



ITEM No:

**SUBJECT: MTREF BUDGET FOR 2024/25, 2025/26 and 2026/27**

## **1. PURPOSE**

The purpose of this report is to table the Medium-Term Revenue and Expenditure Framework (MTREF) for the period 2024/2025 to 2026/27 in Finance Committee for recommendation to Council in terms of section 16 (2) of the Municipal Finance Management Act (MFMA).

## **2. BUSINESS PLAN**

Sections 16 of the Municipal Finance Management Act (MFMA) require that:

“(1) The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year. (

2) In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

(3) Subsection (1) does not preclude the appropriation of money for capital expenditure for a period not exceeding three financial years, provided a separate appropriation is made for each of those financial years

## **3. COMPLIANCE WITH STRATEGIC OBJECTIVE**

To ensure that the strategic objectives of the municipality for the 2024/25 up to 2026/27 MTREF are adequately funded.

## **4. DELEGATED AUTHORITY**

Municipal Manager and the Mayor as the driving forces.

## **5. LEGAL REQUIREMENTS**

- Municipal Budget and Reporting Regulation of 2009;
- Municipal Systems Act, 2000; Municipal Planning and Performance;
- Management Regulations 2001; Municipal Finance Management Act 2003;
- Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers.

## **6. BACKGROUND AND DISCUSSION**

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.

The Municipality's business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore items.

The Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Municipality has undertaken various customer care initiatives, including data cleansing preliminary exercise.

The MTREF Budget 2024/25 – 2026/27 was compiled and aligned to the draft Integrated Development Plan and the following National Treasury circulars were taken into account:

- MFMA Municipal Budget Circular for the 2024/25 MTREF - MFMA Circular No. 126, 07 December 2023 and previous guidelines and circulars,
- Guidelines on Cost containment measures announced by the National Treasury.
- Division of Revenue Bill (Gazette No. 50099 of 08 February 2024), and
- Municipal Budget and Reporting Regulation.

## **7. FINANCIAL IMPLICATIONS**

As per attached report

## **8. STAFF IMPLICATIONS**

All Directorates

## **9. RECOMMENDED THAT:**

1. The Finance Committee consider the 2024/25 – 2026/27 Medium Term Revenue and Expenditure Framework (MTREF) Budget as required by section 16 of the Municipal Finance Management Act no 26 of 2003.

Revised tariffs in line with new GVR (With rebates of 5% on industrial and 40% on PBO)

2. The Committee consider that the 2024/25 – 2026/27 operating revenue budget amounting to R1,044 363 billion, operating expenditure budget amounting to R 1,098 74 billion, with a deficit of R54 million (non-cash item R54 million) and the capital budget amounting to R 139 million funded from both conditional grant and internal funding, as contained in the tables.
3. The Finance Committee recommend to council for approval of the 2024/25-2026/27 Medium Term Revenue and Expenditure Framework (MTREF) Budget.
4. The following proposed adjustments to the tariffs must be considered by the Committee:
  - a) Water Supply 4.9% (Rand Water and DWA proposed tariff)
  - b) Electricity 12.72% (pending actual Nersa Approval)
  - c) Sewerage 4.9%
  - d) Refuse 4.9%
  - e) Rates and Taxes Revised tariffs in line with the new GVR (With rebates of 5% on industrial and 40% on PBO)
  - f) Cemeteries 4.9%
  - g) Halls 4.9%
  - h) All Other Sundries 4.9%
5. The following draft budget-related policies and by-laws be considered by Council for the 2024/25 – 2026/27 Medium Term Revenue and Expenditure Framework budget:
  - a) Credit Control and Debt Collection Policy and by-law
  - b) Property Rates Policy;
  - c) Policy on Free Basic Services;
  - d) Tariff Policy
  - e) Budget Policy;
  - f) Supply Chain Management
  - g) Transfer and Virement Policy;
  - h) Funding and Reserves Policy;
  - i) Asset Management Policy
  - j) Banking and Investment Policy
  - k) Borrowing Policy
  - l) Funding and Reserves Policy
  - m) Wasteful and Fruitless Expenditure
  - n) Cell phone Allowance
  - o) Traveling and Subsistence