



APPROVED BUDGET OF THULAMELA MUNICIPALITY 2024/2025-2026/2027 MEDIUM TERM REVENUE & EXPENDITURE FORECASTS



Thulamela Municipality Vision

We, the people of Thulamela would like our Municipality to Achieve a city status by 2030, to promote urban regeneration and comprehensive rural development whilst encouraging Local economic Development to improve the quality of lives of our People.

Thulamela Municipality Mission.

We build prosperity, eradicate poverty, and promote social, political, and economic empowerment of all our people through delivery of quality services, community participation, local economic development, and smart administration.

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ABBREVIATIONS

MFMA- Municipal Finance Management Act 56 of 2003

MBRR- Municipal Budget and Reporting Regulations

MTREF- Medium Term Revenue and Expenditure Framework

EPWP – Expanded Public Works Programme

FMG – Finance Management Grant

INEP – Integrated National Electricity Program

MIG –Municipal Infrastructure Grant

MSIG – Municipal Systems Improvement Grant

EEDG –Energy Efficiency and Demand Side Management Grant

MDTG-Municipal Demarcation Transition Grant

MSCOA –Municipal Standards Chart of Account

PART 1 – Annual Budget

1.1 Mayor's Report

**2024-2025- 2026/27 IDP ANNUAL BUDGET SPEECH BY HER WORSHIP
THE MAYOR OF THE THULAMELA MUNICIPALITY CLLR AS
RAMBUDA.**

Thursday, 23 MAY 2024

Honourable speaker of Council: Cllr Fhulufhelo Mutheiwana

Acting Chief Whip of the council: Cllr Tshivhangwaho Makungo

EXCO Members

MPAC Chairperson: Cllr Malindi O.T

Section 79 Chairpersons Committee

Fellow Councillors and PR Councillors present here today.

Ward Committee Members

Our Royal leaders

Municipal Manager: Mr. Masala Thomas Makumule

Senior managers and Managers

Officials of our Municipality

Stakeholders and Sector Departments

Our Faith Based Organizations

Comrades and Compatriots

Ladies and Gentlemen

Good morning

Ndi Matsheloni

Avuxeni

Thobela

Madam Speaker

As we celebrate our political freedom and consolidate our material democratic gains to emancipate South Africa from mental slavery.

It is incumbent upon all of us to also celebrate and recognize the marginalized group of people.

On Wednesday ,15 May 2024, President Matamela Cyril Ramaphosa signed into law **National Health Insurance (NHI)**.

This was a significant milestone for democratic South Africa.

As a symbolic contribution of this IDP Annual Budget Speech, let us recognize our vulnerable group especially those living with disabilities.

Madam Speaker

Let's all of us remember that on the 29th of this month (May) is an election day.

Let's all go out and vote for the ruling party.

Thank you for joining us honouring **Thulamela 2024/2025, IDP Annual Budget Speech**. which practically makes all IDP aspirations a reality.

During our community consultation dialogues, we presented and discussed the people's plan known as the **Integrated Development Plan (IDP)**, supported by this budget, and a majority of Thulamela residents welcomed the plan. The residents gave us one clear message which is that no one must be left behind.

This mobilizing call of inclusion was echoed by our National and Provincial government, under the leadership of President Ramaphosa. It is against this backdrop that this budget is themed.

“AN INCLUSIVE IDP BUDGET THAT LEAVES NO ONE BEHIND”TO THE PEOPLE OF THULAMELA LOCAL MUNICIPALITY.

Last year we pleaded and asked for patience as we all collectively adopted IDP budget that required all our attention and commitment to fix and service the people of Thulamela.

WE SERVE WITH DEDICATION

Fortunately, this year, we have managed to stabilize the budget and we did this in a transparent manner.

Madam Speaker

During the IDP Budget consultative forums, we told all our stakeholders that, we cannot solve our challenges alone. This year we are manageably well working together with senior Traditional leaders.

Clearly, the administration is actioning **“AN INCLUSIVE BUDGET THAT LEAVES NO ONE BEHIND”**

As Thulamela Municipality, we understand our challenges that we are struggling to raise its revenue that needs to be supported by continuous delivery service.

Madam Speaker

There is an African proverb that says:

“If you want to go fast, go alone; if you want to go far, go together!”

Indeed, alone we will not resolve challenges confronting Thulamela Municipality.

Therefore, it is important that we partner with business, organized Labour, civil society, non-governmental organization, residents, and communities to address structural and systematic issues affecting Thulamela Local Municipality.

Madam Speaker

We remain guided and committed to implementing the **District Development Model (DDM)**

To all political parties present in council:

The dove or Liivha is an international symbol for peace. As we reflected on the 30 years and the transitional process for South Africa’s democracy **-# Ri muta Muthihi”**

Before I present the budget allocation, which is guided by the people of Thulamela and this Council. Madam Speaker allow me to table the 2024/2025 budget. The allocation are as follows.

The budget summary is illustrated as follows:

BUDGET SUMMARY				
	2023/2024	DRAFT BUDGET	DRAFT BUDGET	DRAFT BUDGET
	BUDGET	2024/2025	2025/2026	2026/2027
SALARIES, WAGES & ALLOWANCES	355 893 430	374 256 398	387 183 202	404 626 117
REMUNERATION OF COUNCILLRS	36 187 921	37 961 129	39 707 341	41 494 171
GENERAL EXPENDITURE	226 398 101	263 161 563	266 785 077	285 489 896
REPAIRS AND MAINTANCE	109 405 270	58 196 608	70 664 020	73 914 565
PROVISION	121 864 847	104 836 225	109 658 691	114 593 332
DEPRECIATION AND IMPAIRMENT	89 143 023	78 972 031	82 604 745	86 321 958
CAPITAL PROJECTS	326 593 681	219 322 000	207 140 898	150 179 000
TOTAL EXPENDITURE	1 265 486 272	1 136 705 954	1 163 743 974	1 156 619 039
REVENUE	- 1 068 105 136	- 1 136 705 954	- 1 163 743 974	- 1 156 619 039
SURPLUS/DEFICIT	197 381 136	0	0	0

Tariff has generally increased by 4.9% as per MFMA Circular No: 126 except in cases where cost benefit analysis has been applied.

Circulars 126 and 128 has been used to effect an increase of 4.9% rate on the tariffs for 2024/2025 financial year however some tariffs are based on cost recovery.

Employee related costs and Remuneration of Councilors

- Employee related costs has increased by 4,9% pending signing of the new collective agreement.
- The remuneration for Councillors has increased by 4.9 %, while awaiting the Upper Limits Gazette.

Provision for Doubtful debts and Depreciation.

- Provision for doubtful debt decreased from R122 million to R105 million.
- Depreciation is the requirement of GRAP presentation in respect of assets. It has been provided for R79 million in 2024/2025 financial year.

Inventory consumed and Contracted services.

- Contracted services and inventory consumed includes repairs and maintenance, electricity projects and re gravelling of streets.
- Operational costs include all other expenses that are not specified above, and circulars 126 and 128 were also taken into consideration.

Madam Speaker

Revenue increased from R1 068 billion in 2023/2024 to R1 136 billion in 2024/2025. This is caused by an increase in equitable share, grant for Neighbourhood Development and a new grant for Energy and Efficient (*amongst others*)

The capital budget for 2024/2025 financial year has decreased from **R326 million to R219 million** compared to what was budgeted for in 2023/2024 financial year.

Total capital budget will be funded as follows:

Source of Fund	Draft 2024/2025	Draft 2025/2026	Draft 2026/2027
Municipal Infrastructure Grant	111 347 000.00	117 133 000.00	127 739 000.00
Neighborhood Development Grant	16 425 000.00	15 000 000.00	5 000 000.00
Finance Management Grant	200 000.00	-	-
Infrastructure Skills Development Grant	200 000.00	200 000.00	200 000.00
Own funding	91 150 000.00	74 807 897.87	17 240 000.00
TOTAL	219 322 000.00	207 140 897.87	150 179 000.00

Madam Speaker

Allow me once again to request the residents of Thulamela to go out in our numbers and participate in the upcoming General Elections.

You fought for this election, and we urge you to use your vote wisely.

Mayor Cllr Rambuda A.S

I thank you.

Ndo livhuwa

1.2 Resolution

1.3 Executive Summary

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains financially viable, and that municipal services are provided sustainably, economically, and equitably to all communities, taking into the "key game changers". These game-changers include ensuring that budget is funded, revenue management is optimised, assets are managed efficiently, supply chain management processes are adhered to, mSCOA is implemented correctly and that audit findings are addressed.

South Africa has experienced over a decade of weak economic growth, GDP has averaged only 0.8 per cent annually since 2012, entrenching high levels of unemployment and poverty. To turn the tide and raise economic growth sustainably, the government is prioritizing energy and logistics reforms, along with measures to arrest the decline in state capacity. Successful efforts to improve the fiscal position, complete structural reforms and bolster the capacity of the state will, in combination, reduce borrowing costs, raise confidence, increase investment and employment, and accelerate economic growth.

The National Treasury estimates real economic growth of 0.6 per cent in 2023. This is a decrease from growth of 0.8 per cent projected in the 2023 MTBPS due to weaker than expected outcomes in the third quarter of 2023, resulting in downward revisions to household spending growth and spending on gross fixed investment. GDP growth is projected to average 1.6 per cent from 2024 to 2026 as the frequency of power cuts declines, lower inflation supports household consumption, and employment and credit extensions recover gradually. New energy projects will improve fixed investments and business sentiment.

The Annual approved budget for 2024/2025 was compiled in accordance with the requirements of the Municipal Finance Management Act (Act 56 of 2003) as well as the Municipal Budget and Reporting Regulations and all Circulars including, 126 and 128 (*amongst others*) which gives a clear directive on the prescribed reporting framework and structure to be used. The results from consultative forums were considered positive.

The budget plan was prepared and tabled by the council and approved in August 2023. On the 27 March 2024, the draft Integrated Development Plan, draft Budget, draft Organizational structure, and draft tariff structure were tabled to council. Public Participations were conducted during April 2024 in all forty-one wards.

The main challenges experienced during the compilation of the 2024/2025 Budget and MTREF can be summarized as follows:

- On-going difficulties in the National and Local economy.
- Low revenue collection
- The need to reprioritize projects and expenditure within the existing limited resources considering the current cash flow limitations and circular 126 which prohibits municipalities to approve a deficit budget.
- Non-payment of municipal services accounts.
- Poverty, which is the highest challenge in our municipality, the municipality will enhance measures to reduce poverty within Thulamela Municipality through the budget of community services and technical services.
- Non-alignment of the schedules and data strings (mSCOA)
- Wage increases for municipal staff continue to exceed the accepted norm.
- The municipality is grant dependent.

The following budget principles and guidelines informed the compilation of the 2024/2025 Budget and Medium-Term Revenue and Expenditure Framework:

- Section 18 (1) of Municipal Finance Management Act
- The adjustment Budget for 2023/24 Budget year.
- Budget allocated by national and provincial funding through the Division of Revenue Act (DORA).
- Zero rated budgeting was used on capital budget.
- Tariff and property rate increases are affordable and do not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality.
- Tariffs remain or move towards being cost reflective and considering the need to address infrastructure backlogs.
- MscOA Alignment (Schedule A1 format downloaded from Treasury website)

- MBRR and treasury circulars 126 and 128 (*amongst others*) indicated that municipalities are no longer supposed to pass a deficit budget.

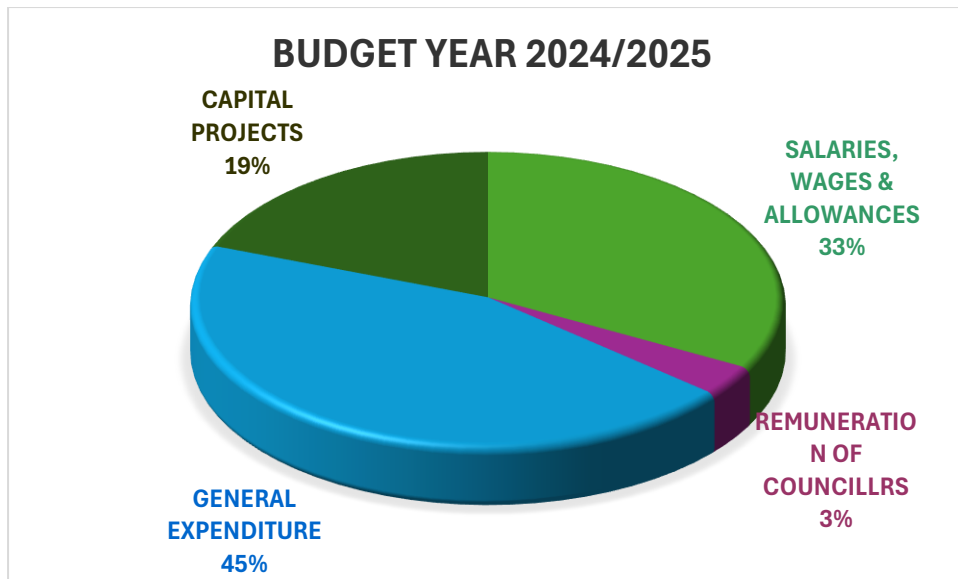
The service delivery priorities of the municipality were reviewed as part of this year's planning and budget process, where appropriate, funds were transferred from low to high-priority programs to maintain sound financial management in line with vision 2030.

Despite the limited resources, Thulamela municipality is still and will always stay committed to a better life for all. We will continue to prioritize community needs as people come first in whatever we do.

The following is a summary of the Annual budget for 2024/2025 financial year.

BUDGET SUMMARY

	BUDGET 2023/2024	DRAFT BUDGET 2024/2025	DRAFT BUDGET 2025/2026	DRAFT BUDGET 2026/2027
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SURPLUS/DEFICIT	197 381 136	- 0	- 0	- 0

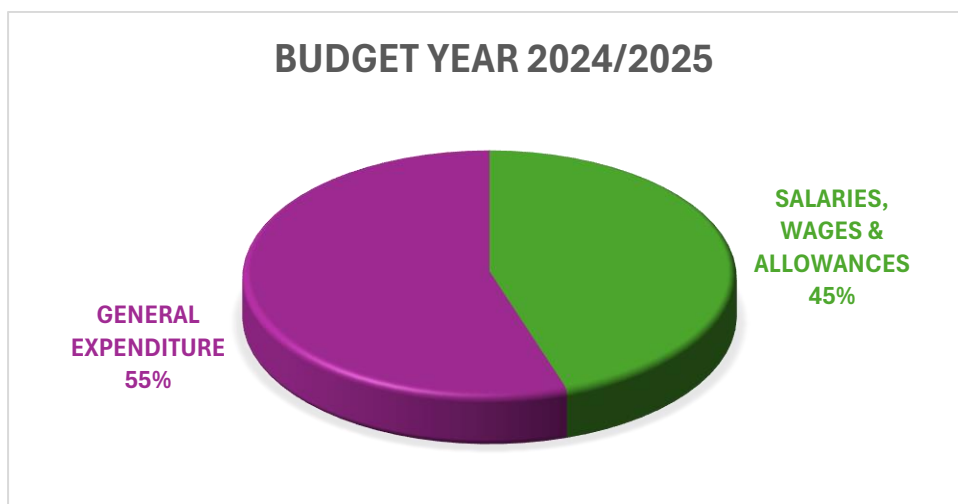


Municipal Tariffs have generally increased by 4.9%.

General expenses consume a large piece of (45%) the total budget. It consists of operational expenditure, provisions, debt impairment and depreciation. The second highest percentage goes to the employee-related costs budget (33%), while capital expenditure is 19% of the total budget.

General expenditure includes R14,6 million of electrification projects and R4 million for energy efficiency from Division of Revenue allocation. The municipality is determined to continue to give hope to the hopeless and light to those in darkness.

The salaries and wages (including remuneration of Councilors) for 2024/2025 financial year was R392,0 million and it has increased to R 412,2 million for 2024/2025 financial year. Salaries and Wages increased by 4,9% pending the finalization and signing of the collective agreement with the Bargaining Council. The remuneration for councilors has increased by 4,9% while we are waiting for the release of the upper limit Gazette. The salary norm is 45%, which is above the accepted norm of 25-40% as per Treasury circular.



From the diagram above, a large 55% operational expenditure will be spent on general expenditure while 45% will be spent on salaries (including remuneration of Councilors).

Revenue has been growing, this is mainly because of Grants that are increasing every year. The municipality is depending on grants to conduct most of its operations. The municipality will ensure the proper implementation of the Revenue Enhancement Strategy to boost revenue collections.

Total expenditure has been increasing in line with circulars provided by Treasury every time. The marginal increase in our own revenue and the introduction of circular 126 has encouraged us to re-prioritize expenditure. The municipality has reviewed a cost containment strategy in line with MFMA circular 82, so that delivery of service is well provided with the little resources available. The municipality has a Revenue enhancement implementation plan, which will also be an annexure to the budget.

Capital expenditure is decreasing. Unfortunately, during 2022/2023 financial year we could not spend all our capital budget because of MIG grant that was granted later at the end of the financial year. This has resulted in an increase in our capital budget for the 2023/24 financial year. But for this coming year 2024/25 our capital budget has decreased by R107,2 million because of some project that has to be put on hold to avoid the utilization of cash reserves as it will result in approving a deficit budget.

Past financial performance for the past two years is indicated below:

Description	2021/22	2022/23
Revenue by Source		
Property rates	90 940 362	94 454 843
Service charges - refuse revenue	25 995 649	27 517 489
Service charges – other	2 710 514	2 825 909
Rental of facilities and equipment	3 290 970	2 592 664
Interest earned - external investments	27 838 728	61 239 715
Interest earned - outstanding debtors	35 998 347	26 798 224
Fines, penalties, and forfeits	9 129 024	7 113 905
Licenses and permits	446 233	784 773
Transfers and subsidies	652 161 226	716 884 571
Other revenue	20 869 244	17 584 849

Total Revenue	869 380 297	964 098 724
Expenditure by Type		
Employee related costs	297 911 342	325 609 318
Remuneration of councilors	30 656 831	31 787 005
Debt impairment	93 731 410	91 115 024
Depreciation & asset impairment	58 536 096	66 725 227
Finance charges	2 859 701	3 140 804
Contracted services	83 465 950	187 289 944
Other expenditure	85 061 644	131 070 717
Total Expenditure	652 222 974	836 738 039
Surplus/Deficit)	217 157 323	127 360 685

The priorities as outlined in the Integrated Development Plan are in line with the National, Provincial and District priorities cover (amongst others)

1. job creation.
2. Local Economic Development
3. basic delivery service (access to water, sanitation, electricity, refuse removal and municipal roads)
4. financial management (clean audit, revenue enhancement, asset management etc.)
5. public participation

The Budgetary constraint that the municipality is facing is the extent of the operational budget which exceeds the capital budget. The contributing factor is the salary budget which consumes a bigger percentage of the whole budget.

Furthermore, the National Treasury through circular 126 prohibits municipalities from approving a deficit budget. As a result, we will not be able to utilize the cash reserves to increase our capital. They also give a minimal allocation in respect of MIG which is solely utilized to implement capital projects.

In the year 2024/2025, the following multi-year projects will be continued: UIF shell garage (MIG), Maniini K to L street (own and MIG), De Paradise to old KFC access road (Neighborhood and own), Makhuvha ring road (MIG), Mapate access road (MIG), Lwamondo to Thavhani road (MIG), Upgrading of internal streets in Shayandima (own fund) *etc. amongst others* coupled with other projects like construction of culverts *will be done... See supporting table SA36 for a* (Summary of detailed Capital budget) for the years.

Tariff Policies

Municipality tariff policy provides a board framework within which the council can determine fair, cost benefit, transparent and affordable charges that also promote sustainable service delivery.

The projected income for 2024/2025 financial year is R 1 136, 7 million while the previous year was R 1 068,1 million. Revenue has increased by R68,6 million due to the following reasons (*inter alia*):

- Service charges.
- Property rates
- Interest received from investments.
- Neighborhood Development Grant
- Equitable share grant
- Municipal Infrastructure Grant
- Sales of goods and rendering of services
- Integrated National Electricity Grant
- Energy Efficient Grant

The Capital Budget for 2024/2025 financial year is 18 % of total budget.

- The capital budget was R326,9 million in 2023/2024 financial year adjustment budget and has now decreased to R 219,3 million in 2024/2025. The higher amount in adjustment was caused by the approved roll-over amounting to R28 million. The decrease in capital in the coming 2024/25 MTREF is caused by re-prioritization of own funded projects that have been removed to ensure compliance with circular 126 which prohibit municipalities to adopt and approve deficit budget. As a result, cash reserves cannot be utilized to fund capital.
- Nevertheless, poverty is still the highest challenge in our municipality.

1.4 Annual Budget Tables

See attached copy of Medium-Term Revenue and Expenditure (MTREF) which represents the ten main budget tables (Table A1 to Table A10) as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2024/2025 Budget.

Table A1 –Budget Summary

LIM343 Thulamela - Table A1 Budget Summary

Description	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousands										
Financial Performance										
Property rates	87 840	90 948	94 455	97 626	98 893	98 893	98 893	108 499	125 063	119 181
Service charges	25 379	26 980	28 461	25 543	27 818	27 818	27 818	36 699	38 387	40 114
Investment revenue	18 174	27 839	61 240	60 000	80 251	80 251	80 251	90 000	94 140	98 376
Transfer and subsidies - Operational	602 266	532 000	581 920	634 669	634 338	634 338	634 338	659 557	651 709	641 776
Other own revenue	68 056	71 452	63 072	79 859	67 996	67 996	67 996	114 180	122 432	124 493
Total Revenue (excluding capital transfers and contributions)	801 715	749 219	829 147	897 697	909 295	909 295	909 295	1 008 934	1 031 731	1 023 940
Employee costs	287 245	297 911	325 609	356 567	355 893	355 893	355 893	374 256	387 183	404 626
Remuneration of councillors	30 744	30 657	31 787	36 202	36 188	36 188	36 188	37 961	39 707	41 494
Depreciation and amortisation	63 695	63 403	70 607	81 100	89 143	89 143	89 143	78 972	82 605	86 322
Interest	1 275	2 860	3 141	2 205	2 217	2 217	2 217	2 316	2 422	2 534
Inventory consumed and bulk purchases	7 751	12 071	14 645	21 801	20 301	20 301	20 301	21 490	22 389	23 850
Transfers and subsidies	3 773	4 786	2 766	1 850	1 968	1 968	1 968	2 205	2 306	2 412
Other expenditure	212 391	281 659	388 183	419 469	508 535	508 535	508 535	400 184	419 990	445 202
Total Expenditure	606 874	693 347	836 738	919 194	1 014 246	1 014 246	1 014 246	917 384	956 603	1 006 440
Surplus/(Deficit)	194 840	55 872	(7 591)	(21 497)	(104 951)	(104 951)	(104 951)	91 550	75 128	17 500
Transfers and subsidies - capital (monetary allocations)	86 852	120 161	134 925	138 777	158 810	158 810	158 810	127 772	132 013	132 679
Transfers and subsidies - capital (in-kind)	5 332	-	27	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	287 034	176 033	127 361	117 280	53 859	53 859	53 859	219 322	207 141	150 179
Share of Surplus/Deficit attributable to Associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	287 034	176 033	127 361	117 280	53 859	53 859	53 859	219 322	207 141	150 179
Capital expenditure & funds sources										
Capital expenditure	125 237	163 276	206 538	343 558	326 594	326 594	326 594	219 322	207 141	150 179
Transfers recognised - capital	61 060	102 834	117 908	138 777	158 805	158 805	158 805	128 172	132 333	132 939
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	58 845	60 441	88 630	204 781	167 789	167 789	167 789	91 150	74 808	17 240
Total sources of capital funds	119 905	163 276	206 538	343 558	326 594	326 594	326 594	219 322	207 141	150 179
Financial position										
Investments	-	0	(0)	-	-	-	-	-	-	-
LIABILITIES	-	-	-	-	-	-	-	-	-	-
Financial liabilities	-	-	-	-	-	-	-	-	-	-
NET ASSETS	2 416 434	2 602 060	2 729 421	2 692 080	3 018 863	3 018 863	3 018 863	2 794 122	3 001 263	3 151 442
Community wealth/Equity	-	-	-	-	-	-	-	-	-	-
Cash flows										
Net cash from (used) operating	(65 189)	389 980	495 704	129 618	9 905	9 905	9 905	264 166	295 252	172 465
Net cash from (used) investing	(118 041)	(153 456)	(284 632)	(326 380)	(153 461)	(153 461)	(153 461)	(219 322)	(207 141)	(150 179)
Net cash from (used) financing	-	-	(506)	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	(183 229)	1 127 816	1 198 959	791 641	882 964	882 964	882 964	1 033 247	1 121 358	1 143 644
Cash backlog/surplus reconciliation										
Non current investments	10 639	4 013	28 013	4 013	20 126	20 126	20 126	4 013	4 013	(66 210)
Statutory requirements	774 470	886 975	895 236	731 592	1 023 563	1 023 563	1 023 563	902 659	967 238	1 018 100
Balance - surplus (shortfall)	(763 831)	(882 962)	(867 222)	(727 579)	(1 003 437)	(1 003 437)	(1 003 437)	(898 548)	(963 225)	(1 084 310)
Asset management										
Asset register summary (WDV)	1 195 882	1 404 588	1 529 358	1 444 560	1 546 221	1 546 221		1 373 530	1 316 413	1 236 000
Depreciation	54 642	58 536	66 725	68 969	77 012	77 012		70 786	74 042	77 374
Renewal and Upgrading of Existing Assets	-	12 162	22 612	73 000	29 072	29 072		33 495	32 000	31 850
Repairs and Maintenance	21 970	37 213	123 841	100 937	130 273	130 273		62 197	74 664	78 915
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-		2	2	2
Revenue cost of free services provided	15	1 200	1 175	6 256	4 765	4 765		4 077	4 265	4 457
Households below minimum service level										
Water:	-	-	-	-	-	-		-	-	-
Sanitation/sewerage:	-	-	-	-	-	-		-	-	-
Energy:	-	-	-	-	-	-		-	-	-
Refuse:	142	142	142	141	141	141		141	141	141

Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

1. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash, and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs. Financial management reforms emphasize the importance of the municipal budget being funded.

2. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - (A) The operating surplus/deficit (after Total Expenditure) is positive over the final budget.
 - (B) Capital expenditure is balanced by capital funding sources, of which.
 - i. Transfers recognized are reflected on the Financial Performance Budget
 - ii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The fact that municipality's cash flow remains positive and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
3. The Cash backing/surplus reconciliation shows the cash backing surplus table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
4. Cash backed reserved shows a positive movement, which proves that the municipality will be able to pay their expenses.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor.
6. Property rates increased to R108, 4 million due to the implementation of the new valuation roll which is about to be finalised before the end of the 2023/2024 financial year, as well as the continuous implementation of supplementary valuation roll which is done as and when there are new properties developed or improvement of properties.

Table A2 –Budgeted Financial Performance (revenue and expenditure by standard classification)

LIM343 Thulamela - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	###	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand	1									
Revenue - Functional										
Governance and administration		725 368	666 623	754 902	795 067	819 022	819 022	861 689	882 138	866 630
Executive and council		589 496	527 768	574 169	617 800	617 800	617 800	637 274	632 809	621 026
Finance and administration		135 872	138 855	180 733	177 267	201 222	201 222	224 415	249 329	245 604
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		2 031	2 188	2 629	2 888	2 696	2 696	6 946	7 082	8 220
Community and social services		423	432	329	400	400	400	420	439	459
Sport and recreation		1 029	1 371	1 602	1 700	1 400	1 400	1 469	1 536	1 605
Public safety		579	376	695	588	896	896	1 058	1 107	1 156
Housing		-	9	2	-	-	-	4 000	4 000	5 000
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		128 728	154 208	167 942	204 170	208 064	208 064	218 266	222 429	227 329
Planning and development		20 372	24 345	33 561	62 587	49 982	49 982	79 956	81 132	74 293
Road transport		108 356	129 863	134 381	141 583	158 082	158 082	138 310	141 297	153 036
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		37 771	46 361	38 627	34 549	38 322	38 322	49 805	52 096	54 440
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		37 771	46 361	38 627	34 549	38 322	38 322	49 805	52 096	54 440
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	893 898	869 380	964 099	1 036 474	1 068 105	1 068 105	1 138 706	1 163 744	1 156 619
Expenditure - Functional										
Governance and administration		223 410	515 520	311 783	370 072	388 607	388 607	386 102	403 769	422 585
Executive and council		103 177	369 253	141 384	142 151	156 166	156 166	150 866	157 607	164 724
Finance and administration		119 824	145 914	169 990	224 905	231 015	231 015	231 669	242 430	253 958
Internal audit		408	353	409	3 016	1 426	1 426	3 567	3 731	3 903
Community and public safety		80 020	79 402	99 161	126 097	123 149	123 149	109 896	109 377	117 275
Community and social services		1 345	1 517	1 855	2 964	3 232	3 232	3 385	3 541	3 704
Sport and recreation		29 315	21 225	26 685	26 144	28 541	28 541	27 667	28 939	30 243
Public safety		6 517	739	1 018	1 657	1 682	1 682	1 705	1 783	1 864
Housing		42 844	55 921	69 604	95 333	89 694	89 694	77 139	75 114	81 464
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		202 518	241 328	339 798	331 451	377 753	377 753	304 423	324 970	342 750
Planning and development		39 879	46 338	51 953	62 207	67 514	67 514	65 488	64 997	70 997
Road transport		162 639	194 991	287 845	269 244	310 239	310 239	238 934	259 973	271 753
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		100 926	(142 903)	85 996	91 575	124 736	124 736	116 963	118 487	123 830
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		100 926	(142 903)	85 996	91 575	124 736	124 736	116 963	118 487	123 830
Other	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	606 874	663 347	836 738	919 194	1 014 246	1 014 246	917 384	956 603	1 006 440
Surplus/(Deficit) for the year		287 024	176 033	127 361	117 280	53 859	53 859	219 322	207 141	150 179

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The Total Revenue on this table includes capital revenues (Transfers recognized – capital)
2. The municipality has been continuing to render waste management services at a deficit for the past outer years. This is caused by the fact that refuse removal is a right which should be enjoyed by any resident in terms of the Bill of Rights and Chapter 2 of the Constitution.
3. Challenge encountered is lack of database of households which will be curbed by the employment of contract workers (EPWP) to collect data.
4. Table 2 shows the surplus of R219 million, R207 million and R150 million which will be used to fund Capital projects for 2024/25 -2026/27 MTERF respectively.

Table A3 – Budgeted Financial Performance (revenue and expenditure by municipal vote)

LIM343 Thulamela - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	R thousand	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Revenue by Vote	1									
Vote 1 - Financial services		133 431	136 458	176 526	174 748	198 261	198 261	220 762	245 508	241 612
Vote 2 - Community and Operations		1 538	2 034	2 113	2 471	2 015	2 015	2 085	2 180	2 278
Vote 3 - Engineering and Planning Services		131 728	163 601	159 387	158 128	181 689	181 689	174 618	179 092	193 351
Vote 4 - Corporate and protection		17 316	15 141	18 277	20 689	18 308	18 308	21 958	22 968	24 002
Vote 5 - Municipal manager		-	-	-	-	-	-	-	-	-
Vote 6 - Council		589 496	527 768	574 169	617 800	617 800	617 800	637 274	632 809	621 026
Vote 7 - Economic Development and Strategic Services		20 390	24 377	33 627	62 637	50 032	50 032	80 009	81 187	74 350
Vote 8 -		-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	893 898	869 380	964 099	1 036 474	1 068 105	1 068 105	1 136 706	1 163 744	1 156 619
Expenditure by Vote to be appropriated	1									
Vote 1 - Financial services		40 313	41 341	44 589	68 469	67 438	67 438	61 963	65 035	67 995
Vote 2 - Community and Operations		38 186	47 422	103 686	58 825	53 242	53 242	48 004	60 264	63 000
Vote 3 - Engineering and Planning Services		225 152	2 345	280 845	325 581	397 829	397 829	307 922	312 652	329 730
Vote 4 - Corporate and protection		119 886	122 535	147 271	146 373	154 585	154 585	162 266	169 634	177 311
Vote 5 - Municipal manager		29 366	34 881	34 126	48 435	45 187	45 187	46 245	48 148	50 809
Vote 6 - Council		89 299	359 542	130 304	123 125	142 581	142 581	135 978	142 257	148 682
Vote 7 - Economic Development and Strategic Services		64 672	85 282	95 918	148 386	153 382	153 382	155 006	158 612	168 915
Vote 8 -		-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	606 874	693 347	836 738	919 194	1 014 246	1 014 246	917 384	956 603	1 006 440
Surplus/(Deficit) for the year	2	287 024	176 033	127 361	117 280	53 859	53 859	219 322	207 141	150 179

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

Table A4 – Budgeted Financial Performance (revenue and Expenditure)

LIM343 Thulamela - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	###	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand	1										
Revenue											
Exchange Revenue											
Service charges - Electricity	2	-	-	-	-	-	-	-	-	-	-
Service charges - Water	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Management	2	25 379	26 980	28 481	25 543	27 818	27 818	27 818	36 699	38 387	40 114
Sale of Goods and Rendering of Services		8 490	8 833	8 085	23 437	13 091	13 091	13 091	48 371	50 598	52 872
Agency services		-	-	10 484	-	-	-	-	13 000	-	-
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		19 345	19 485	10 301	9 168	10 639	10 639	10 639	13 250	13 859	14 483
Interest earned from Current and Non Current Assets		18 174	27 839	81 240	80 000	80 251	80 251	80 251	90 000	94 140	98 376
Dividends		-	-	-	-	-	-	-	-	-	-
Rent on Land		-	1 710	-	-	-	-	-	-	-	-
Rental from Fixed Assets		2 789	3 291	2 593	3 704	2 874	2 874	2 874	3 189	3 314	3 464
Licence and permits		0	2	-	1	11 000	11 000	11 000	857	13 598	14 210
Operational Revenue		5 488	8 337	7 448	5 834	4 791	4 791	4 791	6 881	9 988	7 303
Non-Exchange Revenue											
Property rates	2	87 840	90 948	94 455	97 826	98 893	98 893	98 893	108 499	125 083	119 181
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		9 002	9 129	7 114	9 836	7 810	7 810	7 810	8 852	9 259	9 876
Licences or permits		10 408	9 882	785	12 859	791	791	791	-	897	937
Transfer and subsidies - Operational		602 288	532 000	581 920	634 969	634 338	634 338	634 338	659 557	651 709	641 776
Interest		12 383	14 823	16 498	15 000	17 000	17 000	17 000	20 000	23 920	21 548
Fuel Levy		-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	-	-	-	-	-	-	-	-	-
Other Gains		-	-	1 784	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contribt)		801 716	749 219	828 147	897 887	909 296	909 296	909 296	1 008 934	1 081 731	1 029 840
Expenditure											
Employee related costs	2	287 045	297 911	325 609	358 587	355 893	355 893	355 893	374 258	387 183	404 608
Remuneration of councillors		30 744	30 657	31 787	36 202	36 188	36 188	36 188	37 981	39 707	41 484
Bulk purchases - electricity	2	-	-	-	-	-	-	-	-	-	-
Inventory consumed	8	7 751	12 071	14 645	21 801	20 301	20 301	20 301	21 490	22 389	23 850
Debt impairment	3	88 291	(145 247)	83 741	42 500	105 500	105 500	105 500	91 870	95 888	100 201
Depreciation and amortization		63 695	63 403	70 607	81 100	89 143	89 143	89 143	78 972	82 605	86 322
Interest		1 275	2 880	3 141	2 205	2 217	2 217	2 217	2 318	2 422	2 534
Contracted services		58 181	91 006	187 290	218 045	255 887	255 887	255 887	181 077	170 283	183 979
Transfers and subsidies		3 773	4 786	2 766	1 850	1 958	1 958	1 958	2 205	2 306	2 412
Irrecoverable debts written off		3 015	238 978	27 374	25 000	10 000	10 000	10 000	5 490	6 789	7 064
Operational costs		62 852	67 928	82 770	127 559	130 804	130 804	130 804	134 270	140 099	148 630
Losses on disposal of Assets		19 057	28 295	27 008	4 480	4 480	4 480	4 480	4 700	4 916	5 137
Other Losses		1 245	2 099	-	1 885	1 885	1 885	1 885	1 977	2 068	2 181
Total Expenditure		608 874	888 547	898 758	919 194	1 014 248	1 014 248	1 014 248	917 584	968 603	1 008 440
Surplus/(Deficit)		194 842	66 872	(7 611)	(21 487)	(104 951)	(104 951)	(104 951)	91 350	75 128	17 600
Transfers and subsidies - capital (monetary)	6	88 852	120 181	134 925	138 777	158 810	158 810	158 810	127 772	132 013	132 879
Transfers and subsidies - capital (in-kind)	6	5 332	-	27	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		287 024	178 038	127 861	117 280	63 869	63 869	63 869	219 322	207 141	160 178
Income Tax		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		287 024	178 038	127 861	117 280	63 869	63 869	63 869	219 322	207 141	160 178
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		287 024	178 038	127 861	117 280	63 869	63 869	63 869	219 322	207 141	160 178
Share of Surplus/Deficit attributable to Associate	7	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1	287 024	178 038	127 861	117 280	63 869	63 869	63 869	219 322	207 141	160 178

Total operating revenue increased from R909,2 million in 2023/2024 to R1 008 billion in 2024/2025. This is caused by an increase in equitable share, grant for Neighbourhood Development and a new grant for Energy and Efficient (*amongst others*)

The municipality is anticipating collecting 45% of all billed services.

- Transfers recognized (Grants)** – operating Grants includes the local government equitable share and other operating grants from national

Government. The grants receipts from national government are growing rapidly over the budget year, however, Extended Public Works Incentive Grant (EPWP) has decreased.

2. For the 2024/2025 financial year the municipality budget will be funded by grants and own revenue as cash reserves cannot be utilized due to circular 126.
3. We assume to spend all our grant allocations; hence we do not budget for unspent conditional grants.

Total operational expenditure has decreased from R1 014,2 billion in 2023/2024 to R917,3 million in 2024/2025 financial year.

1. **Employee related costs** and other expenditure are the main cost drivers within the municipality operational budget. The salaries and wages for 2023/2024 financial year was R355 million and it has increased to R 374 million for 2024/2025. The overall Salaries budget for 2024/2025 financial year has increased by 4,9% pending the finalization of the collective agreement negotiations with the Bargaining Council.
2. **Debt Impairment** has decreased from R105 million to R91,6 million with a bad debt write off R6 million and provision for bad debts of R85 million. This is due to low collection from debtors.
3. **Depreciation** is the requirement of GRAP presentation in respect of assets. It has been provided for R78,9 million in 2024/2025 financial year. This is composed of depreciation and amortization of R70.7 million and impairment loss of R8,1 million.
4. **Inventory consumed and other expenditure.**
 - Inventory consists of stationery, cleaning materials, materials to be used for repairs and maintenance of facilities, vehicles, plants and equipment, road surface as well as materials to build disaster houses.
5. **Operational expenditure** consists of accommodation, skills development levy, membership fees, Advertising, printing and publication, etc. It has increased due to the following major items (*amongst others*): electricity, fuel, communication expenses, and dumping fees. It is illustrated as follow:

Segment Desc	Total Budget	2026 Draft Budget	2027 Draft Budget
Rental of Equipment	5 769 500	6 034 897	6 312 502
Advertising	1 066 056	1 115 094	1 166 390
Signage	150 000	156 900	164 117
Capital Expenses	10 000	10 460	10 941
Bank charges	250 000	261 500	273 529
Bursaries for non-employees	157 350	164 588	172 159
Communication	14 498 000	15 164 492	15 867 458

Anti-Fraud & Corruption	104 900	109 725	114 773
Cost relating to the Sale of sites new	3 000 000	3 138 000	3 282 348
Operational Cost: Deeds	90 000	94 140	98 470
Renewal Of Public Driving Permit	100 000	104 600	109 412
Dumping Fees District	4 500 000	4 707 000	4 923 522
Entertainment	56 686	33 361	34 436
External Audit Fees	6 040 666	6 318 537	6 609 190
Hire Charges	2 315 012	2 484 260	2 598 537
HR Strategic Sessions	450 000	470 700	492 352
domestic indigent	1 500 000	1 569 000	1 641 174
Insurance	16 509 500	17 268 937	18 063 308
License Agency Fees	1 820 000	1 903 720	1 991 291
Licensing & Registration	1 098 303	1 148 825	1 201 671
Water Expenditure	2 622 500	2 743 135	2 869 319
Electricity	9 677 419	10 122 581	10 588 219
Printing Publications and Books	1 838 470	1 922 947	2 011 311
Membership Fees	5 073 872	5 305 659	5 548 108
Bursary for employees	1 200 000	1 255 200	1 312 939
Training	730 000	762 200	805 881
Agric support programme	5 000	5 230	5 471
Induction	100 000	104 600	109 412
Tourism School awarness Campaign	30 000	31 380	32 823
Seminars Conferences Workshops and Events	2 925 520	2 929 375	3 120 812
Planning Tribunal Administration	734 300	768 078	803 409
Wellness sports development	1 000 000	1 000 000	1 046 000
Ward committee Seating allowances	209 800	219 451	229 545
Servitudes and Land Surveys	30 000	31 380	32 823
Skills Development Fund	3 230 292	3 376 209	3 531 323
Accommodation	5 791 100	5 892 391	6 218 019
Food and Beverage	1 000	1 046	1 094
Air Transport	1 075 486	1 062 537	1 101 290
Car Rental	451 413	479 877	509 190
Transport	5 346 996	5 580 995	5 835 762

Promotional Materials	595 000	622 370	651 000
Security uniform	400 000	418 400	437 646
Protective clothing	8 974 400	9 387 222	9 819 035
Remuneration to Ward Committees	7 741 620	8 097 735	8 470 230
Fuel and Oil	12 500 000	13 075 000	13 676 450
Workmen's Compensation Fund	2 500 000	2 615 000	2 735 290
	134 270 161	140 068 734	146 629 981

6. **Circulars 126 and 128** were also taken into consideration to effect changes in operational expenditure.

7. **Contracted services consist of the following (*amongst others*):**

- **Outsourced services** of electricity projects and Repairs and Maintenance, development of a valuation roll, security services, ICT and risk committees, occupational health, and safety issues etc.
- **Consultancy and professional service fees** of legal advice and litigation, business and advisory, research and advisory, etc., and
- **Contractors** for catering, electrical services, event promoters, employee wellness, re-gravelling of streets, maintenance of buildings and facilities, etc. **and are outlined as follows:**

Segment description	2024/25	2025/26	2026/27
Consultants and Professional Services	35 018 000	33 847 000	38 771 000
Outsourced Services	56 758 000	59 642 000	62 414 000
Contractors	69 301 000	76 775 000	82 794 000

- **Repairs and maintenance** is representing only 4.5% of the total PPE which is below the required rate as per MFMA circular 86, however the amount provided as per SA34C will be able to deal with all items that need to be repaired or maintained in 2024/2025 financial year. The reason is that currently we have rehabilitated our infrastructure which is roads storm water. And our mechanical staff has also been trained to attend the major repairs in-house.
- The Municipality has new assets that are on service plan and will not need to be repaired and maintained at a cost.

- 8. Transfers and subsidies** consist of poverty relief, disaster relief and LED poverty alleviation.

Segment Desc	Total Budget	2026 Draft Budget	2027 Draft Budget
LED Poverty Alleviation Fund New	350 000	366 100	382 941
Governance Disaster Relief	1 854 632	1 939 945	2 029 183

Poverty relief is utilized for indigent relief for rates and services, Disaster relief is for food parcels to communities during disaster while LED poverty alleviation is utilized to assist our communities in small scale farming and backyard garden. These include the following (*amongst others*): brickyard, chicken farming, feedlot, agro processing and borehole.

Table A5 – Budgeted Capital Expenditure by vote, standard classification, and funding source

LIM343 Thulamela - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description		2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 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 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Capital expenditure - Vote											
Multi-year expenditure to be appropriated											
Vote 1 - Financial services		-	-	-	-	-	-	-	-	-	-
Vote 2 - Community and Operations		-	-	-	-	-	-	-	-	-	-
Vote 3 - Engineering and Planning Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate and protection		-	-	-	-	-	-	-	-	-	-
Vote 5 - Municipal manager		-	-	-	-	-	-	-	-	-	-
Vote 6 - Council		-	-	-	-	-	-	-	-	-	-
Vote 7 - Economic Development and Strategic Services		-	-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total		-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated											
Vote 1 - Financial services		-	-	-	-	-	-	-	250	-	-
Vote 2 - Community and Operations		96 624	105 402	127 367	221 633	210 162	210 162	210 162	186 701	174 734	132 679
Vote 3 - Engineering and Planning Services		11 894	29 522	40 969	97 710	85 125	85 125	85 125	27 151	20 500	-
Vote 4 - Corporate and protection		9 570	10 521	23 491	15 400	19 692	19 692	19 692	20	2 000	700
Vote 5 - Municipal manager		-	41	-	-	-	-	-	-	-	-
Vote 6 - Council		-	-	-	-	-	-	-	-	-	-
Vote 7 - Economic Development and Strategic Services		7 149	17 790	14 712	8 815	11 615	11 615	11 615	5 200	9 907	16 800
Vote 8 -		-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		125 237	163 276	206 538	343 558	326 594	326 594	326 594	219 322	207 141	150 179
Total Capital Expenditure - Vote		125 237	163 276	206 538	343 558	326 594	326 594	326 594	219 322	207 141	150 179
Capital Expenditure - Functional											
Governance and administration		4 330	4 378	12 254	9 000	8 750	8 750	8 750	5 250	6 500	2 540
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		4 330	4 378	12 254	9 000	8 750	8 750	8 750	5 250	6 500	2 540
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		15 671	11 447	33 311	48 099	45 889	45 889	45 889	15 480	15 050	700
Community and social services		-	-	-	-	-	-	-	-	600	700
Sport and recreation		5 608	742	3 498	3 650	2 650	2 650	2 650	100	-	-
Public safety		26	841	2 738	-	385	385	385	-	-	-
Housing		10 037	9 863	27 075	44 449	42 854	42 854	42 854	15 380	14 450	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		104 830	131 865	148 100	235 938	232 575	232 575	232 575	186 821	180 041	146 939
Planning and development		5 782	14 609	9 275	2 815	5 815	5 815	5 815	200	4 807	14 260
Road transport		99 048	117 256	138 825	233 123	226 760	226 760	226 760	186 621	175 234	132 679
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		406	15 586	12 873	50 521	39 380	39 380	39 380	11 771	5 550	-
Energy sources		-	-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		406	15 586	12 873	50 521	39 380	39 380	39 380	11 771	5 550	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional		125 237	163 276	206 538	343 558	326 594	326 594	326 594	219 322	207 141	150 179
Funded by:											
National Government		61 060	102 834	117 908	138 777	158 805	158 805	158 805	128 172	132 333	132 939
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital		61 060	102 834	117 908	138 777	158 805	158 805	158 805	128 172	132 333	132 939
Borrowing		-	-	-	-	-	-	-	-	-	-
Internally generated funds		58 845	60 441	86 630	204 781	167 789	167 789	167 789	91 150	74 808	17 240
Total Capital Funding		119 905	163 276	206 538	343 558	326 594	326 594	326 594	219 322	207 141	150 179

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The capital budget for 2024/2025 financial year has decreased by R121,2 million to R205,3 million compared to R326,5 that was budgeted for in 2023/2024 financial year. The budget provides that a municipality may approve multi-year or single year capital budget appropriations. Capital will be funded by MIG grant, Neighborhood Development Grant, ISD Grant and own funds (R77,7 million) in 2024/2025 financial year.

Table A6 – Budgeted Financial Position

LIM343 Thulamela - Table A6 Budgeted Financial Position

Description	###	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand											
ASSETS											
Current assets											
Cash and cash equivalents		891 292	988 403	1 026 519	791 641	882 964	882 964	882 964	1 033 247	1 121 358	1 143 644
Trade and other receivables from exchange transactions	1	43 368	16 201	5 315	24 009	156 431	156 431	156 431	55 822	72 700	96 029
Receivables from non-exchange transactions	1	21 990	19 227	10 798	17 725	25 660	25 660	25 660	5 837	35 464	58 195
Current portion of non-current receivables		-	-	-	-	-	-	-	-	-	-
Inventory	2	27 092	30 022	28 342	29 772	28 342	28 342	28 342	51 262	73 651	97 501
VAT		(16 571)	(3 468)	24 907	12 341	18 786	18 786	18 786	1 395	6 985	17 349
Other current assets		(411)	2 727	2 930	164	1 968	1 968	1 968	530	1 023	1 539
Total current assets		966 760	1 053 111	1 098 813	875 653	1 114 150	1 114 150	1 114 150	1 148 093	1 311 181	1 414 256
Non current assets											
Investments		-	0	(0)	-	-	-	-	-	-	-
Investment property		-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	3	1 632 115	1 723 079	1 847 947	1 976 554	2 076 868	2 076 868	2 076 868	1 854 252	1 972 121	2 031 115
Biological assets		-	-	-	-	-	-	-	-	-	-
Living and non-living resources		-	-	-	-	-	-	-	-	-	-
Heritage assets		-	-	-	-	-	-	-	-	-	-
Intangible assets		1 006	499	837	3 998	4 887	4 887	4 887	3 974	5 725	5 451
Trade and other receivables from exchange transactions		-	-	-	-	-	-	-	-	-	-
Non-current receivables from non-exchange transactions		-	-	-	-	-	-	-	-	-	-
Other non-current assets		-	-	-	-	-	-	-	-	-	-
Total non current assets		1 633 121	1 723 578	1 848 784	1 980 553	2 081 755	2 081 755	2 081 755	1 858 226	1 977 846	2 036 566
TOTAL ASSETS		2 599 881	2 776 689	2 947 597	2 856 205	3 195 905	3 195 905	3 195 905	3 006 319	3 289 027	3 450 822
LIABILITIES											
Current liabilities											
Bank overdraft		-	-	-	-	-	-	-	-	-	-
Financial liabilities		-	-	545	-	557	557	557	-	-	-
Consumer deposits		336	363	384	363	384	384	384	363	363	363
Trade and other payables from exchange transactions	4	67 388	100 054	101 959	70 840	72 525	72 525	72 525	117 189	194 387	272 238
Trade and other payables from non-exchange transactions	5	10 639	4 013	28 013	4 105	20 337	20 337	20 337	4 013	4 013	(66 210)
Provision		32 105	32 943	29 498	37 028	40 178	40 178	40 178	37 228	41 710	46 396
VAT		27 317	(9 933)	17 313	4 601	2 598	2 598	2 598	6 216	103	(595)
Other current liabilities		-	-	-	-	-	-	-	-	-	-
Total current liabilities		137 785	127 441	177 713	116 937	136 579	136 579	136 579	165 009	240 576	252 192
Non current liabilities											
Financial liabilities	6	-	-	-	-	-	-	-	-	-	-
Provision	7	45 663	47 188	40 463	47 188	40 463	40 463	40 463	47 188	47 188	47 188
Long term portion of trade payables		-	-	-	-	-	-	-	-	-	-
Other non-current liabilities		-	-	-	-	-	-	-	-	-	-
Total non current liabilities		45 663	47 188	40 463	47 188	40 463	40 463	40 463	47 188	47 188	47 188
TOTAL LIABILITIES		183 448	174 629	218 176	164 126	177 042	177 042	177 042	212 197	287 764	299 380
NET ASSETS		2 416 434	2 602 060	2 729 421	2 692 080	3 018 863	3 018 863	3 018 863	2 794 122	3 001 263	3 151 442
COMMUNITY WEALTH/EQUITY											
Accumulated surplus/(deficit)	8	2 427 139	2 602 060	2 729 421	2 692 080	3 018 863	3 018 863	3 018 863	2 794 122	3 001 263	3 151 442
Reserves and funds	9	-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	10	2 427 139	2 602 060	2 729 421	2 692 080	3 018 863	3 018 863	3 018 863	2 794 122	3 001 263	3 151 442

1. Table A6 is consistent with international standards of good financial management practice and improves understand ability for councillors and management of the impact of the budget on the statement of financial position.
2. This format of presenting the statement of financial position is aligned to GRAP, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity, i.e., assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes SA3 which providing a detailed analysis of the major components of several items, including:
 - (a) Call investments deposits
 - (b) Consumer debtors.
 - (c) Property, plant, and equipment.
 - (d) Trade and other payables.
 - (e) Provisions noncurrent.
 - (f) Changes in net assets; and
 - (g) Reserves

4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition, the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table A7 Budgeted Cash Flow Statement

LIM343 Thulamela - Table A7 Budgeted Cash Flows												
Description		###	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 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 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates			865	43 421	61 790	44 602	56 609	56 609	56 609	58 661	67 918	64 243
Service charges			0	11 249	17 434	13 744	26 388	26 388	26 388	23 547	24 630	25 739
Other revenue			30 161	68 686	118 618	126 679	148 961	148 961	148 961	35 896	86 480	82 575
Transfers and Subsidies - Operational		1	0	613 403	703 942	631 853	631 602	631 602	631 602	659 557	651 709	641 776
Transfers and Subsidies - Capital		1	-	124 174	158 912	138 777	150 843	150 843	150 843	127 772	132 013	62 456
Interest			18 004	26 133	58 884	60 000	80 251	80 251	80 251	90 000	94 140	98 376
Dividends			-	-	-	-	-	-	-	-	-	-
Payments												
Suppliers and employees			(114 221)	(497 086)	(623 876)	(884 275)	(1 082 926)	(1 082 926)	(1 082 926)	(729 055)	(759 324)	(800 279)
Interest			-	-	-	(5)	(65)	(65)	(65)	(8)	(8)	(9)
Transfers and Subsidies		1	-	-	-	(1 758)	(1 758)	(1 758)	(1 758)	(2 205)	(2 306)	(2 412)
NET CASH FROM/(USED) OPERATING ACTIVITIES			(65 189)	389 980	495 704	129 618	9 905	9 905	9 905	264 166	295 252	172 485
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE			-	-	-	-	-	-	-	-	-	-
VAT Control (receipts)			-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables			-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments			-	0	0	-	-	-	-	-	-	-
Payments												
Capital assets			(118 041)	(153 456)	(284 632)	(326 380)	(153 461)	(153 461)	(153 461)	(219 322)	(207 141)	(150 179)
NET CASH FROM/(USED) INVESTING ACTIVITIES			(118 041)	(153 456)	(284 632)	(326 380)	(153 461)	(153 461)	(153 461)	(219 322)	(207 141)	(150 179)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans			-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing			-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits			-	-	-	-	-	-	-	-	-	-
Payments												
Repayment of borrowing			-	-	(506)	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES			-	-	(506)	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD			(183 229)	236 524	210 566	(196 762)	(143 556)	(143 556)	(143 556)	44 844	88 111	22 288
Cash/cash equivalents at the year begin:		2	-	891 292	988 403	988 403	1 026 519	1 026 519	1 026 519	988 403	1 033 247	1 121 358
Cash/cash equivalents at the year end:		2	(183 229)	1 127 816	1 198 969	791 641	882 964	882 964	882 964	1 033 247	1 121 358	1 143 646

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The Budgeted cash flow show a favorable closing balance which clearly indicate that the municipality will be able to finance the budget over the medium-term.

Table A8 Cash Backed Reserves/Accumulated Surplus

LIM343 Thulamela - Table A8 Cash backed reserves/accumulated surplus reconciliation

CIM-PS Trinidad - Table A6 Cash backed reserves/accumulated Surplus reconciliation											
Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	(183 229)	1 127 816	1 198 969	791 641	882 964	882 964	882 964	1 033 247	1 121 358	1 143 644
Other current investments > 90 days		1 074 521	(139 413)	(172 450)	0	(0)	(0)	(0)	--	0	0
Non current investments	1	--	0	(0)	--	--	--	--	--	--	--
Cash and investments available:		891 292	988 403	1 026 519	791 641	882 964	882 964	882 964	1 033 247	1 121 358	1 143 644
Application of cash and investments											
Unspent conditional transfers		10 639	4 013	28 013	4 013	20 126	20 126	20 126	4 013	4 013	(66 210)
Unspent borrowing		--	--	--	--	--	--	--	--	--	--
Statutory requirements	2	20 506	(6 465)	(7 593)	(7 740)	(16 188)	(16 188)	(16 188)	4 821	(6 883)	(17 943)
Other working capital requirements	3	53 572	70 937	81 366	26 749	(184 715)	(184 715)	(184 715)	84 527	115 280	163 302
Other provisions		32 105	32 943	29 498	37 028	40 178	40 178	40 178	37 228	41 710	46 396
Long term investments committed	4	--	--	--	--	--	--	--	--	--	--
Reserves to be backed by cash/investments	5	--	--	--	--	--	--	--	--	--	--
Total Application of cash and investments:		116 822	101 428	131 284	60 049	(140 599)	(140 599)	(140 599)	130 588	154 120	125 544
Surplus(shortfall) - Excluding Non-Current Creditors Trf to Debt Relief Benefits		774 470	886 975	895 236	731 592	1 023 563	1 023 563	1 023 563	902 659	967 238	1 018 100
Creditors transferred to Debt Relief - Non-current portion		--	--	--	--	--	--	--	--	--	--
Surplus(shortfall) - Including Non-Current Creditors Trf to Debt Relief Benefits		774 470	886 975	895 236	731 592	1 023 563	1 023 563	1 023 563	902 659	967 238	1 018 100

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. The table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded". The municipality shows the positive movement for all the years.
4. Non-compliance with section 18 of the MFMA is assumed that a shortfall would indirectly indicate that the budget is not appropriately funded.
5. From the table for the period 2020/2021 up to date, the cash backed reserved shows a positive movement, which proves that the municipality will be able to pay their expenses without borrowings Considering the requirements of section 18 of the MFMA, it can be shown that municipality has funded all the projects by having the positive cash.
6. As part of the budgeting and planning guidelines that informed the compilation of the 2024/25 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table A9 – Asset Management

LIM343 Thulamela - Table A9 Asset Management

Description	###	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R thousand										
Total Capital Expenditure	4	125 237	183 276	206 538	343 558	326 594	326 594	219 322	207 141	150 179
Roads Infrastructure		89 630	103 554	123 464	210 123	191 198	191 198	186 601	170 274	132 679
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		1 232	4 643	6 902	22 000	16 169	16 169	9 020	7 200	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		406	2 000	1 025	28 871	13 204	13 204	8 271	2 000	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		91 268	110 197	131 391	260 983	220 571	220 571	203 892	179 474	132 679
Community Facilities		7 032	24 115	24 676	21 039	31 257	31 257	1 520	4 487	12 000
Sport and Recreation Facilities		5 243	303	8 723	7 300	7 197	7 197	800	3 000	2 000
Community Assets		12 275	24 418	33 400	28 339	38 453	38 453	2 320	7 487	14 000
Heritage Assets		-	-	-	500	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		7 120	3 496	12 541	17 910	18 288	18 288	7 510	4 100	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		7 120	3 496	12 541	17 910	18 288	18 288	7 510	4 100	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		434	198	1 501	200	-	-	-	300	300
Intangible Assets		434	198	1 501	200	-	-	-	300	300
Computer Equipment		3 063	3 315	6 716	3 020	2 380	2 380	900	1 930	1 090
Furniture and Office Equipment		444	1 117	2 248	1 545	1 550	1 550	700	2 620	1 140
Machinery and Equipment		6 180	6 742	722	5 500	6 860	6 860	4 000	2 520	270
Transport Assets		4 472	13 793	18 019	25 550	38 511	38 511	-	8 710	700
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		125 237	183 276	206 538	343 558	326 594	326 594	219 322	207 141	150 179
ASSET REGISTER SUMMARY - PPE (WDV)	5	1 195 882	1 404 588	1 529 358	1 444 560	1 546 221	1 546 221	1 373 530	1 316 413	1 236 000
Roads Infrastructure		748 967	881 536	970 954	858 826	938 772	938 772	866 137	823 650	774 026
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		34 927	41 367	54 232	54 649	61 983	61 983	48 344	46 207	43 973
Water Supply Infrastructure		-	-	-	-	300	300	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		16 280	10 677	6 381	29 067	12 414	12 414	9 704	9 388	8 012
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	(0)	(0)	-	-	-	-	-
Information and Communication Infrastructure		0	0	0	0	0	0	0	0	0
Infrastructure		800 173	933 579	1 031 567	942 542	1 013 470	1 013 470	924 185	879 244	826 011
Community Assets		194 734	254 433	264 137	266 105	273 523	273 523	250 823	246 259	240 339
Heritage Assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other Assets		0	-	-	4 321	(4)	(4)	(187)	(183)	(188)
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		1 006	499	837	3 998	4 887	4 887	3 974	5 725	5 451
Computer Equipment		5 462	9 356	13 824	6 974	10 978	10 978	5 258	1 760	(2 813)
Furniture and Office Equipment		5 796	5 622	7 056	5 437	5 498	5 498	3 693	3 564	2 080
Machinery and Equipment		9 734	14 784	13 569	12 419	12 519	12 519	12 058	9 727	6 767
Transport Assets		56 905	64 241	76 294	81 027	103 614	103 614	52 006	48 967	37 388
Land		122 072	122 072	122 072	121 736	121 736	121 736	121 720	121 350	120 965
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	1 195 882	1 404 588	1 529 358	1 444 560	1 546 221	1 546 221	1 373 530	1 316 413	1 236 000

EXPENDITURE OTHER ITEMS	7	78 611	95 749	190 586	189 906	207 285	207 285	132 982	148 706	156 288
Depreciation	3	54 642	58 536	66 725	68 969	77 012	77 012	70 786	74 042	77 374
Repairs and Maintenance by Asset Class		21 970	37 213	123 841	100 937	130 273	130 273	62 197	74 664	78 915
Roads Infrastructure		10 951	22 346	99 386	57 760	92 003	92 003	25 100	36 306	37 977
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		3 944	4 576	12 346	12 000	11 000	11 000	13 710	14 156	15 624
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		(0)	14	-	300	300	300	100	105	109
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	19	95	1 400	600	600	300	314	328
Infrastructure		14 898	26 955	111 827	71 480	103 903	103 903	39 210	50 887	54 038
Community Facilities		-	-	-	65	65	65	45	47	49
Sport and Recreation Facilities		61	28	146	940	940	940	250	261	274
Community Assets		61	28	146	1 005	1 005	1 005	265	309	323
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		383	2 090	3 065	12 950	9 594	9 594	9 706	10 152	10 619
Housing		-	-	-	-	-	-	-	-	-
Other Assets		383	2 090	3 065	12 950	9 594	9 594	9 706	10 152	10 619
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Sevitutes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	1 500	1 750	1 750	1 000	785	821
Furniture and Office Equipment		-	-	15	1 000	1 000	1 000	774	810	847
Machinery and Equipment		3 187	3 812	3 934	6 020	6 020	6 020	5 012	5 243	5 484
Transport Assets		3 442	4 328	4 853	7 002	7 002	7 002	6 200	6 485	6 784
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		78 611	95 749	190 586	189 906	207 285	207 285	132 982	148 706	156 288
Renewal and upgrading of Existing Assets as % of total capex		0.0%	7.4%	10.9%	21.2%	8.9%	8.9%	15.3%	15.4%	21.2%
Renewal and upgrading of Existing Assets as % of deprecn		0.0%	20.6%	33.9%	105.6%	37.7%	37.7%	47.3%	43.2%	41.2%
R&M as a % of PPE		1.8%	2.7%	8.1%	7.0%	8.5%	8.5%	4.5%	5.7%	6.4%
Renewal and upgrading and R&M as a % of PPE		1.8%	3.5%	9.6%	12.1%	10.3%	10.3%	7.0%	8.1%	9.0%

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate to repairs and maintenance at least 8 per cent of carrying amount of PPE. The repairs and maintenance are mainly done In-house. Repairs and maintenance is 4,5% and is below 8% rate norm. The municipality will be able to deal with all items that need to be repaired or maintained in 2024/2025 financial year.
3. There renewal assets will only be done on the first two years of the MTERF for R6,4 million and R1 million.
4. Upgrading of assets will be done on Roads Infrastructure for all the years.

Table A10 Basic Service Delivery Measurement

LIM345 Thulamela - Table A10 Basic service delivery measurement

Description	AM	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
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)		--	--	--	--	--	--	--	--	--
Electricity - prepaid (min service level)		--	--	--	--	--	--	--	--	--
Minimum Service Level and Above sub-total										
Electricity (> min service level)		--	--	--	--	--	--	--	--	--
Electricity - prepaid (> min service level)		--	--	--	--	--	--	--	--	--
Other energy sources		--	--	--	--	--	--	--	--	--
Below Minimum Service Level sub-total										
Total number of households	5	--	--	--	--	--	--	--	--	--
Refuse:										
Removed at least once a week		118 194	118 194	118 194	120 988	120 988	120 988	120 988	120 988	120 988
Minimum Service Level and Above sub-total		118 194	118 194	118 194	120 988	120 988	120 988	120 988	120 988	120 988
Removed less frequently than once a week		1 250	1 250	1 250	1 250	1 250	1 250	1 250	1 250	1 250
Using communal refuse dump		2 430	2 430	2 430	2 430	2 430	2 430	2 430	2 430	2 430
Using own refuse dump		40 890	40 890	40 890	40 890	40 890	40 890	40 890	40 890	40 890
Other rubbish disposal		--	--	--	--	--	--	--	--	--
No rubbish disposal		98 158	98 158	98 158	98 234	98 234	98 234	98 234	98 234	98 234
Below Minimum Service Level sub-total		142 440	142 440	142 440	140 514	140 514	140 514	140 514	140 514	140 514
Total number of households	5	260 642	260 642	260 642	260 642	260 642	260 642	260 642	260 642	260 642
Household machines/Free Basic Service	7									
Water (5 kilolitre 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 (R100)										
Water (5 kilolitre 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)		--	--	--	--	--	--	2	2	2
Cost of Free Basic Services provided - Informal Formal Settlements (R100)										
Total cost of FBS provided	8	--	--	--	--	--	--	2	2	2
Minimum level of free service provided per household										
Property rates (R value threshold)		--	--	--	--	--	--	--	--	--
Water (5 kilolitre per household per month)		--	--	--	--	--	--	--	--	--
Sanitation (5 kilolitre per household per month)		--	--	--	--	--	--	--	--	--
Sanitation (land per household per month)		--	--	--	--	--	--	--	--	--
Electricity (5kwh per household per month)		--	--	--	--	--	--	--	--	--
Refuse (average 100 per week)		--	--	--	--	--	--	--	--	--
Revenue cost of subsidised services provided (R100)	9									
Property rates (after adjustments) (impermissible income per section 14 or service)		--	--	--	--	--	--	--	--	--
Property rates: exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRSA		15	1 200	1 175	1 256	1 765	1 765	1 560	1 621	1 564
Water (in excess of 5 kilolitre 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)		0	--	--	5 000	3 000	3 000	2 527	2 640	2 762
Municipal Housing - rental rebates		--	--	--	--	--	--	--	--	--
Housing - top structure subsidies		--	--	--	--	--	--	--	--	--
Other		--	--	--	--	--	--	--	--	--
Total revenue cost of subsidised services provided		15	1 200	1 175	6 256	4 765	4 765	4 077	4 261	4 407

This table provides an overview of service delivery levels for each main Service.

. The indigent budget includes free basic electricity for all indigents who use grids and non-grids electricity.

Water and sanitation within Thulamela Municipality are provided by Vhembe District Municipality.

PART 2 – SUPPORTING DOCUMENTATION

2.1 Overview of the Annual Budget Process

The budget plan was prepared and tabled to council on the 27 August 2023 as required.

The budget instructions were issued to the head of departments in November 2023 for submission of the budget proposals to the Chief Financial Officer for consolidation.

The IDP and budget public participation were held during April 2024 in all wards.

BUDGET PROCESS PLAN 2023-2024

PLANNING ACTIVITY	RESPONSIBLE PERSON	TIME SCHEDULE
Budget steering committee	Members	04 August 2023
Submission of monthly budget statements and mscoa data strings	CFO	15 August 2023
Approval of budget time schedule	Council	31 August 2023
Submission of monthly budget statements and mscoa data strings	CFO	14 September 2023
Income Budget submission	Head of departments	22 September 2023
Submission of monthly budget statements and mscoa data strings	CFO	13 October 2023
Mscosa steering Committee meeting	Members	20 October 2023
Department Budget submission (budget and business plans)	Head of departments	27 October 2023
Budget steering committee	Members	10 November 2023
Submission of monthly budget statements and mscoa data strings	CFO	14 November 2023
Adjustment budget submissions	Head of departments	11 December 2023
Submission of monthly budget statements and mscoa data strings	CFO	14 December 2023
Downloading Mscosa chart, capturing the IDP in the Mscosa classification on the financial system	Budget and IDP manager	December 2023 – January 2024
Compilation of detailed budgets, Mscosa classification across segments	Budget unit	December 2023 – January 2024
Strategic sessions to review IDP, policies and set service delivery objectives. Annual review of the budget related policies, consultation on tariffs, indigents, credit control, free basic services and to consider local, provincial, and national issues, performance, and current economic and demographic trends	Members	January – February 2024
Submission of monthly budget statements and mscoa data strings	CFO	12 January 2024
Budget steering committee meeting	Members	18 January 2024
Mscosa steering committee meeting	Members	24 January 2024

Mid-year budget and performance assessment visits	Provincial Treasury & Management	January – February 2024
Budget steering committee meeting	Members	02 February 2024
Submission of monthly budget statements and mscoa data strings	CFO	14 February 2024
Approval of budget adjustment, compliant B1 schedule format and upload Mscoa data string for the adjustment budget on portal	Council	28 February 2024
Submission of Adjustment budget (including data strings) to national and provincial Treasury and other stakeholders	CFO	29 February – 13 March 2024
Budget steering committee meeting	Members	08 March 2024
Submission of monthly budget statements and mscoa data strings	CFO	14 March 2024
Mscoa steering committee meeting	Members	25 March 2024
Tabling of first Draft budget and budget related policies, Mscoa compliant A1 schedule format and upload Mscoa data string on portal	Council	31 March 2024
Submission of Draft budget (including data strings) to the national and provincial Treasury and other stakeholders	CFO	01- 12 th April 2024
Budget and IDP public participation period in all wards	Communities	April 2024
Submission of monthly budget statements and Mscoa data strings	CFO	12 April 2024
Mscoa steering committee meeting	Members	19 April 2024
Budget and Benchmark Assessments	Provincial Treasury & Management	April – May 2024
Budget steering committee meeting	Members	07 May 2024
Submission of monthly budget statements and mscoa data strings	CFO	14 May 2024
Approval final Draft Budget together with the budget related policies, draft SDBIP and upload Mscoa data strings of the final budget	Council	31 May 2024
Submission of approved budget (including data strings) to the National and Provincial Treasury and other stakeholders	CFO	01 – 14 th June 2024
Budget speech SDBIP	Mayor	June 2024
Submission of monthly budget statements and mscoa data strings	CFO	14 June 2024
Mscoa steering committee meeting	Members	21 June 2024
Preparation, approval, and publication of SDBIP and signing of performance agreements	Senior managers	June – July 2024
Submission of monthly budget statement and mscoa data strings	CFO	12 July 2024

Political oversight of the budget process

The link between priorities and spending plans lies in enhancing political oversight of the budget process. Section 53(1) (a) of the MFMA states that the mayor of a municipality must provide political guidance over the budget process and priorities that must guide the preparation of the budget. This is essential to ensure that:

- The political Executive is responsible for policy prioritization.
- Policy priorities are linked to department spending plans and the delivery of quality services.

Political oversight of the budget process allows municipality to manage the tension between competing policy priorities and fiscal realities. The key to strengthening the linkage between priorities and departmental plans lies in enhancing political oversight of the IDP and budget processes.

The Executive committee and extensive community consultation process play a leading role in guiding the alignment of resource allocation with national, provincial, and local priorities.

The municipality sets out measurable performance objectives to link the financial inputs of the budget to service delivery on the ground. This is done in the form of quarterly service targets and monthly financial targets that are contained in the Service Delivery and Budget Implementation Plan (SDBIP). The plan must be agreed by the mayor within 28 days of approval of the final budget and forms the basis for the Municipality's in year monitoring.

Section 53 of the MFMA requires the mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget.

In addition, Chapter 2 of the Municipal Budget, and Reporting Regulations states that the mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and Heads of departments of the municipality meeting under the chairpersonship of the Councillor responsible for Finance matters **Cllr Lieba NA**

The primary aims of the Budget Steering Committee are to ensure:

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

Schedule of Key deadlines relating to the budget process MFMA s 21(1)(b)

The budget time schedule for the compilation of the draft 2024/2025 MTREF was approved by the Council prior to 27 August 2023

Process of tabling and approval of the draft

Tabling to Council of draft 2024/2025 MTREF for community consultation process was done on 27 March 2024.

Consultation with stakeholders and outcomes.

The draft 2024/2025 MTREF had been tabled before the council on 27 March 2024 for community consultation and was made available on municipality's website and hard copies were made available at various Tribal Council offices.

All documents in the appropriate format (Electronic & Printed) will be provided to the Provincial Treasury in accordance with the MFMA, to give an opportunity for their inputs.

Community consultation process took place during April 2024

After consideration of all budget submission the mayor was given the opportunity to respond, if necessary, to revise the budget and table amendments for consideration.

Stakeholders involved in consultations.

The stakeholders involved are organized businesses, churches, non-governmental institutions, community-based organizations, and individual members of the public.

The budget was submitted to the Provincial treasury, National treasury and COGSTA on 28th of March 2024 for their consideration, in line with section 23 of the MFMA. Budget inputs from the Provincial Treasury have been considered prior to approval by the Council in May 2024.

2.2 Overview of alignment of annual budget with IDP

Municipalities are required to develop five-year Integrated Development Plans which must be reviewed annually. It is also required that such plans must find expression in the Budget. The IDP and the budget are interrelated documents. The programs and Projects that have been reflected in the Integrated Development Plan have been budgeted for. The positions reflected in the Organizational structure will all be filled in the budget year 2024/2025. The IDP is the budget in words, just as the budget is the IDP in figures. The Draft budget has been aligned with IDP. The budget has been aligned to the IDP as detailed on table SA4 to SA6

1. Vision

We, the people of Thulamela would like our Municipality to Achieve a city status by 2030, to promote urban regeneration and comprehensive rural development whilst encouraging Local Economic Development to improve the quality of lives of our People.

2. Mission

“We build prosperity, eradicate poverty, and promote social, political and economic empowerment of all our people through delivery of quality services, community participation, local economic development and smart administration.

3. Core Values and Operating Principles

- Deliver on the mandate of the people of Thulamela.
- Achieving state-led development through an effective Intergovernmental Relations System (IGR).
- Drive integrated development.
 - Ensure transparency and accountability.
 - Provide quality service delivery and implement Batho Pele.
- Build institutional capacity and achieve transformation.
- Develop strategic partnerships.
- Achieve people-centered development.
- Use e-governance to make government accessible to the people.

4. Aligning budget priorities

To ensure integrated and focused service delivery between all spheres of government it was important for the Mutale Municipality to align its budget priorities with that of the National and provincial government. It is evident that all spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery and poverty alleviation and building institutional arrangements.

NATIONAL PRIORITIES

- Efficient and effective public services
- Job creation
- Procurement reforms and fighting corruption.

LM343 Thulamela - Supporting Table S44 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	Goal	Goal Code	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R Broadband												
Promote public participation and accountability to the community	To assist management in improving the effectiveness of risk management, corporate governance and internal control at the time in order for municipality to achieve clean Audit. To ensure 100% participation communities in all municipal programmes. To have clean audit.			542 980	520 050	570 150	617 800	617 800	617 800	637 274	632 840	621 020
Ensure compliance with policies, Act and regulations	100% compliance with the MFMA and the Municipal Budget and Reporting Regulation (MBRR) annually. To collect 40% of own-revenue to ensure financial viability.			130 615	105 020	141 607	177 207	201 220	201 222	224 410	240 320	245 604
Promote healthy and clean environment	To protect the environment and to clean our streets and public places continuously. To clean our area to have licensed landfill site. To provide access to all sporting and cultural activities to all citizens.			20 777	20 030	65 340	37 230	40 700	40 700	50 701	60 570	60 700
Economic growth and development that lead to job creation	To have unemployment and poverty a year before 2030.			20 980	24 300	42 450	62 507	49 982	49 982	70 960	81 132	74 200
Promote basic quality services and infrastructure	Building of new access roads and financially maintaining of existing roads. To ensure everyone has access to electricity and eradicate informal settlement.			127 750	141 200	130 610	141 902	150 230	150 233	130 310	134 480	140 201
				-	-	-	-	-	-	-	-	-
Allocations to other activities			2									
Total Revenue (including capital transfers and contributions)			1	817 985	880 490	989 478	1 284 474	1 069 105	1 069 105	1 136 756	1 183 744	1 168 814

LMD43 Thulamela - Supporting Table S45 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	Goal	Goal Code	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
R Broadband												
Promote public participation and accountability to the community	To assist management in improving the effectiveness of risk management, corporate governance and internal control at the time in order for municipality to achieve clean Audit. To ensure 100% participation communities in all municipal programmes. To have clean audit.			307 995	243 507	171 480	145 137	137 582	137 582	134 431	101 330	108 620
Ensure compliance with policies, Act and regulations	100% compliance with the MFMA and the Municipal Budget and Reporting Regulation (MBRR) annually. To collect 40% of own-revenue to ensure financial viability.			45 505	148 380	154 805	206 544	212 685	212 685	231 641	242 430	253 958
Promote healthy and clean environment	To protect the environment and to clean our streets and public places continuously. To clean our area to have licensed landfill site. To provide access to all sporting and cultural activities to all citizens.			94 002	81 617	147 000	121 402	157 253	157 253	140 530	140 200	155 937
Economic growth and development that lead to job creation	To have unemployment and poverty a year before 2030.			42 525	45 641	55 261	62 207	67 514	67 514	85 404	84 907	70 907
Promote basic quality services and infrastructure	Building of new access roads and financially maintaining of existing roads. To ensure everyone has access to electricity and eradicate informal settlement.			183 130	187 560	286 483	246 543	320 507	320 507	230 950	250 973	271 753
				57 424	66 480	-	95 321	89 695	89 695	80 525	78 655	85 198
Allocations to other priorities												
Total Expenditure			1	728 576	762 793	814 946	819 154	1 014 366	1 014 346	917 384	956 803	1 006 446

Public Participation

One of the main features about the integrated development planning process is the involvement of community and stakeholder organizations in the process.

Public participation meetings are held in terms of Municipal Systems Act, Act 32 of 2000 section 16 and Municipal Finance Management Act, Act 56 of 2003 sections 22 and 23.

Both the draft IDP and budget were made public and presented to IDP Representative Forum as scheduled.

Participation of the affected and interested parties ensured that the IDP addresses the real issues that are experienced by the citizens of the municipality.

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the

municipality has developed and implemented a performance management system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses, and reviews organizational performance which in turn is directly linked to individual employee's performance.

At any given time within the government, information from multiple years is being considered; plans and budget for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly **during the last stage**, the performance information process begins when policies are being developed, and continues through each of the planning, budget, implementation, and reporting stages. The planning, budgeting, and reporting cycle can be graphically illustrated as follows:

Planning, budgeting, and reporting cycle

The performance of Thulamela municipality relates directly to the extent to which it has achieved success in realizing its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets, and benchmarks).
- Monitoring (regular monitoring and checking on the progress against plan).
- Measurement (indicators and success).
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the municipality in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:

2.3.1. Performance indicators and benchmarks

2.3.1.1. Borrowing Management

Capital expenditure in local government can be funded by capital grants, own- source revenue and long-term borrowing. The ability of a municipality to raise long-term borrowing is largely dependent on its credit worthiness and financial position. The

following financial performance indicators have formed part of the compilation of the 2024/2025 MTREF:

- Borrowing to asset ratio is a measure of long-term borrowing as a percentage of total asset base of municipal.
- Borrowing funding of own expenditure measures the degree to which own capital expenditure (excluding grants and contribution) has been founded by way of borrowing.

2.3.1.2 Safety of Capital

- The debt-to-equity ratio is a financial ratio indicating the relative proportion of equity and debt used in financing the municipal's assets.
- The gearing ratio is a measure of total long-term borrowing over funds and reserves.

2.3.1.3 Liquidity

- Current ratio is a measure of the current assets divided by the current liabilities.
- The liquidity ratio is a measure of the ability of the municipality to utilized cash and cash equivalent to extinguish or retire its current liabilities immediately.

2.3.1.4 Revenue Management

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash flow.

2.3.2 Free Basic Services: basic social services package for indigent household

The social package assists households that have difficulty paying for service and registered as indigent households in terms of the Indigent Policy of Thulamela municipality.

The key financial indicators and ratios are disclosed in Supporting Table SA8: Performance indicators and benchmarks.

LIM343 Thulamela - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2019/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue Framework	
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26
GOVERNANCE AND ADMIN									
Finance and admin									
Finance									
To ensure compliance with MFMA, policies, regulations and statutes	Monthly, quarterly, mid year and annual reports	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Corporate									
To improve organizational performance by fostering accountability	SOBP quarterly reports	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sub-function 3 - (name)									
Insert measure description		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Executive and Council									
Public participation									
To ensure maximum participation by locals	Number of Imibizo, ICP budget meetings and Attendance register	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Special programmes									
To ensure focus and empowerment of the disadvantaged groups	Number of meetings and workshops	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Risk and internal audit									
To provide effective risk and audit management services support to the municipality	Quarterly risk management reports and internal audit progress reports	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
COMMUNITY AND PUBLIC SAFETY									
Waste Management									
Refuse removal									
Provision of clean and healthy environment	No. of households having access to waste removal	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Landfill									
Provision of clean and healthy environment	Maintenance of landfill report	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sub-function 3 - (name)									
Insert measure description		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Public safety									
Law enforcement									
To ensure traffic safety and law enforcement	Summons reports	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Licensing									
To render registration and licensing services	Licensing report	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sub-function 3 - (name)									
Insert measure description		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
ECONOMIC AND ENVIRONMENTAL SERVICES									
Planning and development									
Spatial planning									
To ensure integration in rural, urban development and land use control in order to promote sustainable integrated spatial development	Reviewed SDF and SPLUMA	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Local economic development									
To market the potential in Agri, tourism and SME within the municipal area	Show/Indaba and workshops attended	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
IDP									
To provide appropriate environment to become a city by 2030, by providing urban regeneration and comprehensive rural development	Approved credit IDP	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Roads									
Roads storm water									
To provide infrastructure and sustainable basic services	No of streets and km repaved No of km tarred	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sub-function 2 - (name)									
Insert measure description		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sub-function 3 - (name)									
Insert measure description		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
And so on for the rest of the Votes									

LIM343 Thulamela - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2020/21	2021/22	2022/23	Current Year 2023/24				2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
<u>Borrowing Management</u>											
Credit Rating											
Capital Charges to Operating Expenditure	Interest & Principal Paid / Operating	0.2%	0.4%	0.4%	0.2%	0.2%	0.2%	0.2%	0.3%	0.3%	0.3%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing	0.2%	0.4%	0.4%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	7.0	8.3	8.2	7.5	8.2	8.2	8.2	7.0	5.5	5.8
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current	7.0	8.3	8.2	7.5	8.2	8.2	8.2	7.0	5.5	5.8
Liquidity Ratio	Monetary Assets/Current Liabilities	6.8	7.9	5.8	7.0	7.8	7.8	7.8	6.6	5.0	4.9
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	0.0%	2.6%	161.7%	229.3%	119.1%	202.9%	202.9%	202.9%	96.6%	104.0%
Current Debtors Collection Rate (Cash receipts % of Ratespayer & Other revenue)		2.6%	161.7%	229.3%	119.1%	202.9%	202.9%	202.9%	96.6%	104.0%	96.6%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors >										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within M/FMA & 65(e))										
Creditors to Cash and Investments		0.0%	11.2%	10.3%	7.2%	7.1%	7.1%	7.1%	11.9%	18.8%	34.3%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW) technical										
	Total Volume Losses (kW) non technical										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Volumes - System Input	Bulk Purchase										
	Water treatment works										
	Natural sources										
	Total Volume Losses (M)										
Water Distribution Losses (2)	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital	35.8%	39.8%	39.3%	39.7%	39.1%	39.1%	39.1%	37.1%	37.5%	39.5%
Remuneration	Total remuneration/(Total Revenue - capital	39.7%	43.9%	43.1%	43.8%	43.1%	43.1%	43.3%	42.3%	43.2%	0.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital	2.7%	5.0%	14.9%	11.2%	14.3%	14.3%	6.8%	7.4%	7.6%	0.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	8.1%	8.8%	8.9%	9.3%	10.0%	10.0%	10.0%	8.1%	8.2%	8.7%
<u>DP regulation financial viability indicators</u>											
I. Debt coverage	(Total Operating Revenue - Operating	207.6%	127.4%	138.9%	118.6%	113.1%	113.1%	1010.3%	1071.7%	1048.8%	0.0%
II. O/S Service Debtors to Revenue	Total outstanding service debtors/annual	96.1%	135.4%	142.3%	122.2%	177.9%	177.9%	177.9%	59.6%	130.5%	186.1%
III. Cost coverage	(Available cash + Investments)/monthly fixed	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

2.4 Overview of the budget-related policies

The following are the budget related policy detailed in *Annexure C*

2.4.1 Property Rates policy

2.4.2 Budget policy

2.4.3 Virement policy

2.4.4 Tariff policy

2.4.5 Indigent policy

2.4.6 Credit control and debt collection policy

2.4.7 Banking and investment policy

2.4.8 Fixed assets policy

2.4.9 Inventory policy

2.4.10 Supply chain management Policy

2.4.11 Cost containment policy

2.4.12 Revenue enhancement strategy and implementation plan,

2.4.13 Funding and Reserve policy

2.4.14 Policy on Unauthorized, Fruitless, and Irregular expenditure

- 2.4.15 Service standards policy
- 2.4.16 Borrowing policy
- 2.4.17 Consultants' reduction policy

Treasury Regulations and circulars were also utilized to compile the budget.

2.5 Overview of budget Assumptions

- The budget for 2024/2025 was done in terms of MFMA and municipal budget reporting regulation and treasury circulars e.g., circular 126 and 128.
- Budget was prepared in an environment of uncertainty and assumptions that need to be made about internal and external factors like loadshedding that could impact on the budget during the financial year.
- We have also looked at the following factors.
 - (a) Economic climate
 - (b) Poverty levels
 - (c) Inflation
 - (d) Service delivery cost increases
 - (e) Increase in staff costs and demands.

The inflation rate forecasts as per MFMA circular no.118 issued by National Treasury have been used on the MTERF. The maximum 4,9 growth rate was used on the tariffs and 4,9 % on salaries. However, some tariffs are based on cost recovery. The method used on Capital Budget is zero-based budgeting.

Revenue

- The municipality is anticipating collecting 45 % of on all billed Revenue. This means the 55% has been budgeted as provision for bad debts.
- 2024/2025 Property rate and service charges are also subjected to a 4,9% Tariff increase rate.

Expenditure

- Annual increase of 4,9% has been used in line with Circular 123. The overall salary expenses have increased by 4,9%.
- An amount of R 91,6 million will be provided as doubtful debts due to non-payment of our debtors on billed services and traffic fines. The expected collection rate for 2024/2025 financial year is 45% and 55% of billed revenue will be provided for bad debts.
- Depreciation has been provided based on the 2024/2025 asset register and also in line with GRAP.
- Depreciation for 2024/2025 budget is based on the Audited depreciation 2022/2023 Financial year and the actual depreciation to date for the current year (2023/2024).
- The amount also includes an estimated amount of Impairment loss, which has been based on the prior year's trend.

2.6 Overview of budget funding and funding reserve policy

Section 18(1) of the MFMA states that an annual budget may only 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 for the capital budget referred to in section 17.
- Thulamela municipality does not have any borrowing policy as we don't have any loan, we will develop the policy as and when the need arises.

The budget is funded by the following sources:

- Rates, tariffs, and other charges
- Grant allocations

Achievement of this requirement in totality effectively means that a Council has 'balanced' its budget by ensuring that budgeted outflows will be offset by a combination of planned inflows. Refer Table A8: Cash backed reserves/accumulated surplus reconciliation' and Supporting Table SA10: Funding measurement.

2.7 Expenditure on allocations and grant programmes

Expenditure for each grant for the MTREF period is in Table SA18, Table SA19 and Table SA20

2.8 Allocation and grants made by municipality and entities.

- The municipality does not have any entities and no grant allocated to any as such.

2.9 Councilor allowances and employees' benefits

- The councilor allowances have been prepared in line with the SALGA Gazette, while Salaries and Wages increased by 4,9% as per the Bargaining Council agreement and as illustrated in circular 126.

LIM343 Thulamela - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councilor remuneration		2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages	1	19 142	20 789	20 859	22 993	22 858	22 858	23 978	25 081	26 210
Pension and UIF Contributions		2 873	2 955	3 126	3 381	3 321	3 321	3 484	3 644	3 808
Medical Aid Contributions		96	97	194	281	281	281	295	308	322
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cellphone Allowance		3 305	2 978	3 606	3 757	4 049	4 049	4 247	4 443	4 642
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		5 329	3 839	4 003	5 790	5 679	5 679	5 957	6 231	6 511
Sub Total - Councillors		30 744	30 657	31 787	36 202	36 188	36 188	37 961	39 707	41 494
% increase	4		(0.3%)	3.7%	13.9%	(0.0%)	-	4.9%	4.6%	4.5%
Senior Managers of the Municipality										
Basic Salaries and Wages	2	5 782	5 594	4 485	6 464	6 581	6 581	6 904	7 221	7 546
Pension and UIF Contributions		248	210	10	114	114	114	120	125	131
Medical Aid Contributions		145	143	176	245	245	245	257	269	281
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		70	70	22	561	561	561	589	616	644
Motor Vehicle Allowance	3	1 191	1 165	1 042	1 521	1 586	1 586	1 664	1 741	1 819
Cellphone Allowance	3	-	-	-	-	-	-	-	-	-
Housing Allowances	3	144	144	-	13	13	13	13	14	15
Other benefits and allowances	3	1	1	1	1	1	1	1	1	1
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		-	-	-	-	-	-	-	-	-
In kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		7 580	7 326	5 734	8 920	9 102	9 102	9 548	9 988	10 437
% increase	4		(3.3%)	(21.7%)	55.6%	2.0%	-	4.9%	4.6%	4.5%
Other Municipal Staff										
Basic Salaries and Wages		186 951	195 281	211 537	223 090	223 865	223 865	235 472	242 069	253 007
Pension and UIF Contributions		36 732	38 064	40 542	45 865	43 679	43 679	45 835	47 891	50 023
Medical Aid Contributions		9 251	10 040	11 285	14 564	13 978	13 978	14 663	15 338	16 028
Overtime		8 086	8 054	10 418	9 249	9 549	9 549	10 240	10 711	11 193
Performance Bonus		14 859	15 085	16 588	20 425	19 438	19 438	20 391	21 328	22 288
Motor Vehicle Allowance	3	18 427	18 962	20 871	23 560	23 955	23 955	25 129	26 285	27 468
Cellphone Allowance	3	52	52	48	55	47	47	88	90	93
Housing Allowances	3	341	345	325	408	413	413	434	454	474
Other benefits and allowances	3	68	70	75	85	79	79	93	97	101
Payments in lieu of leave		2 144	1 546	3 344	5 199	4 937	4 937	5 179	5 417	5 661
Long service awards		2 613	2 936	4 423	4 444	6 353	6 353	6 664	6 971	7 285
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		142	149	420	703	496	496	521	545	569
In kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff		279 665	290 585	319 875	347 646	346 791	346 791	364 708	377 196	394 189
% increase	4		3.9%	10.1%	8.7%	(0.2%)	-	5.2%	3.4%	4.5%
Total Parent Municipality		317 989	328 568	357 396	392 769	392 081	392 081	412 218	426 891	446 120
			3.3%	8.8%	9.9%	(0.2%)	-	5.1%	3.6%	4.5%

2.10 Monthly targets for revenue, expenditure, and cash flows

Disclosure on monthly targets for revenue, expenditure and cash flow is made in the following MTREF tables:

- (A) TABLE SA25 - Budgeted monthly revenue and expenditure
- (B) TABLE SA26 - Budgeted monthly revenue and expenditure (municipal vote)
- (C) TABLE SA27 - Budgeted monthly revenue and expenditure (standard classification)
- (D) TABLE SA28 - Budgeted monthly capital expenditure (municipal vote)
- (E) TABLE SA29 - Budgeted monthly capital expenditure (standard classification)
- (F) TABLE SA30 - Budgeted monthly cash flow

2.11 Annual budgets and services delivery and budget implementation plans – internal departments

- In terms of section 53(1)(c)(ii) of the MFMA the Service Delivery and Budget Implementation Plan must be approved by the mayor within 28 days after the final approval of the budget. The monthly and quarterly service delivery targets and performance indicators will be revised to correspond with the 2024/2025 budget. The draft SDBIP is attached as an Annexure to the budget.

2.12 Annual budget and Service Delivery Agreements-Municipal entities and other external mechanisms

- The list of external mechanisms is detailed on Supporting MTREF Table SA32

2.13 Contracts having future budgetary implications.

- In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to the Bid Evaluation and Adjudication Committees must

obtain formal financial comments from the Financial Management Division of the Treasury Department.

2.14 Capital Expenditure Details

Capital Details are shown in the following MTREF Tables:

- TABLE SA 34a – Capital expenditure on new assets by assets class
- TABLE SA 34b and 34e – Capital Expenditure on the renewal of existing assets by assets class
- For this three-year budget renewal of any existing assets budgeted will be done on the first year only.
- TABLE SA 34c – Repairs and maintenance expenditure by assets class
- TABLE SA 34d - Depreciation by assets classification
- TABLE SA 35 – Future financial implications of the capital budget
- TABLE SA 36 – Detailed capital budget per municipal vote
- TABLE SA 37– Projects delayed from previous financial year.

2.15 Legislation Compliance Status

The following explains the budgeting process in terms of the requirements in the MFMA. It is based on National Treasury's guide to the MFMA. The budget has been done in compliance with the process detailed below.

The budget preparation process

- The mayor is leading the budget preparation process through a coordinated cycle of events that commences at least ten months prior to the start of each financial year.

Overview

- The MFMA requires a Council to adopt three-year capital and operating budgets that consider, and are linked to, the municipality's current and future development priorities and other finance-related policies (such as those relating to free basic service provision).
- These budgets must clearly set out revenue by source and expenditure by vote over three years and must be accompanied by performance objectives for revenue and expenditure, a cash flow statement and any on borrowings, investments, municipal entities, service delivery agreements, grant allocations and details of employment costs.
- The budget may be funded only from reasonable estimates of revenue and cash-backed surplus funds from the previous year.

Budget preparation timetable

- A schedule of key deadlines was prepared for tabling in Council by the Mayor prior to the end of August as required.

Budget preparation and review of IDP and policy

- The mayor has co-ordinate the budget preparation process and the review of Council's IDP and budget-related policy, with the assistance of the municipal manager.
- The mayor has also ensured that the IDP review forms an integral part of the budget process and that any changes to strategic priorities as contained in the IDP document have realistic projections of revenue and expenditure. In developing the budget, the management has considered national and provincial budgets, the national fiscal and macro-economic policy and other relevant agreements or Acts of Parliament.

Tabling of the Annual budget

- The initial Annual budget was tabled by the Mayor before Council on the 27 March 2024.

Publication of the Annual budget

- Once Annual budget was approved, the municipality will submit both hardcopy and electronic copy of budget document to the National and provincial treasury.

Opportunity to comment on Annual budget.

The various stakeholders were given the opportunity to comment on the draft budget as required by the legislation.

2.16 Municipal manager's quality certificate