
	Renewal of Permit on business operating in Container		4,4%	8,54	202,66	233,06
	Penalties					
	· Formal business trading without licence		4,4%	98,22	2 330,58	2 680,17
	· Informal business trading without permits		4,4%	6,38	151,49	174,21
	· Business found selling expired food :First offender		4,4%	245,56	5 826,46	6 700,43
	Second offender		4,4%	392,90	9 322,34	10 720,69
	Third offender		4,4%	491,12	11 652,92	13 400,86
	PARKS AND GARDENS					
		Y				
	Cutting of Grass (On quote by Community Dept.)	Y				
	Clean Plots - Bushcutting	Y				
	Cutting of Grass - small mowers	Y				
	Cutting of Grass - Tractor					
		Deposit				
	Hire of Sportsfields	100,00	4,4%	12,01	285,01	327,76
	Hire of Netball Field	50,00	4,4%	6,01	142,51	163,88
	Hire of Sportsfields - Practicing per month	100,00	4,4%	12,01	285,01	327,76
	COMMUNITY HALLS					
	Film shows, Beauty Contests Discos, Weddings and					
	Social Functions:					
		Deposit				
	Morning & Afternoon	100,00	4,4%	23,95	568,25	653,48
	Evening	100,00	4,4%	23,95	568,25	653,48
	Meetings incl. Religious meetings but excl. Political					
	Morning & Afternoon	100,00	4,4%	25,63	608,02	699,23
	Evening	100,00	4,4%	25,63	608,02	699,23
	Meetings of a Political Nature					
	Morning & Afternoon	100	4,4%	25,63	608,02	699,23
	Evening	100	4,4%	25,63	608,02	699,23
		Deposit				
	Mlungisi Commercial Park					

Code	Description	Vat	% increase	Amount Increase	2025/2026 Excl VAT	2025/2026 Incl VAT
	Small Hall	200	4,4%	32,81	778,42	895,18
	Big Hall	300	4,4%	45,93	1 089,79	1 253,26
	PLANNING AND DEVELOPMENT					
	Land Development Application (Category 1)					
	Rezoning					
	Erven 0 – 2500m^2	Y	4,4%	163,87	3 888,10	4 471,31
	Erven 2501 – 5000m^2	Y	4,4%	322,81	7 659,48	8 808,40
	Erven 5001 0 – 1 Ha	Y	4,4%	479,46	11 376,32	13 082,77
	Erven 1, 0001Ha – 5Ha	Y	4,4%	528,69	12 544,38	14 426,04
	Erven over 5Ha	Y	4,4%	606,48	14 390,00	16 548,50
	Phasing/cancellation of approved layout plan	New	4,4%	98,24	2 330,88	2 680,51
	Amendment,suspension of a restrictive or condition, servitude of reservation against the title of the land		4,4%	38,23	907,18	1 043,26
	Amendment or cancellation of a general plan of a township		4,4%	108,23	2 567,91	2 953,10
	Subdivision of land					
	Subdivision Fee		4,4%	94,29	2 237,23	2 572,81
	Charge per subdivision (remainder considered a subdivision)		4,4%	8,57	203,38	233,89
	Subdivision into more than 80 erven (Township Establishment)	New	4,4%	77,02	1 827,53	2 101,67
	Permanent closure of a public place eg road, parthway ect. Per closure as approved per Council	New	4,4%	32,75	776,96	893,50
	Illegal permanent closure	New	4,4%	616,67	14 631,98	16 826,78
	Land Use Applications (Category 2)		6%	-	-	-
	Subdivision of land		4,4%	32,13	762,33	876,68
	All applications for land use Consent	Y	4,4%	69,98	1 660,42	1 909,49
	Departures					
	Erven smaller than 500m^2	Y	4,4%	32,48	770,55	886,13
	Erven 500 – 750m^2	Y	4,4%	55,01	1 305,17	1 500,95
	Erven larger than 750m^2	Y	4,4%	98,67	2 341,12	2 692,29
	Departure other than building lines, spaza shop etc.	Y	4,4%	72,11	1 711,04	1 967,70
	Miscellaneous Fees			-	-	-
	Zoning and other Certificate	Y	4,4%	8,88	210,70	242,31
	Advertising signage basic application fee (including 2D, illuminated, moving picture)	Y	4,4%	8,39	199,15	229,02
	Advertising sign tariff per square metre	Y	4,4%	6,60	156,56	180,05
	Cellular and Radio Communication Masts	Y	4,4%	180,39	4 280,09	4 922,11
	Removal of Restrictions (Advertising fee)	Y	4,4%	326,75	7 753,00	8 915,95
	Illegal Land Use Fine (New)		4,4%	308,34	7 315,99	8 413,39
	Way leave application (New)	Y	4,4%	154,72	3 671,16	4 221,84
	Copies					
	Spatial Development Documents (See Library tariffs) (New) **(A4)**	Y	4,4%	0,17	3,93	4,52
	Electronic copies (New)	Y	4,4%	5,06	119,98	137,98
	Search Fees per Erf (New)	Y	4,4%	0,93	21,95	25,24
	Diagramme (New)	Y	4,4%	1,85	43,90	50,48
	Land Survey Tariffs					
	Basic Callout	Y	4,4%	10,49	248,94	286,28
	Survey of sites from 0 – 10 000m^2	Y	4,4%	0,09	2,07	2,38
	Rent Property	Y	4,4%	6,14	145,58	167,42
	[1] This include a R55 fee (telephone, copying and faxing) as well as R80 for an hours work therefore totalling R135.					

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This sheet calculates the fixed customer cost per customer; the fixed demand cost per unit of demand, and the variable cost per unit sold; as well as the tariff revenue required per unit sold for the electricity service as a whole.

ELECTRICITY EXPENDITURE BY ACTIVITY

In this box, the user must specify what proportion of each expenditure type is related to customers, what proportion is related to energy/consumption and what proportion is related to demand. This is in line with the NERSA Cost of Supply Framework. Expenditures can be 100% of one category or a mix of categories. Customer costs will be allocated to customers based on number of customers later in the model, consumption costs will be allocated based on volumes sold, and demand costs will be allocated based on network kVA demand per customer category. Note that if you do not have data on network kVA per category, then you should allocate all demand costs to customer costs if you wish to treat them as fixed or to consumption costs if you wish to treat them as variable.

Electricity direct cost components	Total expenditure (R)	% Fixed customer costs	% Variable energy costs	% Fixed demand cost	Customer costs (R)	Energy costs (R)	Demand costs (R)
Employee related costs	6 115 373			100%	-	-	6 115 373
Remuneration of councillors	-			100%	-	-	-
Debt impairment	65 349 470			100%	-	-	65 349 470
Depreciation & asset impairment	103 100			100%	-	-	103 100
Finance charges	1 275 000			100%	-	-	1 275 000
Bulk purchases	1 476 485			100%	-	-	1 476 485
Other materials	-			100%	-	-	-
Contracted services	2 300 000			100%	-	-	2 300 000
Transfers and subsidies	-			100%	-	-	-
Other expenditure	246 408			100%	-	-	246 408
Loss on disposal of PPE	-			100%	-	-	-
0	-			100%	-	-	-
0	-			100%	-	-	-
0	-			100%	-	-	-
Overheads	39 664 330			100%	-	-	39 664 330
Total costs	**116 530 166**	**0%**	**0%**	**100%**	**-**	**-**	**116 530 166**

CALCULATION OF UNIT COSTS

This box shows the customer, energy and demand unit costs, based on the allocation of costs in the table above. It also shows the total cost of supply per unit sold.

Customer cost (R per customer per month)	-
Energy costs (R per kWh sold)	-
Demand cost (R per kVA)	
Total cost (R per kWh sold)	**11,19**

REVENUE REQUIRED FOR ELECTRICITY

This box shows the unit revenue required from tariffs for the service. This may be higher or lower than the total unit cost due to the allocation of subsidies, requirement for surpluses and allowance for deficits.

	(R)
Total expenditure	116 530 166
Deficit generated on electricity	-
Surplus generated on electricity	-
Expenditure minus deficit plus surplus	**116 530 166**
Operating grants and transfers	48 365 784
Property rates revenue	-
Other income	12 198 881
Other service charges	363 792
Total non-tariff revenue	**60 928 457**
Revenue required from tariff	55 601 710
Average unit revenue required (R per kWh sold)	**5,34**

SUMMARY: ELECTRICITY

Customer cost (R per customer per month)	-
Energy costs (R per kWh sold)	-
Demand cost (R per kVA)	
Total cost (R per kWh sold)	11,19
Average unit revenue required (R per kWh sold)	5,34
Unit revenue required as % of cost	48%

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This sheet calculates the fixed cost per customer for the solid waste service as a whole.

CALCULATION OF UNIT COSTS

This box shows the unit cost per customer.

Total unit cost (R per customer per month)	376,32

REVENUE REQUIRED FOR SOLID WASTE

This box shows the unit revenue required from tariffs for the service. This may be higher or lower than the total unit cost due to the allocation of subsidies, requirement for surpluses and allowance for deficits.

	(R)
Total expenditure	28 300 891
Deficit generated on solid waste	-
Surplus generated on solid waste	5 660 178
Expenditure minus deficit plus surplus	**33 961 069**
Operating grants and transfers	10 987 848
Property rates revenue	-
Other income	9 522 403
Other service charges	-
Total non-tariff revenue	**20 510 251**
Revenue required from tariff	13 450 818
Average unit revenue required (R per customer per month)	**178,86**

SUMMARY: SOLID WASTE

Total unit cost (R per customer per month)	376,32
Average unit revenue required (R per customer per month)	178,86
Unit revenue required as % of cost	48%

EC124 Amahlathi LM - Table A4 Budgeted Financial Performance (revenue and expenditure)										
Description	Ref	Audited Year 2024/25	2025/26 Medium Term Revenue & Expenditure Framework (2nd Adjustment)			% of Total	IMPACT OF FUNDING PLAN			
R thousand	1	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28		Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28	Funding Plan - Assumption Description
Revenue By Source			CURRENT BUDGET							
Property rates	2	26 746	28 350	30 051	31 855	8,9%	1 605	1 701	1 803	Impelementation of new valuation roll
Service charges - electricity revenue	2	62 168	70 899	75 152	79 662	22,2%	8 730	4 254	4 509	Increase based on implementation of the metering project currently being implemented in phases and decrease in distribution losses which has improved the prepaid fees revenue significantly
Service charges - water revenue	2	–	–	–	–	0,0%				
Service charges - sanitation revenue	2	–	–	–	–	0,0%				
Service charges - refuse revenue	2	13 469	14 062	14 695	15 062	4,4%				Increase in line with CPI
Service charges - other		7 053	7 363	7 694	7 886					
Rental of facilities and equipment		200	209	218	224	0,1%	170	187	205	Increase based on new lease agreements
Interest earned - external investments		3 892	4 063	4 246	4 352	1,3%				
Interest earned - outstanding debtors		15 825	16 521	17 282	17 696	5,2%				
Dividends received		–	–	–	–	0,0%				
Fines, penalties and forfeits		17	18	19	19	0,0%				
Licences and permits		1 841	3 845	4 018	4 118	1,2%				
Agency services		1 151	2 005	2 095	2 147	0,6%				
Transfers and subsidies		145 985	145 297	140 816	147 158	45,4%				
Other revenue	2	853	27 445	27 485	954	8,6%				
Gains		–	–	–	–	0,0%				
Total Revenue (excluding capital transfers and contributions)		**279 201**	**320 077**	**323 772**	**311 134**	**97,7%**	**10 505**	**6 142**	**6 518**	
Expenditure By Type										
Employee related costs	2	131 521	126 195	131 038	134 314	43,4%				
Remuneration of councillors		15 031	15 692	16 398	16 808	5,4%				
Debt impairment	3	26 000	20 385	20 866	21 258	7,0%				
Depreciation & asset impairment	2	24 186	23 217	23 685	25 626	8,0%				
Finance charges		2 500	2 000	1 800	1 600	0,7%				
Bulk purchases	2	57 965	65 349	68 852	73 114	22,5%				
Other materials	8	281	324	338	347	0,1%				
Contracted services		17 472	13 401	10 700	9 703	4,6%				
Transfers and subsidies		10	–	–	–	0,0%				
Other expenditure	4, 5	23 347	24 040	18 413	18 935	8,3%				
Losses		1	1	–	–	0,0%				
Total Expenditure		**298 313**	**290 605**	**292 090**	**301 705**		**–**	**–**	**–**	
			29 472	31 682	9 428		R 10 504 631,00	R 6 141 699,30	R 6 517 671,43	
							Net Improvement			

EC124 Amahlathi LM - Table A7 Cash Flow Statement

Description	Ref	Audited Year 2024/25	2025/26 Medium Term Revenue & Expenditure Framework (2nd Adjustment)			IMPACT OF FUNDING PLAN			Funding Plan - Assumption Description
R thousand	1	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28	
Receipts			CURRENT BUDGET						
Property rates	2	29 971	24 098	25 544	27 076	1 605	1 701	1 803	Impelementation of new valuation roll
Service charges	2	75 638	72 216	76 370	80 515	8 730	4 254	4 509	Increase based on implementation of the metering project currently being implemented in phases and decrease in distribution losses which has improved the preapid fees revenue significantly
Other revenue	2	11 172	40 884	41 529	15 349	170	187	205	Increase based on new lease agreement
Transfers and Subsidies - Operational	2	145 985	145 297	140 816	147 158				
Transfers and Subsidies - Capital	2	135 092	121 322	46 429	48 250				
Interest		19 660	4 063	4 246	4 352				
Dividends		–	–	–	–				
Payments									
Suppliers and employees		(259 049)	(282 448)	(278 225)	(268 221)				
Finance charges		(2 500)	(2 000)	(1 800)	(1 600)				
Transfers and Grants		–	–	–	–				
NET CASH FROM/(USED) OPERATING ACTIVITIES		**155 969**	**123 433**	**54 909**	**52 880**				
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE									
Decrease (increase) in non-current receivables									
Decrease (increase) in non-current investments									
Payments									
Capital assets		(140 846)	(124 122)	(46 429)	(48 250)				Funded by grant funding
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(140 846)**	**(124 122)**	**(46 429)**	**(48 250)**				
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans									
Borrowing long term/refinancing									
Increase (decrease) in consumer deposits	2								
Payments			–	–	–				
Repayment of borrowing		–							
NET CASH FROM/(USED) FINANCING ACTIVITIES		**–**	**–**	**–**	**–**				
NET INCREASE/ (DECREASE) IN CASH HELD		**15 123**	**(689)**	**8 480**	**4 630**				
Cash/cash equivalents at the year begin:		10 232	15 702	15 013	23 493				
Cash/cash equivalents at the year end:		**25 354**	**15 013**	**23 493**	**28 123**	10 505	6 142	6 518	

AMAHLATHI LOCAL MUNICIPALITY

FINANCIAL RECOVERY PLAN

2025/2026

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EXECUTIVE SUMMARY

Introduction

Amahlathi Local Municipality is faced with numerous financial problems which impact, amongst others, on its ability to meet its financial commitments and the provision of basic services.

A number of interventions have been made both internally and externally however the municipality remains in the red when it comes to financial viability.

The Eastern Cape Provincial Executive instituted an intervention in terms of section 139(1) (b) of the Constitution in respect of the Amahlathi Local Municipality from March 2019 to December 2019. The intervention occurred in response to the crises Amahlathi is facing in respect of political instability, provision of basis services and long term financial sustainability.

Given the above and the urgency to ensure service delivery to communities and financial viability and sustainability, the development and the implementation of a Financial Recovery Plan (Plan) has been seen as a critical way forward for the municipality.

The Amahlathi recovery plan generally follows a logical well thought out process. There are, however, some issues that need to be raised for consideration (see discussion below).

The quality of any municipal recovery plan depends (heavily) on having reliable status quo information, with the most important information pertaining to the municipal business areas impacting directly on electricity and refuse removal services, namely human resources, service delivery (technical) and finance.

Methodology in Developing the Financial Recovery Plan

Given the nature of the financial problems an independent and detailed assessment needed to be undertaken to ensure that the key objective of developing a holistic Plan was indeed achieved and which also meet the requirements of Section 142 of the Municipal Finance Management Act, 2003 (MFMA).

The approach adopted in the development of the Plan was a consultative approach that involved a detailed analysis of relevant documentation as well as engagements with amongst others the management, the council, provincial treasury and the provincial COGTA. This initially culminated in the development of an Amahlathi Financial Report or status quo report on the current state of the municipality as well as a presentation that was made to the municipality's council in a bosberaad meeting that took place in August 2020. In attendance in the meeting was the Provincial Treasury, COGTA, council and management.

The purpose of the report was to assess the institutional, service delivery and infrastructure, and financial challenges impacting on the performance and service delivery imperatives of the municipality, with a view to inform the development of a holistic Plan for Amahlathi Local Municipality.

Nature and Extent of Strategies Identified

The assessment had identified a number of key strategies that must be outlined, developed and implemented in the short, medium and long term to address the challenges faced by Amahlathi. Amahlathi has various strategies available to effect the changes needed for sustainability, but not all can be considered due to the limited cash flow and institutional capacity.

The strategies had to therefore ensure that the objective of financial and service delivery improvement can be achieved in the shortest possible timeframe and that they at least addressed the following: -

1. Reduction in employee cost as this has been identified as a major cost driver and consumes a significantly above-average percentage of the municipal budget;
2. Reduction in expenditure on non-essentials and optimising current spending within the municipality to accelerate economic growth, job creation and value for money;
3. The trading services of the municipality should operate at a surplus;
4. Increasing revenue through improved collections and billing efficiencies;

5. Ensuring proper administration and governance are in place to manage and address the key financial and service delivery challenges of the municipality.

Further, and due to the long-term nature of some of the strategies identified, the focus in the short term adopted the Pareto Principle (20% of activities that will contribute 80% to the successful implementation of the Plan) to ensure that the strategies adopted will have the greatest impact and can be undertaken within the financial and human resource capacity and capability of Amahlathi.

It should be noted that any other strategies not immediately addressed in this Plan should still be addressed in the long term and should not be ignored. Key strategies highlighted in the Plan must all be implemented by Amahlathi to ensure that the final outcome of financial and service delivery sustainability.

One of the areas to be addressed by these strategies is improved billing and revenue collection and this cannot happen without a thorough meter audit. Cost reflective tariffs should be implemented as soon as possible, but phased in together with a consumer awareness programme in order to obtain customer buy-in.

Key Strategies Considered in the Plan

The main Strategy for Finance is to provide end-to-end financial governance and support, in order to ensure optimal utilisation of financial resources. This Plan including the implementation thereof is critical to achieving the objective of financial and service delivery sustainability.

The following overarching strategies to address the challenges faced by the municipality are contained in the Plan: -

1. Enhancing the operations of the municipality through organisational realignment, human resource development and restructuring, appropriate comprehensive system of delegations, improved governance and political oversight;
2. Improving financial sustainability through budget restructuring, revenue enhancement and management, expenditure management/ cost containment, cash management, tariff restructuring and review of all core and

non-core functions and development of a long term financial plan, amongst others;

3. Enhancing asset management through integrated infrastructure development and asset management planning to ensure sustainability through planned maintenance and replacement, growth readiness as well as proper fleet and facilities management; and
4. Improving financial administration through proper supply chain management, risk management and addressing audit related issues including those pertaining to document management as well as the implementation of the mSCOA reform in ensuring accurate in year reporting on the state of the finances of the municipality.

The combined impacts of these strategies are intended to address the core and underlying causes that triggered problems at Amahlathi. Successful implementation will also require greater political oversight, efficient and effective administration and governance arrangements to drive and sustain the implementation of the service delivery mandate and community expectations of Amahlathi.

Implementation of the Financial Recovery Plan

It is emphasised that the responsibility to implement the Plan rests with the municipality. The Plan must be monitored by Council, the Mayor and Municipal Manager to ensure successful implementation. This Plan places significant implementation responsibility on the Municipal Manager, Chief Financial Officer and other senior managers. However, it must also be emphasised that the strategies set out in this Plan relate to activities that must be institutionalised and performed by various municipal officials, as part of their routine duties and tasks. Those appointed to such positions are given specific roles and responsibilities, which must be re-enforced and captured in a revised performance agreement.

Oversight by Council and other structures in the municipality also needs to be strengthened to ensure proper governance, service delivery and budget implementation, and early warning systems are developed, implemented and

corrective measures are taken timeously. Regular, robust and honest interaction must be enforced and sustained beyond this turnaround period at Amahlathi.

The implementation responsibility should also be operationalised and institutionalised whereby the key focus areas and activities outlined in the Plan should be cascaded to all relevant municipal officials and included in their respective performance agreements as mentioned earlier. It is also important that a “portfolio of evidence” is retained throughout the implementation of the Plan to enable assessment of the results.

In respect of financial resources required to support the implementation of the Plan, the key will be the restructuring of the municipal budget, implementing the revenue enhancement initiatives and commitment to stringent expenditure controls particularly on non-essentials and non-revenue generating activities, and successful engagements with the District Municipality and Provincial Government to conclude agency agreements and the funding thereof (related to all agency services) and address non-core activities.

In addition, the Plan should also be presented by the Mayor to the MECs for CoGTA and Finance in the Province, who should then consider any future support or alternative intervention measures at Amahlathi Municipality.

Risks Associated with the Plan

This Plan has identified certain risks that must be mitigated for successful implementation.

The financial recovery plan proposes changes, particularly with regard to financial administration, budgeting, financial discipline and governance. There will also be a need for a regular review of the risks identified to ensure timely mitigation measures are instituted by the Municipal Manager and Political Leadership.

The emerging risks identified include amongst others: -

- Delay in the finalisation of the corrective action to be implemented with the issue of standardisation that resulted in an increase in the employee related costs of the municipality;
- Delay in the review of allowances, in particular car allowances for middle managers which are exorbitant;
- Industrial actions owing to resistance to the changes due to any organisational restructuring or realignment and the implementation thereof;
- Loss of grant funding due to non-compliance with grant conditions;
- Continued non-collection of revenue and increase in the debtors book;
- The electricity losses that are resulting in a loss of revenue which could be channelled to the payment of the bulk purchases arrear creditors balance;
- Possible disconnection of bulk electricity by Eskom due to non-payment of the bulk electricity account;
- Old infrastructure and maintenance challenges;
- Non-commitment to stringent expenditure controls, excessive overtime and slow implementation of the revenue enhancement strategies;
- Community service delivery and other protests; and
- Low liquidity ratio as a result of the negative cash position of the municipality and an increase in the creditors' balances over the years.

Given this, a proper risk management matrix must be developed, managed and reported to Council on a regular basis. The risk management matrix should be updated on a regular basis, to incorporate additional risks which may be identified.

Monitoring and Evaluation

Various elements of this Plan must be fully implemented and institutionalised in a coherent and holistic manner. These components are integrated and care must be taken during the implementation of the Plan not to isolate some aspects from others even though certain aspects may only be implemented in the medium to long term.

The Municipal Manager is therefore required to closely monitor and evaluate progress and must report to Council and Provincial Government on a regular basis. The reports on the implementation should form part of discussions at every management meeting. The Municipal Manager must take corrective action when activities in the Plan are falling behind implementation timelines or when there is a risk of non-achievements of the desired targets or outcomes. Progress reports on the implementation of the Plan must be signed by the Municipal Manager before submission to Council, National and Provincial Treasuries and Department of Co-operative Governance and Traditional Affairs in Eastern Cape on a monthly basis. A review of the Plan should be undertaken at regular intervals and be updated as and when more accurate and up to date information is obtained.

Should the municipality delay or fail to implement the Financial Recovery Plan the Provincial Government must consider alternative measures, including intervening in terms of section 154 of the Constitution or other legal remedies available to ensure the financial recovery plan is implemented.

Conclusion

This Plan must be submitted by the Municipal Manager for adoption by Council and immediate implementation by Amahlathi Local Municipality in order to secure the municipality's ability to meet its obligations to provide basic services and financial commitments when due.

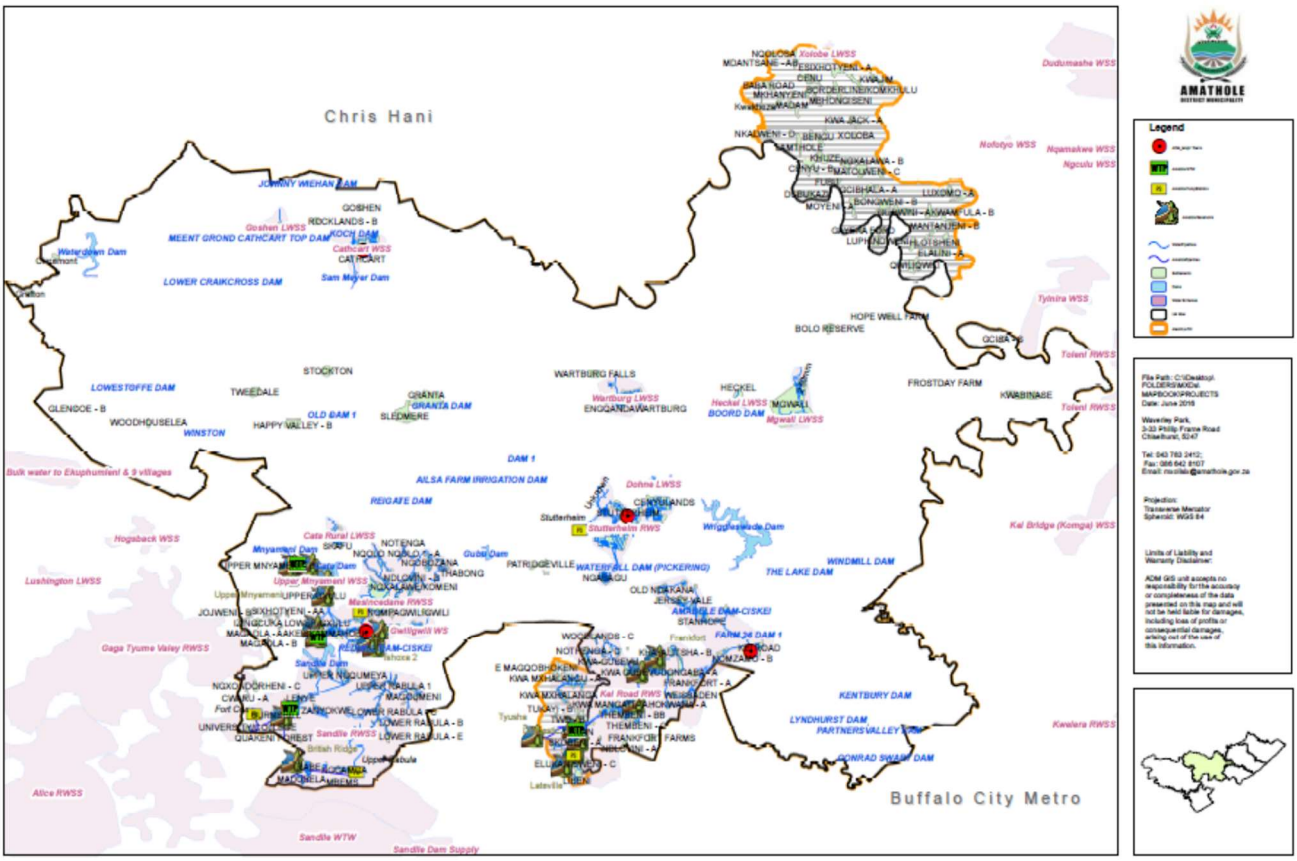
Finally, the municipality should move away from short-term and reactionary planning to a long term stable and sustainable framework, hence the municipality must prioritise the development of a long term financial plan that is realistic and achievable. The financial indicators issued in MFMA Circular 71 must be used as a basis for such a long term plan.

SECTION ONE: INTRODUCTION

Background to the Amahlathi Local Municipality

Situated in the Northern part of the Amathole District Municipality, Amahlathi is 4266.21km2 in extent, the municipality's jurisdiction comprises of Stutterheim, Cathcart, Keiskammahoek and Kei Road. Strategically placed both Stutterheim and Cathcart are located along the N6 road with access to the rail and road network. Keiskammahoek is the agricultural hub with a majority of the population active within the agricultural sector. The main municipal offices are situated in Stutterheim where the Council is accommodated and, the satellite offices are at Cathcart, Kei road and Keiskammahoek. The satellite offices in Keiskammahoek and Cathcart have Satellite Managers to ensure smooth operations and monitoring of various functions performed by various departments. In Kei Road there is only one official that is a Cashier and reports to Budget and Treasury department. The main economic sectors are community services, finance, manufacturing, trade, agriculture, construction and transport.

AMATHOLE NEW DEMARCATIONS - AMAHLATHI



The Amahlathi Municipality comprises of 15 wards and is characterized by a range of settlement patterns and associated land uses, including formal urban areas, formal and informal rural settlement areas, and extensive, privately owned farmland. The population of Amahlathi has decreased from **122 778** to **101 826** based on the new boundaries as per the 2016 Community survey done by Statistics SA, this came as a result of the number of wards that have been reduced from 20 to 15 by the Demarcation board. About **13** villages have been moved to Buffalo City Metro Municipality and 10 villages to Intsika Yethu Municipality. The 2016 Community Survey also shows a decrease in the households from **34 159** to **29 994** households. The population is unevenly distributed among the 15 wards.

Amahlathi has faced, and continues to confront, various challenges in terms of service delivery, administration and finance. Many of these have emanated from the depletion of the cash backed reserves of the municipality, the growth in the major cost drivers and a decline in the collection rate of the municipality as a result of the service delivery protests experienced in the past by the municipality. Given the seriousness of the challenges and in an attempt to kerb the decline, the Eastern Cape Provincial Executive instituted a mandatory intervention in line with section 139(1) (b) of the Constitution.

Amahlathi Local Municipality is faced with numerous financial problems which impact, amongst others, on its ability to meet its financial commitments and basic service delivery obligations. The Eastern Cape Province and Amahlathi identified a need to develop a holistic and integrated Plan to assist with a recovery from the current financial and service delivery challenges.

The Provincial Treasury, COGTA and National Treasury was therefore requested to assist in the development of this Plan, which commenced with a status quo assessment aimed at obtaining a better understanding of the overall challenges and root causes of the financial and service delivery problems.

SECTION TWO: METHODOLOGY IN DEVELOPING THE FINANCIAL RECOVERY PLAN

Given the nature of the financial problems, an independent and detailed assessment was undertaken to ensure that the key objective of developing a holistic Financial Recovery Plan was achieved.

The Plan also meets the requirements of Section 142 of the Municipal Finance Management Act (MFMA), which states:-

142. (1) A financial recovery plan must be aimed at securing the municipality's ability to meets its obligations to provide basic services or its financial commitments, and such a plan, whether for a mandatory or discretionary intervention must amongst others—

(a) (i) identify the financial problems of the municipality;

(ii) be designed to place the municipality in a sound and sustainable financial condition as soon as possible;

(iii) state the principal strategic objectives of the plan, and ways and means for achieving those objectives;

(iv) set out a specific strategy for addressing the municipality's financial problems, including a strategy for reducing unnecessary expenditure and increasing the collection of revenue, as may be necessary;

(v) identify the human and financial resources needed to assist in resolving financial problems, and where those resources are proposed to come from;

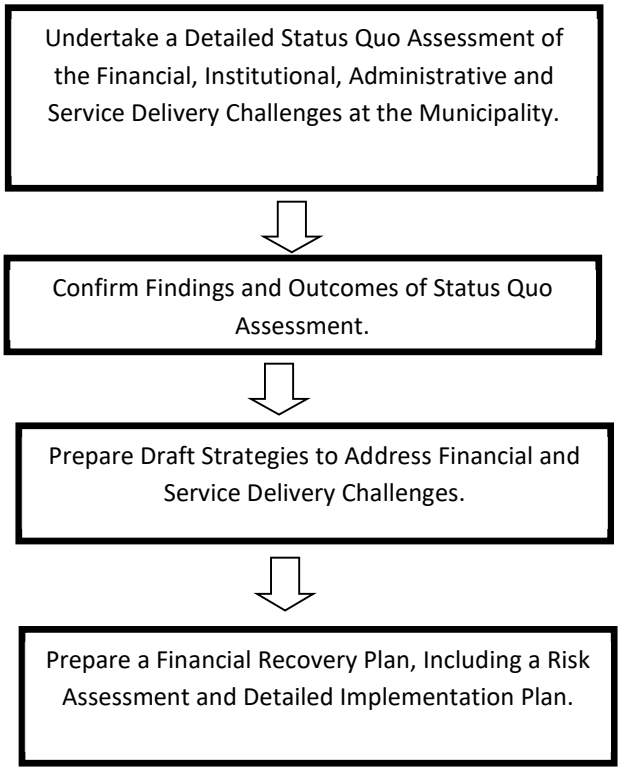
(vi) describe the anticipated time frame for financial recovery, and milestones to be achieved; and

(vii) identify what actions are necessary for the implementation of the plan.

Therefore the approach adopted in the development of the Plan was a consultative approach that also involved a detailed analysis of all relevant documentation coupled with a series of engagements between the Accounting Officer, Management and other Staff of the Municipality as well as engagement with the relevant National and Provincial Government Departments.

This initially culminated in the development of a Status Quo Report in March 2019 which was tabled with the 2019/20 Draft Budget, before proceeding with the development of this holistic and integrated Plan.

The process followed in developing the Plan can be summarised as follows: -



SECTION THREE: SUMMARY OF THE STATUS QUO ASSESSMENT

1 Status Quo Assessment

This section provides a summary of the status quo assessment.

The purpose of the status quo assessment was to assess the institutional, service delivery, infrastructure, and financial challenges impacting on the performance of Amahlathi, with a view to inform the development of a holistic Plan for Amahlathi.

Amahlathi amongst others, has and still experiences challenges in all the areas mentioned below, which negatively impacts on its financial sustainability and ability to deliver basic services sustainably.

The municipality's budget for the 2024-25 MTREF is currently unfunded. There are various factors that have resulted in the current cash flow position of the municipality which will be elaborated below. The municipality has been able to reduce the total budgeted deficit from R63 million in the 2023/24 Adjustments Budget to R45 million in the 2024/25 Draft Budget. The municipality experienced a fairly good cash flow position far back in 2012/2013 and 13/14 financial years. This however has eroded in the past twelve financial years.

The root cause of the current cash flow position that is unfavourable is mainly because of the following:

- Spiralling employee costs, emanating from, standardization, exorbitant car allowances, appointments of staff in unfunded positions and overtime costs.
- Decrease in the number of Wards due to demarcation, which has led to decrease in grant allocation has adversely affected cash flow of the municipality.
- Revenue collection which has been affected by various factors such as:
    - Community unrest which has negatively affected the provision of services and municipal operations.
    - Economic factors - public not prioritizing payment of rates and services due to the economic down turn and affordability.
    - Electricity losses due to electricity theft and old infrastructure.

- The municipality also entered into a finance lease for plant and equipment to the tune of R91 million. Unfortunately the contract was alleged to be invalid and thus the municipality incurred fruitless and wasteful expenditure of the same amount.

There is an exhaustive list of root causes however not all of them will be mentioned upon in this document.

Municipal Financial Viability

The financial viability report of the municipality is best represented by the financial performance over the past five financial years.
Cash and cash equivalents balances over past five financial years will be examined. In addition we will also examine expenditure trends of the main cost drivers that have been identified.
In summary this is the performance of the municipality in the past medium term revenue and expenditure framework:

Cash and Cash Equivalents

As shows graphically below there has been a drastic decrease in the liquidity of the municipality from 2014/2015 financial year. During the 2014/15 year-end the municipality had R129 million in cash and cash equivalents.

Cash and cash equivalents balance decreased by 88% over since the 2014/2015 financial year. The significant reductions was as result of the municipality entering into

the yellow fleet contract and the implementation of standardisation and additional employments which were not supported by a sustainable budget.

The municipality's financial position and liquidity position is worsen by the increase in Trade and other payables over the same period. Please see table below.

Equitable Share

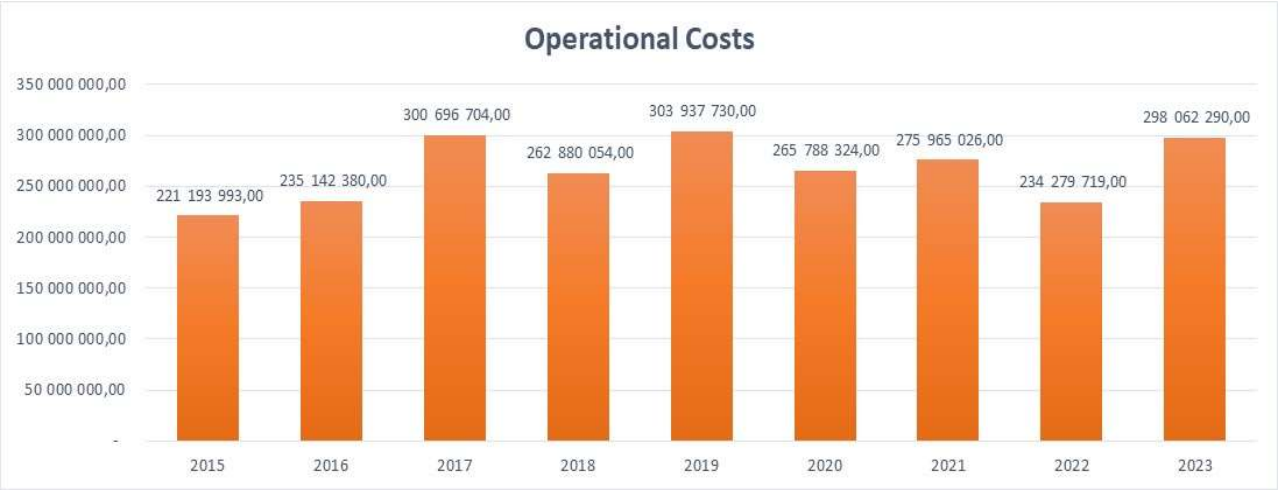
The graphic below illustrates the Equitable Share allocations for the past nine years:

There has not been any consistency in the Equitable Share allocation, which makes long term planning difficult. Other than for the peak during the 2020/2021 financial year, the Equitable Share allocation during 2022/2023 financial year indicates a 1% increase from the 2015/2016 financial year. Which compounded the municipality's

financial situation. The municipality is aware that reduction of Equitable Share was as result of demarcations.

Operating Cost

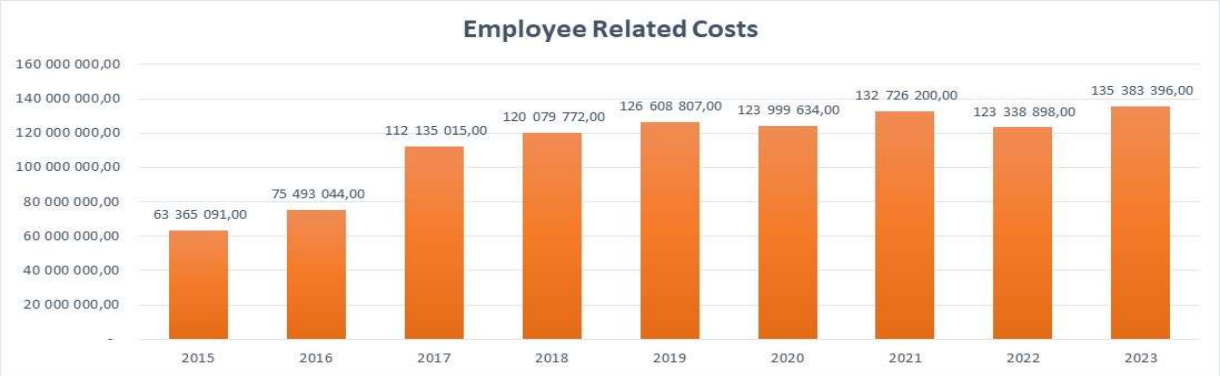
The above analysis is supported by looking at the operating cost levels for the past nine years:



Though the 2022/2023 operating expenditure is not the highest in the rage presented above, the increase from the 2021/2022 financial year has been significantly above inflation.

Employee Cost

The employee cost analysis of the municipality is illustrated below:



2016/2017 financial year was the biggest in terms of the increase in employee cost. The 49% increase in a single financial year as a result of standardisation and unfunded appointments spelled disaster for the municipality's finances. This has been

compounded by the annual increases above inflation, though in line with the Salary-wage agreement.

Costing of Material Root Causes

ROOT CAUSE DESCRIPTION	AMOUNT
The purchase and loss of plant for an amount of R92 million;	R92 million. Only R28 million was recovered in terms of revenue.
The redetermination of boundaries which resulted in a significant reduction in the wards and overall population of the municipality in 2016 thereby affecting national transfers;	R28 million
The implementation of irregular salary increases and promotions termed “standardisation”;	R91 million *Calculated up to the 2022/2023 financial year.
The implementation of unaffordable car allowances to some categories employees;	R5 million per annum
The appointment of staff without a budget.	R12.9 million

Cash Flow Projections 2024/2025

We have performed a cash flow projections for the 2024/2025 financial year using the current revenue and expenditure trends. One of the key findings of the exercise is that the municipality will experience cashflow difficulties from 1 July 2024, as result of the high creditor basis and participation in the Eskom Debt relief programme as well as a cash flow shortfall during the third quarter of the financial year. This will have disastrous effects on the operational performance of the municipality as it is projected

that the municipality will continue to have cash shortfalls for the remainder of the financial year.

2 Organisational Structure, and Human Resources and Institutional Matters

The municipality undertook a comprehensive organisational review exercise for the entire institution, the outcome of which has not been fully implemented. It has been noted that previously when the municipality undertook this exercise the implementation of the new organisational structure in 2016/2017 was not undertaken properly and unplanned recruitment occurred within the municipality with individuals being employed outside the organogram, thereby implying that these are unfunded or unbudgeted posts. This matter needs to be addressed urgently.

It is critical that human resource policies and procedures of the municipality are strictly adhered to and consultation with the relevant stakeholders should be improved in the implementation of the entire organisational structure. Service delivery requirements, revenue enhancement and compliance with legislation should be prioritised in the implementation of the structure taking into consideration the funding requirements and current financial constraints at the municipality.

There are no clear and specific job descriptions for the current structure (for the positions that were filled as phase one of the implementation of the organisational structure). It has also been noted that the job descriptions within the municipality have not been updated and a job evaluation process has not been conducted within the municipality. This matter should be urgently addressed to ensure competency profiles are aligned with specific job descriptions. The municipality has approved an updated organogram during January 2024.

However, due to the nature and extent of the issues identified relating to human resources at Amahlathi, it is evident that there is a need for a human resource policy and procedure review to be conducted and decisions needs to be made around standardisation and travel allowance policy. Review of other policies will identify all relevant policies and procedures that need to be developed or refined for the municipality and to ensure that the human resource function is fully functional, effective and supportive of the service delivery imperatives of the municipality.

Performance Management System (PMS) is not implemented in the municipality. Performance evaluation has been targeted at senior management and has not been implemented for the past two years. There is a lack of consequence for poor performance and transgression of policies and procedures within the municipality. This

has created a culture of non-performance which has a negative impact on service delivery, financial management and the audit opinions received by the Municipality. The implementation of PMS should be cascaded to the entire staff establishment with consequence for poor or non-performance.

3 Governance

Governance and oversight within the municipality must be strengthened for improved decision making and service delivery. Engagements during the preparation of this plan reflected that there is an issue of postponement of Council and Committee meetings which have led to delays in crucial processes and the implementation of decisions within the municipality. This has also had an impact on timeous implementation of council resolutions and committee decisions within the municipality.

The postponement of Council and Committee meetings should be addressed in order to expedite decision making and also to comply with legislative activities within the required timelines. Adherence to the scheduled dates of Council and Committee meetings is critical. There is also a need for an improvement in Council resolutions being tracked and the implementation thereof monitored.

The implementation and enforcement of a code of conduct for councillors is critical. The review of the system of delegations should address the political component of the municipality as well.

4 Engineering Services

The municipality has the mandate to deliver basic municipal services to its communities within its municipal jurisdiction and must do so within its ability considering both its financial means and institutional capabilities. The high level challenges facing the Engineering Services Directorate, which should be addressed going forward, are as follows:

- There is a shortage of technical skills in the municipality such as engineers and technicians who are key for service delivery as well vehicles, equipment and machinery;
- Organisational arrangements are not fully aligned to functions;
- Lack of operating systems and procedures (Sop's, Maintenance Plans, etc.)

- There are no master plans or replacement and management plans, an inadequate assets register, planning is fragmented and concentrates on short term instead of long term matters and inadequate meters which compromise sustainable service delivery implementation;
- Insufficient attention directed to upgrading, rehabilitating, refurbishing and operation and maintenance of basic services infrastructure pertaining to the electricity network hence the increase in distribution losses. These includes transmission lines, sub-stations and transformers;
- Insufficient budget provisioning for maintenance of service delivery related municipal infrastructure;
- Under-performance of existing infrastructure, caused by ageing assets and poor repairs and maintenance;
- Not planning for growth and as a result demand exceeds supply especially in respect of electricity supply.

The municipality experienced service delivery protests in the month of October 2018 and lasted for a period of 5 months. During the protests some of the municipal infrastructure was destroyed which includes machinery that is utilised for Road maintenance. The machinery that was destroyed entails 2 graders, 1 excavator, 1 front end loader and vehicles. All this equipment formed a vital part of carrying out the maintenance of roads for the community of Amahlathi Municipality at large.

The destruction of the machinery has led to an adverse negative effect in terms of impact of service delivery, especially that of maintaining roads for access to services and the community. The initial Road Maintenance plan milestones will not be reached and hence leading to an increase of road maintenance backlog.

Material losses electricity services, as a result of poor maintenance of existing infrastructure amongst others; (In order to address the different types of losses incurred, the following actions should be taken:

- Drafting an Electricity Services Development Plan.
- Drafting an Electricity Services Asset Management Plan.
- Ensuring that there are intense publicity campaigns in place to educate the community on the proper usage of electricity.

- Strictly enforcing measures and prosecuting those making/allowing illegal and unauthorised connections.
- Imposing heavy fines on consumers found to have tampered with the electricity supply.
- Install smart meters in order to decrease electricity losses.
- Follow up on the Eskom weaning agreement, which includes a rebate for demand penalties incurred by the municipality.
- Implement a trustworthy meter reading system by using monthly billing variation reports.
- Developing and implementing a new electrification strategy to address the electrification of Informal settlements in order to curb illegal connections.
- Raising awareness and introducing educational programmes in order to change the perception that water is plentiful and available; and
- Lack of forward planning resulting in bulk infrastructure not being upgraded to cater for the additional development.

5 Community Services

The Directorate of Community Services is one of the biggest departments within the municipality. The Directorate is responsible for the provision of parks, recreational and sporting facilities, cleansing and environmental health services, library services, environmental management, traffic services, and fire and emergency services.

The challenges facing the Directorate of Public Safety and Community Services include:

- Shortage of human resource capacity to implement by-laws. The by-laws have not been updated and some have not been approved, which could result in possible litigation as regards to billing and collection of monies for services rendered;
- Inadequate customer complaint handling processes, there is therefore a need to establish a centralised responsive customer care unit/ centre to deal with customer queries and emergencies;

- Shortage of the tools of trade when rendering daily activities hence the current state of the towns within Amahlathi where refuse is not adequately collected;
- Vehicles are old and unreliable and impact negatively on service delivery.
- The existence of illegal dumping sites; the absence of the cleaning services in all areas of Amahlathi; and
- An ineffective solid waste collection schedule.

6 Information Communication and Technology (ICT)

The IT governance framework was approved by the council in September 2015 and it was reviewed in 2017. The purpose of the framework is to institutionalize corporate governance of ICT and governance of ICT as an integral part of corporate governance, within the Amahlathi Local Municipality (ALM). IT master plan was developed with the assistance of the Amathole District Municipality to further strengthen the governance and planning of IT. The recommendations of the IT governance framework and IT master plan are being implemented but due to budget constraints are not fully implemented IT master plan review needs to be budgeted, performed and updated so as to reflect the changes that have occurred over the years.

The IT unit have a small staff compliment. Connection to and between all municipal buildings have been re-established. The IT department provide support in all the municipal sites in Stutterheim and all satellite offices namely: Keiskammahoek, Carthcart and Kei Road.

The municipality does have an approved disaster recovery plan. Due to the budget constraints the plan is not implemented. Regularly backup are deployed in the municipality to be able to back up and restore data of the municipality. Due to budget constraints the municipality does not have a disaster recovery site but is looking at utilizing 3rd party service providers for the function and business continuity.

7 Internal Audit, Risk Management and Audit Outcomes

7.1 Internal Audit

The municipality has an Internal Audit Manager. The Internal Audit Unit has not been fully effective during the year as some of the projects that were included on the plan had to be removed from the plan. This was due to the closing of the municipal offices due to COVID-19 lockdown.

There are overall challenges that have been noted impacting on performance of Internal Audit as well as Audit Committee. Namely

- Financial constraints that are currently facing the municipality which are leading to non-payment of salaries and suppliers;
- Vacant position of the Strategic Services Director;
- Municipal documents that have been burnt during the community protests;
- Lack of office spaces for officials that had their offices burnt during the community protests;
- Lack of documented processes and procedures for each function.

7.2 Risk Management

The municipality does have a Risk Management committee consisting of Directors and Managers. The Risk Management Committee sits on a quarterly basis and is chaired by the Municipal Manager. Risk Assessments are conducted on an annual basis and the Risk Registers are updated on a quarterly basis. The municipality does have a Risk Management Policy which was adopted by the Council. The Risk Management Policy has been reviewed. Risk Management Policy assists the municipality in the following:

- It provides management with proven risk management tools that support their decisions-making responsibilities and processes, managing key risks impacting on their goals and objectives.
- It also ensures that risk management processes exist in an environment of continuous feedback and improvement.
- It enables the Municipality to effectively deal with uncertainty and associated risk and opportunity to enhance the capacity to build value.

A risk management framework is in existence and there is a risk based audit plan but the implementation remains a challenge. In addition, the risk based audit plan needs to be reviewed and updated in light of the current challenges at the municipality. Risk management is not fully embedded in the culture and internal control processes of the municipality.

TOP 10 RISKS RELATING TO THE MUNICIPALITY

#	Risk Description	Risk Causes	Consequences	Action to improve management of the risk
1	No standard operating procedures	1.Lack of adequate monitoring	1. Inconsistent implementation of municipal processes.	1. SOP will be developed linked to the SDBIP. 2. A procedure manual will be developed linked to all HR Policies.
2	Exceeding electricity capacity from Eskom(Notified Maximum Demand)	1.Excess demand on electricity	1.Penalties by Eskom 2.Monitorium on new connections	1. Application of additional NMD to Eskom. 2. Awareness campaigns geared at efficient use of electricity by customers.
3	Distribution losses	1.Old infrastructure 2.Theft 3.Non-payment of debts 4.Lack of adequate monitoring on meter boxes and transformers 5.Inaccurate meter readings	1.Financial Loss 2.Low revenue collection 3.Community disputes 4.Collapse of infrastructure 5.Loss of life due to illegal connections 6.Litigations to the Municipality	1. Motivate for improved budgeting for upgrading of the old infrastructure 2. Electrification of extensions by Eskom 3. Implementation and consistent review of electricity master plans. 4. Replacement and recalibration of old meters. 5. Use of High-accuracy meters on lager consumers. 6. Use of automated meters.

		6.Inaccurate billing 7.Lack of consequence on identified theft of electricity		7. Protection of electricity assets, i.e. provision of protective boxes.
4	Non adherence to SCM policies, procedures and regulations	1. Poor planning 2.Personal interest 3.Political interference 4.Limited buy in on the SCM policy 5.Non implementation of the procurement plan 6.Abrupt change in project implementation option	1. Compromised Service Delivery 2. Delays in appointment of service providers 3. Negative audit outcomes 4. Increase in irregular expenditure 5. Increase in deviations 6. Litigations	1. Financial misconduct workshop to be conducted. 2. Development and strict adherence to the procurement plan. 3. SCM awareness's (Supplier Day) 4. Employees are to sign declarations.
5	Going concern of the municipality might be at risk	1.Poor planning 2.Non adherence to relevant legislation 3.Political interference 4.Unfunded mandates	1.Compromised service delivery 2.Low revenue collection 3.Service delivery protest 4.High employee turnover	1. Consumers that are 90 days and above will be cut-off and handed over to the Debt Collectors. 2. Implementation of the revenue enhancement strategy 3. Explore other external revenue sources; 4. Enhancement of the indigent registration.

			5.Low staff morale 6.Dependency on grants	
6	Non-compliance with policies and procedures	1. Non communication of policies to Municipal officials 2.Lack of procedure manual regarding HR operations 3.Political interference 4.Lack of consequence management 5.Recruitment processes not followed 6. HR policy not including abuse of alcohol	1. Inconsistences with the implementation of policies and procedures within the municipality. 2. Employer and employee relationship affected negatively 3. Litigations 4. Lack of accountability	1. Workshop of municipal policies will be conducted on quarterly basis; 2. To develop a procedure manual linked to all HR policies; 3. Recruitment plan will be developed for 2017/2018; 4. Alcohol and subsistence abuse policy will be reviewed; 5. Accountability agreements will be signed by all officials from task 12; 6. Individual performance will be monitored on a quarterly basis.

7	Inconsistency in implementation of the HR policies	1. Poor planning 2.Personal interest 3.Disparity in salaries 4. Non sitting of the departmental meeting.	1.Standardization 2.Financial Loss 3.Labour unrest 4.Staff shortage 5.Litigations 6.High rate of disciplinary cases	1. All new positions will be evaluated/benchmarked before advertised; 2. Departmental meetings to sit on a monthly basis; 3. All filled positions will be evaluated to address the standardization. (Pending Budget)

8	Abuse of council resources (Vehicles, Petrol cards, telephone, overtime, time management)	1. Lack of monitoring, evaluation and review over Council Resources. 2. Inconsistent implementation of Municipal Policies 3. Non-compliance the developed municipal policies 4.Consequence management 5.Political Interference 6.Removable Municipal stickers	1. Financial loss. 2. Litigations 2.Instability in the Municipality	1. Vehicle tracking device will be installed for all municipal vehicles; 2. Review of daily notifications from Petrol Cards); 3. Vehicle checklist are being done on weekly basis; 4. Report with regard to the driving behaviors will be submitted to the Standing Committee and MANCO; 5. Log books will be monitored on a weekly basis; 6. Trip authorization forms will be issued by the HODs on a weekly basis; 7. Accident investigation committee will be established; 8. Overtime for the drivers will be monitored through the tracking system; 9. Attendance register will be monitored on a monthly basis, 10. Attendance register will be collected every morning by the HODs 11. A new telephone system will be installed for all municipal offices;

				12. The new system will have a control of limiting the amount spent on telephone 13. Monthly reports will be printed for the HODs with regard to the telephone costs. 14. Overtime pay-outs will be according to the policy.

9	Dependency on Eskom infrastructure	1.Lack of authority towards electrification performed by Eskom	1.Delays 2.Service Delivery protest 3.Lack of economic development	1. Improving sitting of PSC meetings with all affected stakeholders. 2. Ensure consistent attendance of the IGR by the department. 3. Development of SLA with Eskom
10	Dilapidated Municipal buildings.	1. Lack of adequate capacity in terms of human capital 2.Insufficient Funding 3.Lack of implementation plan 3.Non adherence to building regulations 4. Non-adherence to land use regulations	1. Loss of life 2.Reduced revenue 3.Reduced economic development 4.Health and safety 5. Dirty buildings	1. Filling of vacant positions 2. Improvement of Funding 3. Give assistance in the Development of Implementation plan by the Custodian Department (Corporate Services) 4. Promotion of Building Regulations 5. Promotion of Land Use Regulations

The following are some of the critical risks identified within the municipality:

- Adoption of unfunded budgets, with significant deficits for the past financial years;
- Non-achievement of revenue targets;
- Lack of adequate investment attraction in the municipal demarcation and the effects of the community unrest on the existing investors;
- Lack of a marketing strategy;
- Lack of performance management throughout the municipality;
- Lack of business continuity processes;
- Inadequate communication and implementation of the existing and revised policies;
- Inadequate management and control of confidential municipal information;
- Lack of implementation of the communication strategy;
- Not meeting the realistic expectations of stakeholders (community dissatisfaction);
- Lack of community awareness on environmental management;
- Increasing crime in the municipal area; and

The action plans to mitigate prioritised risks should be included in the risk and action owners performance agreements to ensure implementation.

8 Budget and Treasury Office

The BTO of the municipality is structured in terms of the following units: Revenue Management, Supply Chain Management, Expenditure Management, Payroll, Asset Management, Budget and Reporting.

Priority Areas

- Effective and compliance Supply Chain Management
- Effective, compliant and credible Asset Management.

- Effective Revenue Management.
- Prudent and credible budget and financial reporting.

National Strategic Objective/Outcome linked to the National Transformation Agenda

- Strengthen procurement systems so that they deliver value for money
- Address weaknesses in procurement systems to ensure a greater focus on value for money.
- Optimize infrastructure investment and services

The challenges facing the Budget and Treasury Office which should be addressed include:

- There is a need to increase internal capacity to improve revenue and collections;
- Cash flow challenges which result in service not being paid for timeously and therefore service providers withholding their services;
- Lack of a long term financial strategy;
- Lack of implementation of revenue enhancement and cost curtailment strategies which also need the support of other departments;
- Unfunded budget and inadequate budget control and cost ineffectiveness; and

The municipality should also prioritise the implementation of revenue enhancement initiatives, cost containment measures, development of an integrated assets management plan, reduce irregular expenditure and fruitless and wasteful expenditure, improve financial data integrity, improve in-year assessment and reporting to facilitate timely decision making.

A more streamlined approach to submitting VAT claims and the recovery of such claims must be implemented, which will have a positive effect on the cash flow.

9 Local Economic Development, Integrated Development Plan and Public Participation

The Amahlathi municipal area has a resident population whose main challenges are in countering the effects of endemic poverty and under-development. This translates into a need to focus great efforts on the expansion of local economic development in the area. In this regard, focus areas include facilitating sectoral growth in tourism, local manufacturing, agriculture and forestry. Poverty relief and food security are also seen as important areas within this cluster, as is a strategic focus on the support of local enterprise development.

It remains vitally important for Amahlathi Local Municipality to follow a structured approach in focusing development and capital investment in the settlements that make up its area in order to counter further fragmentation in the settlement patterns both at a local and at a municipal-wide level. Careful land use management and the conservation and appropriate use of existing natural and cultural heritage resources is of great importance for the area and can result in the enhancement of local economic development initiatives. It is also important to ensure that the provision of infrastructure is carried out in a more sustainable manner than has occurred in the past.

Moreover, an important consideration for the municipality in this regard is the need to support land reform processes in its area of jurisdiction, most notably (but not exclusively) in the Keiskammahoek area, where land restitution processes are rapidly approaching settlement and in the Yellowwoods/Kei Road Zone, where detailed planning processes have identified priority project actions required.

SWOT ANALYSIS

The envisioned strategy should built on the analysis of its predecessor which had outlined key Strengths to develop the economy as resident within the natural resource base within Amahlathi that is the forest (wood related products), the Eco-tourism and the large water masses suitable for water sports (ranging from sports tourism to the manufacture of water craft and accessories). The large water masses also lend themselves to Amahlathi becoming a major national and even international player in aqua farming.

Key weaknesses lie in the lack of high-level skills to actively participate in economic development and manufacturing, lack of a large industrial and population base to

generate revenue for the municipality. Climate change possess a threat in the growth of agriculture within Amahlathi Local Municipality.

Key threats lie in the possible inability, given the small staffing size, to capitalize on the opportunities that exist including those from all the various sector departments

The Opportunities are huge within Amahlathi. Naturally any municipality wants to improve the number of visitors to it and also the amount of investment that it receives. Some of the easier and most cost effective ways to grasp these opportunities lie in differentiated tourism. For Amahlathi the key will be in adventure, sport and eco-tourism. By creating a few key sporting events e.g. Municipalities Toughest Men Competition, The Amahlathi Mile (swimming), The Amahlathi Rowing and Cross Country marathon through the forest, it will be possible to attract thousands of weekend visitors. Off road cycling and quad biking and including adventure sports, can easily boost the economy for the smallest possible investment.

In short, development of the tourist potential in eco - sports, adventure, and historical tourism will not only attract the local tourist but also appeal to the overseas visitors as well. The link to the German past should be exploited to the maximum. The above, coupled with the development of sustainable human settlements and the ability of each household to produce food can have a major positive impact on the communities. The municipality should consider supplying all households with a home garden. This includes fencing, soil, fertilizer and seeds.

The provision of driver training and computer training programme will greatly enhance the job opportunities in the short term. People between 19 – 65 years old should be involved in skills training or community building programmes. The needs of the housing programmes should be supplied by organized primary, secondary and tertiary co-operatives.

The challenges at Amahlathi related to Local Economic Development (LED), Integrated Development Plan (IDP) and Public Participation can be summarised as follows:

- Postponement of meetings of Council and Mayoral Committees, prolongs the turn-around time for approval of the activities within the budget process plan;

- A need for prioritisation of funds to implement LED projects, land audit and town establishment;
- Lack of investor confidence in the municipality due to the community protests as well as the current status of service delivery with regards to refuse removal and electricity supply;
- The LED strategy and investment policy should be reviewed, refined and implemented;
- The municipality does have a communication strategy, and the public participation and communication programme/ plan needs improvement; and
- The website needs to be revamped to ensure relevant information is placed in compliance with legislation.

10 Powers and Functions

The table below clarifies the powers and functions of Amahlathi local municipality and the implementing agencies:

Function/ Power	Authority to Perform the Function	Performed by Municipality or External Service Provider
Air pollution	Yes	Municipality
Child care facilities	Yes	Service Providers
Fire fighting	Yes	Amahlathi Municipality
Municipal health services	Yes	Municipality
Trading regulations	Yes	Municipality
Building regulations	Yes	Municipality
Electricity reticulation	Yes	Municipality

Function/ Power	Authority to Perform the Function	Performed by Municipality or External Service Provider
Local tourism	Yes	Municipality
Municipal planning	Yes	Municipality
Municipal public transport	Yes	Municipality
Storm water	Yes	Municipality
Cemeteries, funeral parlours and crematoria	Yes	Municipality
Billboards and the display of advertisements in public places	Yes	Municipality
Facilities for the accommodation, care and burial of animals	Yes	Municipality
Local sport facilities	Yes	Municipality
Markets	Yes	Municipality
Municipal parks and recreation	Yes	Municipality
Municipal roads	Yes	Municipality
Noise pollution	Yes	Municipality
Public places	Yes	Municipality

Function/ Power	Authority to Perform the Function	Performed by Municipality or External Service Provider
Refuse removal, refuse dumps and solid waste disposal	Yes	Municipality
Control of undertakings that sell liquor to the public	Yes	Municipality
Fencing and fences	Yes	Municipality
Street trading	Yes	Municipality
Street lighting	Yes	Municipality
Traffic and parking	Yes	Municipality
Control of public nuisance	Yes	Municipality
Licensing of dogs	Yes	Municipality
Licensing and control of undertakings that sell food to the public	Yes	Municipality
Cleansing	Yes	Municipality

The municipality is rendering its services at a deficit, for example refuse removal, as a result of poor budgeting, inappropriate costing of services, inadequate tariff structure and operational inefficiencies, amongst others. These weaknesses must be addressed to contribute toward sustainable service delivery. The operation model for rendering the services should be reviewed to ensure efficiency and effectiveness. The principal objectives of the review process are to ensure that the revenue attributable to fees and

charges is maximised and that the bases for determining fees and charges are cost reflective and/or market related in all instances.

Tariff transparency in terms of cost and return per service per customer segment will not only enhance the municipality's ability to manage and monitor revenue performance per segment, but also to effectively communicate the tariff structure to its customers and how returns will be utilised to deliver service. The municipality needs to also review the bulk resources contracts with the relevant organs of state for example Eskom to ensure appropriate service level agreements are concluded.

The municipality has operating license with NERSA to distribute Electricity for Stutterheim and Cathcart Town, Eskom has operating licences to distribute Electricity in all Amahlathi villages and townships such as Mlungisi township, Goshen, Daliwe and Kati-Kati including KKH. The municipality has 3800 households' distribution of electricity, and is responsible for maintenance of electricity network at Stutterheim and Cathcart. According to NMD (Notified Maximum Demand) the municipality has agreement with Eskom to have 3000MVA for Stutterheim while capacity needed is 5500MVA which includes Spare capacity. The municipal manager has written application to request capacity of 5000KVA and the Memorandum has been signed by the Municipality and Eskom for the adjustment. The adjustment will have impact on tariffs. The municipality should consider in the medium to long term to secure an electricity licence for its entire area of jurisdiction.

Poor inventory management, asset management (property plant and equipment), fleet management and contract management results in poor service to the communities and poor financial management. This has contributed to ageing infrastructure with a lack of funds being earmarked for the whole life cycle maintenance and replacement.

The municipality is experiencing service delivery challenges due to ageing infrastructure, lack of forward planning (none implementation of master plans), lack of management of electricity distribution losses, lack of replacement and management plans, inadequate human and equipment resources, budget allocation for replacement, operation and maintenance is low and insufficient to stabilise or prevent further deterioration as well as poor project and contract management amongst others.

The municipality has identified development priorities to address roads and storm water, electricity and land use management. These should be reviewed, costed and form part of the long term financial plan of the municipality, which will amongst others indicate the funding mix in financing the development priorities including backlogs.

The fleet management system is not functional in the municipality and there is a shortage of equipment and vehicles. This negatively impacts on service delivery. Fleet management is presently decentralised within the municipality and there is a lack of coordination to ensure effective management and control of municipal vehicles. In addition, measures are not implemented to address damage and abuse of vehicles. There is a need to review the fleet management policy. Fleet management needs to be addressed urgently as this functional area is key to service delivery.

11 Service Delivery and Infrastructure Planning

The municipality has experienced a number of challenges with respect to financial management, including adopting of unfunded budgets and the decline in the liquidity ratios. These challenges have increasingly jeopardised the municipality's ability to provide effective and efficient municipal service delivery. Compounding these challenges has been the service delivery protests which resulted in the burning of municipal buildings, governance inefficiencies, as well as capacity constraints in key service delivery areas.

There were significant gaps in a number of the necessary municipal business management activities, such as governance and risk management, human resource management, information, communications and technology planning, asset management, forward financial planning, strategy planning and business performance management. It should be noted that each of these present opportunities for improvement at the municipality. It is critical that the administration and municipal council are committed to such business improvement.

Amahlathi Local Municipality should move away from short term erratic and reactionary planning to long term stable and sustainable planning and a proactive approach to service delivery. There is a need to review service levels for consistency of service delivery and there may be a need to analyse the coverage and service levels.

A summary of critical areas related to electricity, energy, roads and storm water is as follows:

11.1 Roads and Storm Water

The provision and maintenance of roads covers the functional areas of the Department of Roads, the Department of Public Works and Amahlathi Municipality. The municipality has a 3 year capital plan that has been approved and includes planning from 2018 until 2022. The plan is reviewed annually in line with IDP and Budget processes. The capital plan has also budget projections for the three years that is aligned with the municipal budget. The municipality has Road Maintenance Plan and budget allocated for road maintenance and was approved by Council. There is Rural Road Management System that is fully utilised. There is no storm water management plan the Municipality is using Road Maintenance Plan. The municipality has a Road Maintenance Forum that sits quarterly to discuss road maintenance issues.

The municipality experienced service delivery protests in the month of October 2018 and lasted for a period of 5 months. During the protests some of the municipal infrastructure was destroyed which includes machinery that is utilised for Road maintenance. The machinery that was destroyed entails 2 graders, 1 excavator, 1 front end loader and vehicles. All this equipment formed a vital part of carrying out the maintenance of roads for the community of Amahlathi Municipality at large.

The destruction of the machinery has led to an adverse negative effect in terms of impact of service delivery, especially that of maintaining roads for access to services and the community. The initial Road Maintenance Plan milestones will not be reached and hence leading to an increase of road maintenance backlog.

The high level challenges in the main are as follows:

- Roads and storm water that had reached their design life cycles(deteriorating state, unfinished projects, poor workmanship); where the condition has deteriorated substantially have become unaffordable for the municipality to maintain
- Municipal funds are unable to finance the maintenance of the roads and storm water infrastructure which is urgently required; and

- Amahlathi rural areas are fast becoming a safety hazard and are becoming inaccessible due to a lack of maintenance and upgrading due to a lack of funds, equipment and human resources.

Amahlathi Municipality's transportation system is categorised as follows, with the varying ownership and responsibilities of these making the management of this function difficult for Amahlathi:

- municipal roads;
- provincial roads (Department of Transport)
- undefined access roads;
- rural surfaced and gravel roads; and
- national roads (SANRAL)

The roads and storm water operating challenges are as follows:

- Budgetary constraints resulting in poor or no maintenance;
- Unavailability of resources e.g. machinery and human resources resulting in incomplete work;
- Deteriorating condition of the roads causing damage to public vehicles and litigation claims;
- Poor storm water management resulting in flooding which could cause death, damage to peoples' properties and possible claims; and
- Deteriorating municipal buildings making them inhabitable with the possibility of causing staff to be sick resulting in possible litigation or charges being laid by the Department of Labour.

11.2 Electricity and Energy

The municipality has operating license with NERSA to distribute Electricity for Stutterheim and Cathcart Town, Eskom has operating licences to distribute Electricity in all Amahlathi villages and townships such as Mlungisi township, Goshen, Daliwe and Kati-Kati including KKH. The municipality has 3800 households' distribution of electricity, and is responsible for maintenance of electricity network at Stutterheim and Cathcart. According to NMD (Notified Maximum Demand) the municipality has agreement with Eskom to have 3000MVA for Stutterheim while capacity needed is 5500MVA which includes Spare capacity. The municipal manager has written

application to request capacity of 5000KVA and the Memorandum has been signed by the Municipality and Eskom for the adjustment. The adjustment will have impact on tariffs.

The high level challenges are as follows:

- Ageing electricity network cables between distribution substations to secure firm electricity supply and lack of an upgrade plan for the transformers.
- Inadequate resources being vehicles, ladders, materials, testing equipment, safety clothing, designing software, etc.; and
- Insufficient staff training in particular trade tests for electricians and authorisation of electricity staff.
- The none implementation of the Master Plan on electricity is another strategic challenge where the municipality is unable to plan ahead;
- Non-payment of debts on the service already rendered hence the service is trading at a deficit increasing to the budget deficit
- Lack of adequate monitoring on meter boxes and transformers hence resulting in high distribution losses as well as tampering
- Inaccurate meter readings which results in the wrong bills being sent to the consumers resulting in revenue loss to the municipality
- Inaccurate billing which results in consumer disputes and the none payment of customer accounts affecting the financial sustainability of the trading service
- Lack of consequence on identified theft of electricity

11.3 Development Priorities

Based on the information received and the analysis done, the development priorities for the various departments can be summarised as follows:

Department	Development Priorities
Water and Sanitation	• Access to portable water and basic sanitation with special reference to rural areas;

Department	Development Priorities
	• Provide constant water supply in all areas • Provide potable water to meet minimum quality standards; • Provision of waterborne sanitation to all urban areas; • Provision of bulk for water and sanitation infrastructure; • Eradication of sanitation backlogs; • Social facilitation in rural areas for the use of waterless sanitation; • Provision of free basic services; • Maintenance of existing infrastructure; • Water and sanitation reticulation and rebuilding toilets; • Explore alternative ways of sanitation in rural areas versus waterless toilet; • Resuscitation of water boreholes; • Customer care.
Roads and Storm Water	• New roads construction plan to include storm water channels; • Upgrading and maintenance of roads and storm water; • Construction of new roads and sidewalks; • Provision of storm water channels; • Paving/ tarring of all access roads (streets); • Upgrading of old main roads with tar; • Upgrading of rural roads; • Road safety mechanisms; • Cleaning of main roads;

Department	Development Priorities
	• Repairs and maintenance of storm water drains; • Installation of storm water channels; • Installation of storm water in all new human settlement development; • Construction of bridges; • Construction of sidewalks.
Electricity	• Electrification of formal and informal areas; • Provision of high masts and street lights; • Provision of free basic service; • Provision of electricity in rural areas.
Land Use Management	• Provision of land for housing development; • Land audit municipal properties/open space; • Influx and informal settlements; • Provision of land for recreation facilities i.e. child care centre.

Amahlathi should therefore develop a long term financial plan, which will, amongst others, indicate the realistic funding mix to finance the backlogs and the most cost effective way in which expansion of services can be undertaken. This has to be balanced against the growth projections and potential additional revenue from its agricultural, business, industrial, residential, government and other core sectors of its local economy. The district municipality must be engaged as well to prioritise infrastructure issues that are in their competency. Amahlathi must also address underperformance of existing infrastructure due to ageing infrastructure and poor planning for repairs and maintenance. There is a lack of asset management of infrastructure, immovable and movable assets. Due to a lack of proper asset management and financial planning most of the existing infrastructure could not be

replaced or refurbished, resulting in frequent interruptions of services. This should also be addressed in the long term financial plan of the municipality and asset management plans need to be put in place as a matter of urgency and implemented.

Once fully implemented, the intent is for the Municipality to understand and illustrate how their asset portfolio will meet the service delivery needs of their communities into the future and ensure the viability and integration of asset management into the IDP. This component involves the completion of a gap analysis of the municipality's asset management against a good practice framework.

Despite the fact that Amahlathi is experiencing challenges of service delivery due to ageing infrastructure, the budget allocation for operation and maintenance is low and insufficient to stabilise or prevent further deterioration. Serious reprioritisation of the budget is still needed.

It is also noted that a number of critical service delivery and economic development projects have not been implemented due to the financial problems. Further the complexity of projects requires technical management and planning; and this area must be strengthened to fast track infrastructure development and economic growth in the municipality.

12 Financial Turnaround Plan

The municipality developed a financial turnaround plan in May 2019 for implementation during the 2019-2020 MTREF period. It is recommended that the plan be revised to address current challenges and form part of the financial recovery plan in order to ensure that all the root causes identified above are addressed. The plan has been partially implemented with some of the deadlines missed due to a number of factors including instability in the past both politically and administratively. A highlight has been the approval of a reviewed organogram. Below is a detailed report on the implementation of the plan:

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE	PROGRESS
Analyse actuals as part of budget line item analysis.					
Undertake budget and actual line item analysis for the financial years.	Amahlathi Administration	MM, CFO, Manager Budget, S56/57 Managers	Any inefficiencies in expenditure identified addressed to be addressed in the budget MTREF budget. Revised budget and budget baseline.	Annually	Implemented. A task team established to conduct this exercise and a report developed.
Analyse, in particular, the following categories of expenditure to identify possible inefficiencies, etc.: Employment costs, Contracted services, General expenditure and Free basic services	Amahlathi Administration		Any inefficiencies in expenditure identified addressed to be addressed in the budget MTREF budget. Revised budget and budget baseline.	Annually	Implemented. A tsk team established to conduct this exercise and a report developed.
Properties registered in Municipality's name					
i. Identify relevant properties	All wards	Director: Planning and Development	i. Schedule of properties	Annually	Implemented
ii. Determine similar properties' rates.	All wards	Director: Planning and Development	ii. Schedule of average property rates	Annually	Implemented
iii. Determine appropriate rentals.	All wards	Director: Planning and Development	iii. Valuation certificates	Annually	In progress. The municipality advertised for property management consultants however there was no response from the market. This item is now being done in house making use of the municipal valuer.

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE	PROGRESS
Print and circulate Flyers with the help of communication for the Awareness programme for Credit Control Policy, Rates Policy and FBS Policy,	Locations(All Wards)	Budget and Treasury Office	Printed and distributed flyers	Quarterly Evaluation	Not fully implemented due to internal challenges. Debt payment SMS campaigns are done through the debt collector.
Visit all businesses & Farmers owing 10 000, encouraging them to pay and submit the reasons for non-payment. Update the customer's details per erf /property ownership.		Mayor		Twice a year	Not fully implemented due to internal challenges. Debt payment SMS campaigns are done through the debt collector.
i. Ensue a staff member is allocated to specifically reconcile business debtors and is fully trained.	All Businesses/Farmers	BTO	i. Letter of appointment	Twice a year	Implemented. The municipality has an official dedicated to perform this exercise.
ii. Perform reconciliations on all Business and Farmers debtors	All Businesses/Farmers	BTO	ii. Actual reconciliations and letter stated that all government debtors have been reconciled	Twice a year	Implemented
iii. Compile supporting documents	All Businesses/Farmers	BTO	iii. Files containing reconciliation together with all supporting documents for each government debtor.	Twice a year	Implemented
iv. Visit each debtor and arrange session with the farmer's associations and groups	All Businesses/Farmers	BTO	iv. Submit attendance register for each visit and letter signed off that all debtors have been visited.	Twice a year	In progress. Dates are being arranged through the relevant offices

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE	PROGRESS
v. Compile an Agreement template between each business and farmers debtor and the municipality that inter alia states that if an amount is written off, it is done on the specific condition that all future payments must be made on time and in full. If not, then the amount written off will be added to the current account.	All Businesses/Farmers	BTO	v. Template approved by the Accounting Officer.	Twice a year	Implemented. A debt incentive scheme policy was implemented.
vi. Review of current Debt Collection Policy and Tariffs	All Businesses/Farmers	BTO / PT	vi. Council approved reviewed policies and cost reflective tariffs.	Twice a year	Implemented
vii. Make use of debt collection policy and/or incentive scheme to negotiate deals (for example accepting full and final settlement offers).	All Businesses/Farmers	BTO	vii. Register indicating all deals negotiated during visits.	Twice a year	Implemented. A debt incentive scheme policy was implemented.
Identify and collect on the top 100 residential accounts owing municipality over 10 000 for electricity whilst implementing the credit control policies).	All Residential	BTO		Twice a year	Implemented. A meter audit has been conducted and finalised, The municipality is planning on installing period smart meters. Spot checks are done on meters each month. Debt incentive scheme was also implemented.
i. Ensure a staff member is allocated to specifically reconcile residential debtors and is fully trained	All Residential	BTO	i. Letter of appointment	Twice a year	
ii. Perform reconciliations on 100 domestic debtors	All Residential	BTO	ii. Actual reconciliations and letter stated that all government debtors have been reconciled		
iii. Compile supporting documents	All Residential	BTO	iii. Files containing reconciliation together with all supporting documents for each government debtor.	Twice a year	

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE	PROGRESS
iv. Visit each debtor	All Residential	BTO	iv. Submit attendance register for each visit and letter signed off that all debtors have been visited.		Implemented.
v. Compile an Agreement template between each government debtor and the municipality that inter alia states that if an amount is written off, it is done on the specific condition that all future payments must be made on time and in full. If not, then the amount written off will be added to the current account.	All Residential	BTO	v. Template approved by the Accounting Officer.	Twice a year	In progress. Dates are being finalised with the relevant offices. Implemented.
vi. Review of current Debt Collection Policy and Tariffs	All Residential	BTO / PT	vi. Council approved reviewed policies and cost reflective tariffs.		
vii. Make use of debt collection policy and/or incentive scheme to negotiate deals (for example accepting full and final settlement offers)	All Residential	BTO	vii. Register indicating all deals negotiated during visits.	Twice a year	Implemented. Policies are reviewed annually.
Incentive scheme					
i. Compile an Incentive Scheme	Business/Farmers/Households	BTO	i. Final draft Incentive Scheme	Twice a year	Implemented. Debt incentive scheme was implemented until June 2022.
ii. Submit to Council for approval	Business/Farmers/Households	BTO	ii. Council approved Incentive Scheme		
iii. Determine how best to inform community of scheme	Business/Farmers/Households	BTO	iii. Approved communication campaign	Twice a year	

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE	PROGRESS
iv. Implement the Incentive Scheme and enter into agreement with the debtor	Business/Farmers/Households	BTO	iv. Register indicating all agreements entered into and amounts written off. This register must be reconciled with agreement payments plus current month's debt.		
v. Make sure any write-off is done on the condition that future accounts are paid on time and in full. If not, the debt written off will accrue to the account again.	Business/Farmers/Households	BTO	v. Register and supporting journals where written amount is added to the account. Accounting wise the amount to be written off can only be done once all conditions of the agreement have been fulfilled.	Twice a year	
Address electricity losses					
i. Establish accurate losses	All wards	Director: Engineering Services	i. Report indicating calculations for establishing accurate electricity losses	Monthly	
ii. Determine reasons for losses	All wards	Director: Engineering Services	ii. Report by Director: Engineering Services on reasons for losses.	Monthly	
iii. Address each reason	All wards	Director: Engineering Services	iii. Comprehensive report indicating corrective steps for each reason for the losses.	Monthly	
iv. Consider prepaid meters for all users	All wards	Director: Engineering Services	iv. Report approved by Council.	Monthly	
Follow ups and spot checks to be done regularly on disconnected properties	All wards	Director: Engineering Services	Report on spots checks conducted.	Monthly	
Update contact details on SAGE submitted by REVCO upon tracing the debtors	All wards	BTO	Updated customer database	Monthly	

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE	PROGRESS
Implement Supplementary Roll ~~6 2018/19~~	All wards	BTO	Increased revenue on property rates	once off	Implemented
Follow up on the debt owed that is over 90 days and HANDED OVER to Debt Collector on identified consumers	All wards	BTO	Report on debt handed over by REVCO.	Once a year	Implemented
Presentation of owed debt by the government institution, residential & businesses for monitoring to COGTA quarterly meetings	All Government Dep	BTO	Report on Debt owed by Government Departments	Monthly	Implemented
Adherence to Budgeting planning and reporting processes(IDP,Budget) based on Activity Based costing input	Amahlathi Local Municipality	All Departments	Report on implementation of IDP/Budget Process Plan	Once off	Implemented
Billing for the month and writes off the indigent debt monthly and municipal (Own)consumption	All wards	BTO	Monthly billing report	Monthly	Implemented
Generate disconnection list	BTO	BTO	Disconnection list	Monthly	Implemented
Fine consumers with tempered meters.	BTO	BTO	Report on meters found with tempering	Monthly	Implemented
Captures meter (Electricity) readings consumption accurately. Update of new Connections on billing system, Issue exception reports e.g. no readings, no buying customers ,broken/faulty meters	All wards	BTO	System report	Monthly	Implemented
Develop and Implement a Credit control Work Plan for disconnections of electricity with clear time frames for action ,submit to Engineering Department	All wards	BTO	Credit control work plan	Monthly	Implemented
Update customers information of prepaid electricity customers and meter numbers, house numbers(Block meters that are not paying)	All wards	BTO	Accurate customer database	Monthly	Implemented

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE	PROGRESS
Identify debt per town, collect and update the indigent register on FMS, ESKOM.	All wards	BTO	Monthly reports	Monthly	Implemented. The municipality has a newly reviewed Indigent Register.
Capture new owners not on system. Allocate and monitor unallocated deposits.	All wards	BTO	Monthly reports	Monthly	Implemented.
Conduct a customer satisfaction survey in relation to service delivery performance levels	All wards	Strategic Services	Customer satisfaction survey with recommendations	Monthly	Not yet implemented due to budgetary constraints.
Establish Customer care unit, review Customer care policy, develop customer care procedures, and report on customer queries and update customer details. Email customer statements.	All wards	BTO	Established customer care unit	Monthly	In progress. There is however capacity issues due to lack of office space.
Disconnect all unpaid accounts based on list submitted by debt collectors and work plan(Include a 48hrs reconnection notice)	All wards	Engineering Services	Monthly reports	Once off	Implemented.

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE	PROGRESS
Establish a disconnection procedure on illegal disconnection, reconnection based on full payment to assist in management of overtime(Morning session- disconnection, Afternoon-reconnection)	All wards	Engineering Services	Monthly reports	Once off	Implemented.
Implement Electricity Master plan	All wards	Engineering Services	Monthly reports	Monthly	In progress.
Convene a meeting with CoGTA, MISA, NERSA, Eskom with regards to KVA Demand charge(NMD)	All wards	Engineering Services	Monthly reports	Once off	In progress.
Cost reflective tariffs with MISA,NERSA assistance for 2019/20 Budget	All wards	Engineering Services	Reviewed tariffs	Once off	In progress.
Investigation of ESKOM Billing for usage and Tenants occupiers on Amahlathi Local Municipality properties	All wards	Engineering Services		Once off	
i. Compile a register off all municipal rental stock	All wards	Planning and Development	Investment Register	Annually	Implemented.
ii. Establish who is currently renting the property	All wards	Planning and Development	Investment Register	Annually	Implemented. Verification has been done for municipal properties.
iii. Determine current rental amount.	All wards	Planning and Development	Valuation Report	Annually	In progress. This is done in house with the assistance pf the municipal valuer.
iv. Determine economical rental amount	All wards	Planning and Development	Valuation Report	Annually	In progress. This is done in house with the assistance pf the municipal valuer.

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE	PROGRESS
v. Negotiate new rental amount with occupant and phase in ONLY if necessary	All wards	Planning and Development	Lease agreements	Annually	In progress.
vi. Enter into new contract	All wards	Planning and Development	Lease agreements	Annually	In progress.
Develop a strategy for energy savings on street lights	All wards	Engineering Services	Developed strategy to source funding	Once off	In progress. The municipality has submitted a business plan for EDSMG to DoE for approval. The EDSMG application was not approved however there is funding that has been approved via ASPIRE for a similar project.
OPERATING COST					
Standardisation Process:					
Analyse cost implications of standardisation and rectify	COGTA	Municipal Manager	i. Report of analysis of standardisation process ii. Legal opinion on the regularity of standardisation iii. Reduced employee cost	Once off	Council has taken a decision to reverse standardisation of salaries. The decision was informed by the recommendations from COGTA

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE	PROGRESS
Review all staff allowances	Amahlathi Administration	Corporate Services	Reduction or stopping of car allowances and other allowances	Once off	In progress. The municipality commenced with consultation processes however the processed was stopped by affected employees through a court interdict.
Determine excess capacity with a view of reskilling and reassigning that excess capacity.	Amahlathi Administration	Corporate Services	Monthly reports	Once off	In progress. Reviewed organogram has been approved by council.
Embark on a going paperless project and using mSCOA Records and information Management Module to improve management of information and records	Amahlathi Administration	Corporate Services	Developed and implemented records system	Once off	In progress. There are however capacity issues in the IT department that the municipality is addressing.
Decisively handle and finalize all levels of disciplinary cases	Amahlathi Administration	Corporate Services	Monthly reports	Once off	Implemented.
Review of the organogram	Amahlathi Administration	Corporate Services	Reviewed and implemented organogram	Once off	Implemented
Conduct a Job Evaluation	Amahlathi Administration	Corporate Services	Job evaluation outcomes	Once off	Not yet implemented. To commence in the third quarter of the 2022/2023 financial year.

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE	PROGRESS
To review the current organisational structure and align capacity to improve service delivery.					
Review and finalise the organisational structure consistent with this Plan, including drafting of job descriptions, profiles and reporting lines to allow for functional responsibilities to be performed.	Amahlathi Administration	Municipal Manager and Corporate Services	1. Organisational structure refined and aligned to reprioritised municipal functions, service delivery mechanisms and IDP 2. Development of a new operating model for Amahlathi Local Municipality aligned with service delivery and financial imperatives. 3 Job descriptions showing reporting lines and competency profiles concluded. 4 Job evaluation and grading conducted and concluded. 5 Approved organisational structure implemented.	Once off	In progress. Structure approved. Job descriptions are being finalised.
Draft structure submitted to Local Labour Forum (LLF) for consultation.	Amahlathi Administration			Once off	Implemented.
Submit the revised organisational structure to Council for approval.	Amahlathi Administration			Once off	Implemented.
Implement the approved organisational structure.	Amahlathi Administration			Once off	In progress.
Development of placement and migration plan into the new structure for all employees	Amahlathi Administration			Once off	In progress. The matter is at consultation stage and has been taken to LLF.

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE	PROGRESS
Limit Overtime to 40hrs per month	Amahlathi Administration	Corporate Services and Strategic Services	i. Report providing overtime details per department.	Quarterly Evaluation	Implemented
i. Determine current amount per department			ii. With assistance of all departmental heads, determine maximum monthly need for overtime for all departments.	Quarterly Evaluation	Implemented
ii. Determine need for overtime			iii. With assistance of all departmental heads, determine maximum monthly overtime for all departments.	Quarterly Evaluation	Implemented
iii. Establish new maximum amounts per department			iv. Process flow approved by Municipal Manager.	Quarterly Evaluation	Implemented
iv. Develop and implement overtime authorization			v. Process flow approved by Municipal Manager.	Quarterly Evaluation	Implemented
v. Develop and implement a control system			vi. Process flow approved by Municipal Manager.	Quarterly Evaluation	Implemented
IT costs and effectiveness					
i. Fast-track access to the municipal financial system by all users			i. Contract entered into with service provider.	Monthly	In progress.
ii. Procure IT equipment for employees as per needs analysis			ii. Specification approved by the Municipal Manager and letter of appointment for supply of IT equipment.	Monthly	Implemented. The municipality has entered into a term contract for this purpose.
Reduction in Telephone Costs					
i. Monitor implementation of the VOIP system			i. Report indicating why, or why not, a VOIP system is required.	Once off	In progress.

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE	PROGRESS
iii. Determine reduced monthly allocations			ii. Report on monthly allocations approved by the Municipal Manager.	Monthly	In progress.
Amendment of policy on subsistence and travelling ,limit all employees to travel 2 times a month on meetings, workshops and training and monitored by HOD's			Reviewed Policies	Quarterly Evaluation	Implemented.
Promulgate all by-laws relating to law enforcement and revenue collection.			Legal services	Quarterly Evaluation	In progress.
Report issues of exception reports regarding establishment of new building sites. Develop a policy to implement the building regulations	All wards	Engineering Services	Monthly reports	Once off	In progress.
Report on Identified residential stands that operates as business to be rezoned to revenue	All wards	Planning and Development	Monthly reports	Monthly	In progress.
Submit town planning report to revenue of stands that have been subdivided and consolidation ,issuing encroachment report	All wards	Planning and Development	Monthly reports	Monthly	In progress.
Develop a Traffic fines revenue enhancement plan	All wards	Community Services	Monthly reports	Once off	In progress. The municipality has procured a licence plate scanner and trailer to improve collection of traffic fines.
Develop a Fleet control and monitoring tool for all Vehicles and Trucks of Amahlathi Local Municipality e.g. petrol, service, licensing, wear and tear.(service delivery)	All wards			Once off	

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE	PROGRESS
i. Monitor GPS tracking system reports and apply consequence management	All wards	All Directors	Monthly reports	Once off	Implemented. A fleet management system has been procured and is currently being implemented.
BASIC SERVICE DELIVERY					
Upgrading of internal roads	All wards	Engineering Services	Monthly reports	Monthly	In progress
Compile a cemetery work plan to enhance revenue	All wards	Community Services	Monthly reports	Once off	In progress
Restructuring of the budget to address budget deficiencies and to restore the financial sustainability of the Municipality.					
Undertake a detailed line item budget analysis.	Amahlathi Administration	Municipal Manager, MM, CFO S56/57 Managers	1. Credible budget base for adjustment budget based on past and projected trends. 2. Strict controls over revenue and expenditure consistent 3. Savings in identified intervention areas and increase in actual revenue. 4. An adjustment budget that reflects realistically anticipated revenue and expenditure, austerity and cost cutting measures and cash funded budget. 5. Proper baseline for long term financial planning. 6. Unspent conditional	Quarterly	Implemented.
Review the actual budget performance	Amahlathi Administration			Quarterly	Implemented.
Review the actual performance for the 1st six months of the 2024/25 budget.	Amahlathi Administration			Once Off	Implemented.
Review and amend the 2024/25 budget in relation to past and projected expenditure and revenue.	Amahlathi Administration			Once Off	Implemented.
Compile a 2024/25 adjustment budget in line with reviewed targets for realistically anticipated revenue and expenditure trends and ensure revised budget to be cash funded.	Amahlathi Administration			Annually	Implemented.
Adjust personnel budget to reflect actual posts, including the new key positions.	Amahlathi Administration			Annually	Implemented

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE	PROGRESS
Austerity and cost cutting measures to be reflected in the budget.	Amahlathi Administration		grants ring-fenced and cash backed	Annually	Implemented
Approved SDBIP to be reviewed and finalised to reflect adjusted budget.	Amahlathi Administration			Annually	Implemented.
Approval of the Adjustments budget and revised SDBIP by Council	Amahlathi Administration			Annually	Implemented.
Revenue Enhancement: Revenue section to be fully operational					
Revenue section resourced, capacitated and fully operational to ensure effective and efficient systems and billing and collection processes.	Amahlathi Administration	Budget and Treasury Office, Corporate Services, Strategic Services and Municipal Manager	1. Fully operational revenue management section. 2. Increase in collection levels. 3. Reduced billing queries.	Once off	Implemented
Ensure IT systems are utilised fully to assist with revenue management and enhancement.	Amahlathi Administration			Once off	Implemented
Revenue Enhancement: Increased billing/ revenue base.					
Improve accuracy and processes to regularly update information from meter readers into billing system and distribution of accounts to consumers including through MMS	Amahlathi Administration	BTO	1. Increase in collection levels. 2. Reduced billing queries.	monthly	Implemented. Statements are now sent through an automated email system. A service provider has been appointed for this system.
Revenue Enhancement: Increased billing/ revenue base.					

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE	PROGRESS
Where there are no meters or meters are broken or have been tampered with.	Amahlathi Administration	Budget and Treasury Office and Engineering Services	1. Increase in cash 2. Improved revenue base. 3. Accurate meter readings on all accounts. 4. Reduction in distribution losses. 5. Increase deposits and deposits ring-fenced		Implemented.
Revamping the meter reading processes to ensure correct meter readings are used for billing purposes.	Amahlathi Administration			monthly	Implemented.
Ensure a proper validation process is put in place.	Amahlathi Administration			monthly	Implemented.
Reduce estimation on accounts.	Amahlathi Administration			monthly	Implemented.
Improve communication with the public in terms of policies and processes.	Amahlathi Administration			monthly	Implemented.
Put a system in place to deal with illegal connections, including increased deposits	Amahlathi Administration			Quarterly	In progress
Revenue Enhancement:					
Review tariff policies and tariff adjustments to ensure that core services are rendered at least at a breakeven point.					
Determination of the cost of rendering services and better understanding of why certain functions incur losses.	Amahlathi Administration	All Departments	1. True cost of current core services ascertained. 2. Trading services operating at a loss reviewed to realise a surplus. 3. Quantification of the revenue required to	Annually	In progress. The municipality is part of the a cost of supply study being implemented through MISA and SALGA

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE	PROGRESS
Revised tariff proposals that address the cost of rendering services but which are also affordable and sustainable and reflect value for the service obtained.	Amahlathi Administration		generate a surplus in the restructured budget. 4. Appropriate tariffs taking into account the need to increase surpluses, the cost of rendering the service and the affordability of tariffs to communities.	Annually	In progress
Compile procedures for the implementation of rates and tariff policies.	Amahlathi Administration			Annually	In progress
Consultation on all tariffs.	Amahlathi Administration			Annually	Implemented.
Amended tariff policies and by-laws drafted, adopted by Council	Amahlathi Administration	Budget and Treasury Office and Legal Services	1. Revised tariffs and policies adopted by Council, including bylaws. 2. Revised credit control processes	Annually	In progress.
Introduction and implementation of new tariffs to support the MTREF Budget	Amahlathi Administration	Budget and Treasury Office	Revised tariff proposals that support the restructured and credible budget	Annually	Implemented. A new tariff for Fire Levy was included in the tariff structure for 2021/2022 financial year. This tariff also forms part of the current 2022/23 tariffs being levied.
Revenue Enhancement: Implementation of a Cash Management Strategy.					

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE	PROGRESS
Compile a cash-flow projection for the remainder of the current financial year upon completion of the 2024/25 budget, showing monthly projections	Amahlathi Administration	CFO, Budget Manager	Realistic and accurate cash-flow projection aligned to 2024/25 adjustment budget and commitments.	Quarterly	Implemented.
Compile a cash-flow projection in support of the MTREF Budget, showing monthly projections	Amahlathi Administration	CFO, Budget Manager	Accurate cash-flow projection aligned to MTREF Budget	Monthly	Implemented.
Management of the cash-flow on a daily basis with weekly reporting to the Municipal Manager, MM and Management Meetings	Amahlathi Administration	Municipal Manager and CFO	1. Improved cash-flow. 2. Progress towards achieving a positive cash coverage ratio by 30 June 2019, and three month coverage over the medium term. 3 Austerity measures implemented. § Pay off short term debt within the financial year § Savings in respect of non-essentials.	Weekly	Implemented.
Implementation of cost containment measures.	Amahlathi Administration	Municipal Manager and CFO		Monthly	Implemented.
Identify and engage with all arrear creditors and finalise payment arrangements.	Amahlathi Administration	Municipal Manager and CFO	1. Meet with creditors to arrive at a new agreement that will be consistent with the availability of cash. 2. Reduced creditors' balances. 3. Continuation of services from external services providers	Monthly	In progress.
Manage payments in accordance with revised agreements.	Amahlathi Administration	Municipal Manager and CFO	Outstanding liabilities dealt with in terms of new agreements	Monthly	In progress.

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE	PROGRESS
Ensure that all contracts are current, and review contracts that can be cancelled or delayed	Amahlathi Administration	Municipal Manager and CFO	Only commitments that are enforceable and consistent with the restructured budget to be paid.	Monthly	Implemented.
Implement suitable contract registers	Amahlathi Administration		Only commitments that are enforceable and consistent with the restructured budget to be paid.	Monthly	Implemented.
Standardisation of contract documentation	Amahlathi Administration		Only commitments that are enforceable and consistent with the restructured budget to be paid.	Monthly	Implemented.
Standard procedure for document drafting process	Amahlathi Administration		Only commitments that are enforceable and consistent with the restructured budget to be paid.	Annually	Implemented.
Centralisation in finance of administration and monitoring	Amahlathi Administration		Only commitments that are enforceable and consistent with the restructured budget to be paid.	Monthly	Implemented.
All contingent liabilities to be investigated, a meeting held with claimants to address legal challenges and resolve amicably	Amahlathi Administration	Municipal Manager, CFO and Legal Services	1. Resolution of contingent liabilities to the extent possible 2. Addressed in accordance with agreements with claimant	Monthly	Implemented.
Implement an effective grant management and monitoring system to ensure that conditional grants are used for their intended purposes only.	Amahlathi Administration	Municipal Manager and CFO	1. Effective management of grants and unspent grant allocations. 2.System to ensure unspent grant monies can be identified at any time and are cash backed	Monthly	Implemented. Each conditional grant has its own bank account. Funds are only transferred when there is expenditure which meets the

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE	PROGRESS
					conditions of that grant.
Assess competency of service providers and establish a database for grant allocation projects	Amahlathi Administration	All Directors		Annually	Implemented
Implementation of the Revenue Enhancement Strategy. Short Term aspects of Revenue Enhancement.					
All revenue policies of the Municipality must be aligned and addressed in Municipal By-laws.	Amahlathi Administration	Municipal Manager, CFO and Legal Services	1. Revenue related policies finalised and By-laws approved. 2. Implementation of revenue related policies and by-laws.	Annually	In progress
Implementation of revenue policies and bylaws.	Amahlathi Administration			Annually	In progress
Undertake a socio-economic study for the area.	Amahlathi Administration	Municipal Manager, CFO and Legal Services	1. Increase revenue and improved cash flow. 2. Reduction in expenditure where applicable. 3. All significant and long term contracts and leases reviewed.	Annually	In progress
Optimise revenue by exploring all opportunities to increase revenue or reduce expenditure including review of all contracts and agency agreements	Amahlathi Administration	Municipal Manager, CFO and Legal Services		Annually	In progress
Review and develop an Indigent Policy consistent with the financial and administrative ability of the municipality to sustain this policy.	Amahlathi Administration		1. Increase revenue and improved cash flow. 2. Correct allocation and billing of indigent consumers. 3. Alignment of equitable	Annually	In progress
Compile procedures for the implementation of the Indigent Policy.	Amahlathi Administration			Annually	In progress

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE	PROGRESS
Approve the new Indigent Policy and draft By-laws giving effect to the Policy by Council.	Amahlathi Administration	Municipal Manager, CFO and Legal Services	share and indigents at the municipality	Annually	In progress
Communicate the Indigent registration and procedures to customers and maintain records of Indigent applications in a safe place.	Amahlathi Administration	Municipal Manager, CFO and Legal Services		Annually	In progress
Update the billing system.	Amahlathi Administration			Annually	In progress
Manage Indigent consumption according to free basic service and Equitable Share allocation.	Amahlathi Administration			Annually	In progress
Review and develop the credit control and debt collection policy consistent with the financial and administrative ability of the municipality to sustain this Policy.	Amahlathi Administration		1. Increase revenue and improved cash flow. 2. Increased collection of outstanding debtors. 3. Improved customer services. 4. Reduction in community protests.	Annually	In progress
Compile procedures for the implementation of the credit control policy, links with meter reading and the billing system as well as the introduction of stricter measures for illegal connections.	Amahlathi Administration			Annually	In progress
Approval the new credit control policy and draft by-laws giving effect to the Policy by Council.	Amahlathi Administration			Annually	In progress
Enhance the customer care centre to implement the policy and deal with all debtor issues.	Amahlathi Administration	Municipal Manager, CFO and Director: Engineering Services		Annually	In progress
Improve communication between consumer and municipality.	Amahlathi Administration			Annually	In progress
Develop and implement customer service charter.	Amahlathi Administration			Annually	In progress

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE	PROGRESS
Advise Councillors and Staff of their roles and responsibilities with regards to credit control and by-law enforcement	Amahlathi Administration			Annually	In progress
Review and implement service agreements with Customers to ensure alignment with consumption of services and deposits held by the Municipality for such services and consumption.	Amahlathi Administration		1. Increase revenue and improved cash flow. 2. Assistance and arrangements in place with the collection of outstanding debt.	Annually	In progress
Implementation of flat rate levy to consumers who do not have meters.	Amahlathi Administration		1. Flat rate tariff approved by Council. 2. Increase in revenue.	Annually	In progress
Implement meter maintenance.	Amahlathi Administration		1. Accurate billing. 2. Reduction in averaging consumption and resultant reduction in electricity distribution losses	Annually	In progress
MEDIUM TERM STRATEGY 6-18 MONTHS					
Perform a comprehensive deed search, reconciliation and link them with the FMS of land parcels. Perform a comprehensive deeds search of land parcels, reconciliation and link them with the GVR, GIS, SG, when compiling Supplementary Valuation roll.	All wards	BTO	Monthly reports	once off	In progress
Develop a Billboard policy , investigations of current Billboard	All wards	Planning and Development	Developed and implemented Billboard policy	once off	In progress. Draft bylaw
Source funding to Develop and implement of Roads and Storm maintenance plan, and	All wards	Engineering Services	Monthly reports	once off	In progress

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE	PROGRESS
Develop a Payment plan of Creditors including Overdraft(CASHFLOW)	Amahlathi Administration	BTO	Signed payment plans	Monthly	In progress
Develop and Monitor a Litigation Register	Amahlathi Administration	Legal Services	Litigation register	Monthly	Implemented
Support SMME's to improve the employment	all wards	Planning and Development	Monthly reports	Monthly	In progress
Develop a monitoring tool to ensure sustainability of Local Economic development projects	All wards	Planning and Development	Monthly reports	Monthly	In progress
Indigent register should be an entry point for all poverty alleviation programmes and skills development	All wards	Planning and Development	Monthly reports	Monthly	In progress
Develop and Determine Service Delivery levels per Town(quick wins)	All wards	Engineering Services	Monthly reports	once off	In progress
LONG TERM STRATEGY (18-36 MONTHS)					
Future or Long Term Planning (Municipal Development)					
Develop and update all Sector Plans.	Amahlathi Administration	All Departments	Monthly reports	Mid-term Evaluation Q2 ~~2019/20~~	In progress
Develop a Municipal Development Strategy based on various Sector Plans through consultations and engagements with internal and external Stakeholders.	Amahlathi Administration		Monthly reports	Mid-term Evaluation Q2 ~~2019/20~~	In progress
Asset Management Master Plans					
Development of a long term asset management master plans that will look into long term investments, replacement, maintenance and sustainability of the municipality, amongst others	Amahlathi Administration	Engineering Services	Monthly reports	Mid-term Evaluation Q2 ~~2019/20~~	In progress

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE	PROGRESS
Audit of current infrastructure to determine state, taking into consideration service backlogs and long term strategy aligned to IDP, budget and long term financial plan	Amahlathi Administration		Monthly reports	Mid-term Evaluation Q2	In progress
Electricity					
Development and updating of repairs and maintenance plan for electricity.	Amahlathi Administration	Engineering Services	Monthly reports	Mid-term Evaluation Q2	In progress
Installation of bulk electricity meters to determine the exact amount of distribution losses.	Amahlathi Administration		Monthly reports	Mid-term Evaluation Q2	In progress. This is at procurement stage.
Continue the program of identify consumers with no meters or faulty and tampered with meters and prioritise repairs of faulty meter and installation of new meters to un-metered consumers.	Amahlathi Administration		Monthly reports	Mid-term Evaluation Q2	In progress
Fleet Management: Replacement of fleet, fleet management and fuel management					
Develop Vehicle and Plant Replacement Plan.	Amahlathi Administration	Corporate Services	Monthly reports	Mid-term Evaluation Q2	Not yet implemented
Identify Vehicle replacements for at least the next three years.	Amahlathi Administration		Monthly reports	Mid-term Evaluation Q2	Not yet implemented
Financing of the Plan in place.	Amahlathi Administration		Monthly reports	Mid-term Evaluation Q2	Not yet implemented
Implementation of plan	Amahlathi Administration		Monthly reports	Mid-term Evaluation Q2	Not yet implemented

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE	PROGRESS
Investigate and identify the best possible system for fleet and fuel management.	Amahlathi Administration		Monthly reports	Mid-term Evaluation Q2	In progress. The municipality has a tracking system in place. A fleet management committee has been established.
Implement system	Amahlathi Administration		Monthly reports	Mid-term Evaluation Q2	In progress.
Roads and Storm water: Allocation of Function and Maintenance. Rehabilitation of Ageing Infrastructure.					
Assess ownership and responsibility for roads in relation to National, Provincial and District responsibility.	Amahlathi Administration	Engineering Services	Monthly reports	Mid-term Evaluation Q2	Implemented
Develop and implement a Roads and Storm water Maintenance Plan.	Amahlathi Administration		Monthly reports	Mid-term Evaluation Q2	In progress
Development of Roads Rehabilitation Plan.	Amahlathi Administration		Monthly reports	Mid-term Evaluation Q2	In progress
Implementation of Roads Rehabilitation Plan.	Amahlathi Administration		Monthly reports	Mid-term Evaluation Q2	In progress
Implementation of the Revenue Enhancement Strategy. Medium to long term aspects of Revenue Enhancement.				Mid-term Evaluation Q2	
Prioritise repairs to faulty meters and installation of new meters to un-metered consumers.	Amahlathi Administration	BTO and Engineering Services	Monthly reports	Mid-term Evaluation Q2	In progress
Introduce a process to confirm readings and verification of accuracy in bulk meters for bulk water and electricity consumption.	Amahlathi Administration	BTO and Engineering Services	Monthly reports	Mid-term Evaluation Q2	**Implemented**

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE	PROGRESS
Continuous improvement in the manner in which communication with consumers is undertaken	Amahlathi Administration	BTO and Engineering Services	Monthly reports	Mid-term Evaluation Q2	**In progress**
Regular review of operations to ensure elimination of wastage and inefficiencies including looking at the way in which services are rendered	Amahlathi Administration	BTO and Engineering Services	Monthly reports	Mid-term Evaluation Q2	**In progress**
Continuous update of data and information relating to consumers.	Amahlathi Administration	BTO and Engineering Services	Monthly reports	Mid-term Evaluation Q2	**In progress**
Cleansing of the database, updating land ownership records, postal addresses, updating Indigent records, reviewing tariffs for correctness, different category of consumers and re-zoning, undertake house-to-house surveys and incorporate updated information.	Amahlathi Administration		Monthly reports	Mid-term Evaluation Q2	**In progress**
Review of municipal property portfolio.	Amahlathi Administration	Planning and Development	Monthly reports	Mid-term Evaluation Q2	**In progress**
Undertake a complete property audit and review of all leases.	Amahlathi Administration		Monthly reports	Mid-term Evaluation Q2	**In progress**
Review the possible sale of municipal properties.	Amahlathi Administration		Monthly reports	Mid-term Evaluation Q2	**In progress**
Investigate and where possible terminate leases where municipality is lessee.	Amahlathi Administration		Monthly reports	Mid-term Evaluation Q2	**In progress**
Investigate and increase where possible rentals where municipality is lessor.	Amahlathi Administration		Monthly reports	Mid-term Evaluation Q2	**In progress**
Source funding for 100% conversion and upgrading of electricity meters	Amahlathi Administration	Engineering Services	Monthly reports	Mid-term Evaluation Q2	In progress

ACTIVITY	AREA	RESPONSIBLE PERSON	MILESTONE TO BE ACHIEVED	REVIEW/ASSESSMENT DATE	PROGRESS
Transfer and Servicing of the Eskom Area	Amahlathi Administration	Engineering Services	Monthly reports	Mid-term Evaluation Q2	In progress
Human Resource and Capacity building	Amahlathi Administration	Corporate Services	Monthly reports	Mid-term Evaluation Q2	In progress
Upgrading of Electricity Vending to be mobile on consumers, and ATM purchase	Amahlathi Administration	BTO	Monthly reports	Mid-term Evaluation Q2	In progress. New vendor has been appointed by the municipality
Establish a Revenue Protection Unit for meter inspection ,disconnection and reconnection	Amahlathi Administration	Engineering Services	Monthly reports	Mid-term Evaluation Q2	In progress
RISK MANAGEMENT					
Update of operational and strategic risk registers	Amahlathi Administration	All Departments	Monthly reports	Mid-term Evaluation Q2	Implemented
mSCOA Scope of work review and project plan	Amahlathi Administration	BTO	Monthly reports	Mid-term Evaluation Q2	Implemented

CONCLUSION

The update on the Financial Recovery Plan is submitted to Treasury for noting and further support in identified areas.

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MUNICIPAL MANAGER **DATE**