



ITEM NUMBER: 1

SUBJECT: MTREF BUDGET FOR 2025/26

1. PURPOSE

The purpose of this report is to table the Medium-Term Revenue and Expenditure Framework (MTREF) budget for the period 2025/26 to 2027/2028 for consideration by the Joint MAYCO and FINCOM.

2. BUSINESS PLAN

Sections 16(1) of the Municipal Finance Management Act (MFMA) prescribes that: “the council of a municipality must for each financial year approve an annual budget for the municipality before the start of the financial year”.

Sections 16(2) of the Municipal Finance Management Act (MFMA) prescribes that: “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. COMPLIANCE WITH STRATEGIC OBJECTIVE

To ensure financial viability of the municipality.

4. DELEGATED AUTHORITY

Council

5. LEGAL IMPLICATIONS/REQUIREMENTS

- Municipal Budget and Reporting Regulation of 2009;
- Municipal Systems Act, 2000;
- Municipal Planning and Performance;
- Management Regulations 2001;
- Municipal Finance Management Act 2003;

6. DISCUSSION

The budgeted operating revenue for 2025/26 financial year is R 1 191 520 000-00. The budgeted operating expenditure for 2025/26 financial year is R 1 245 294-00. The operating deficit for the same period is R 53 774 000-00 which equals the budgeted depreciation charge for the period under review. Depreciation is a non-cash item which must be budgeted for.

Projected revenue is based on a collection rate of 85% per month. A budget funding plan will be developed to ensure that revenue collection is maximised and that cost containment measures are implemented to ensure financial viability of the municipality.

7. FINANCIAL IMPLICATIONS

As per attached reports

8. STAFF IMPLICATIONS

All Directorates

9. RECOMMENDED THAT:

1. The proposed draft 2025/26 budget be considered.
2. The 2025/26 budget funding plan be tabled together with the final budget in May 2025.



ITEM No: 2

SUBJECT: Ngwathe Local Municipality Draft IDP Review document 2025/26 financial year.
Report on draft IDP review 2025/26 financial year (integrated development plan)

1. PURPOSE

The purpose is to table to Council the 2025/26 financial year of the Draft Review of the Integrated Development Plan (IDP) of Ngwathe Local Municipality.

2. BACKGROUND

The IDP is intended to provide strategic direction and operational planning for the municipality for the term of office. In line with the provisions of the legislation, and as discussed below, and to address emerging developments in the 2025-2026 financial year, the draft IDP Review is tabled for Council noting.

The Constitution of the Republic of South Africa, 1996 commits the government to take reasonable measures, within its available resources, to ensure that all South Africans have access to adequate housing, healthcare, education, food, water and social security.

In order to realize the above, Chapter 5 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) states that a municipality must undertake developmentally orientated planning in the form of integrated development planning to ensure that it achieves the objectives of local government as set out in the Constitution. It must further give effect to its developmental duties as required by Section 153 of the Constitution.

Section 25(1) of the Municipal Systems Act, 2000 prescribes the following:

- Adoption of integrated development plans
- Each municipal council must, within a prescribed period after the start of its elected term, adopt a single, inclusive and strategic plan for the development of the municipality which-
- Links, integrates and co-ordinates plans and takes into account proposals for the development of the municipality;
- Aligns its resources and capacity of the municipality with the implementation of the plan;
- Forms the policy framework and general basis on which annual budgets must be based;

"Section 34 of the Municipal Systems Act makes provision for the amendment/ revision of the approved municipal IDP. Section 34 of the Municipal System Act stipulates that; a municipal council must review its integrated development plan- Annually, in accordance with an assessment of its performance measurements in terms of Section 41 to the extent that changing circumstances so demand; and may amend its integrated development plan in accordance with a prescribed process"

Furthermore, Chapter 4 of the Municipal Systems Act describes the process to be followed directly after tabling the reviewed IDP, annual budget, and supporting documents.

It requires municipalities to make the documents public; invite the local community to submit representations; and requires the submission of the documents to the National Treasury and the relevant provincial treasury, to other organs of state and other municipalities.

The process of integrated development planning strives to systematically and transparently, find acceptable solutions, within given periods regarding allocating resources to service delivery. Municipalities use integrated development planning as a tool to plan future development in their areas in a sustainable manner. In terms of Section 152 of the Constitution the objectives of local government are:

- to provide democratic and accountable government for local communities;
- to ensure the provision of services to communities in a sustainable manner;
- to promote social and economic development;
- to promote a safe and healthy environment; and
- to encourage the involvement of communities and community organizations in the matters of local government.

3. DISCUSSION

3.1. Process which will followed in the Development of the final 2025-2026 IDP Review.

To be able to comply with the above-mentioned legislative requirements, the following process which will be followed towards the finalization of the 2025-2026 IDP. Section 16(2) of the MFMA requires that the Executive Mayor table the IDP and budget at a Council meeting at least 90 days before the start of the budget year. The draft is hereby submitted in compliance of the abovementioned legislation. The following process will be followed.

- The draft 2025/26 IDP Review document shall be forwarded to the MEC of COGTA and Provincial treasury as per the legislative dictates for assessment and comments.
- The Draft 2025/26 IDP Review document will be publicised in the Council website and local news-outlets for public notification and access.
- The draft 2025/26 IDP Review Document shall be distributed to all Ngwathe Municipal Regional offices for placing at municipal offices and libraries for community access and inputs.
- The community shall be informed of the draft IDP and Budget Review 2025/26 through all the established communications channels.
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3.2. The structure of the draft 2025- 2026 IDP Review document consists of the following chapters.

EXECUTIVE MAYOR FOREWORD

The foreword sets the tone, gives political, and policy direction of the municipality

MUNICIPAL MANAGER FOREWORD

The foreword directs strategies and vision of the municipality and indicate system and procedures to followed to achieved developmental goals

CHAPTER 1 LEGISLATIVE FRAMEWORK

This Section contains the Introduction & Legislative Framework, which establishes the basis of the IDP emanating from the Constitution of the Republic of South Africa, the White paper on Local Government, Local Government: Municipal System Act No. 32 of 2000 and various other pieces of legislation. The Long-term Municipal Developmental Vision Statement is clearly outlined in this chapter, which is still remains to be the attainment of “a viable municipality with inclusive economy, sustainable development and quality services for all’

The section further looks at both the National and Provincial Policy context to ensure that the IDP aligns with the National (National Development Plan) as well as the Provincial agenda (Free State Province Development Plan). The document is duly aligned to the following national and provincial plans and programme: National Development Plan, Medium Term Strategic Framework, Free State Development Plan, Back to Basics, District Development Model and National Outcomes.

CHAPTER 2: MUNICIPAL OVERVIEW AND SITUATIONAL ANALYSIS

This Section contains the overall Municipal analysis and statistical assessment of the demographic profile for the entire Municipality. It also denotes the analysis of function rendered by the municipality as stipulated in the Municipal Structures Act No. 117 of 1998, including Basic Services, Social and Community development matters, financial analysis, Economic development etc.

Community Developmental needs from all the 19 Wards of the Municipality were sourced during the public consultation meetings are summarized in this Section of the document.

CHAPTER 3: MUNICIPAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT

This Section deals with Sectoral Analysis and Strategies per Key Performance Areas (KPAs). The mandate of all Directorates of the Municipality is unpacked in accordance with the ensuing developmental imperatives of the Municipality, emanating challenges and the proposed interventions thereto.

CHAPTER 4: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

This Section comprises the following components:

- Good Governance
- Public Participation

CHAPTER 5: LOCAL ECONOMIC DEVELOPMENT

The Integration Phase seeks to integrate various Sector Plans and Programs to avoid duplication of resources by National, Provincial and Local spheres of government.

CHAPTER 6: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

This Section is dedicated to the Financial Plan, which is aimed at ensuring that the Municipality is striving for sound Financial Management and Viability.

Looking at the medium-term concerning the ensuing developmental imperatives and related strategies, the plan seeks to address a number of aspects to achieve the desired outcomes with reference to Financial Stability and Consolidation

CHAPTER 7: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

This chapter focuses on capital projects which majority are grant funded and are from government sector departments. It also focusses on the priority development proposals, which inform the allocation of resources.

It contains a detailed capital project list for the MTREF and some of the key performance measures towards the delivery of key services to the residents of Ngwathe. It also indicates the provincial allocation intended for Ngwathe

4. LEGAL STATUS OF IDP

The legal framework, contents, processes and procedures, relating to the IDP, originates from Chapter 5 of the Municipal Systems Act 32 of 2000 read with Sections 21 (1) (a) and (b); 22 (a) (i) and (ii) and 17 (3) (d) of the Municipal Financial Management Act, 56 of 2003 (MFMA) as well as Section 17 (3) (d) of the MFMA. It stipulates that the Mayor together with the budget must table any proposed amendments to the IDP following the annual review of the IDP in terms of section 34 of the Systems Act.

The tabling of the budget must be 90 days before the start of the new budget year in terms of section 16 of the MFMA. Section 22 stipulates that the annual budget and other documents referred to in section 17 (3) must be made public and the local community invited to submit representations in connection with the budget.

5. FINANCIAL IMPLICATIONS

The financial implications of putting together is from operational budget.

6. PERSONNEL IMPLICATIONS

Municipal Manager, Directors and Managers

7. COMMUNICATION IMPLICATIONS

The IDP document must be made public in terms of section 25 (4) of the Municipal System Act, after tabling by Council for notification and access.

8. ATTACHMENT

2025/26 Draft IDP Review Document (**Annexure 1**)

9. During the Special Programmes & IDP Committee that was held on 14 March 2025 it was Resolved to Recommend THAT:

1. MAYCO takes note of tabling of Draft IDP Review 2025/26.
2. The Draft 2025/26 IDP Review document should be forwarded to the MEC of COGTA and Provincial treasury as per legislation
3. The Draft 2025/26 IDP Reviewed document should be publicized in the Municipal website for public notification and access.
4. The Draft 2025/26 IDP Reviewed document should be distributed to all Ngwathe Municipal Regional offices for placing at Libraries for community access, comments and inputs.
5. The community should be informed of the draft IDP and Budget Review 2025/26 through all established communications channels.

DRAFT ANNUAL BUDGET OF NGWATHE LOCAL MUNICIPALITY



2025/26 TO 2027/28 REVENUE AND EXPENDITURE FORECASTS

Copies of this document can be viewed:

- **In the foyers of all municipal buildings**
- **All public libraries within the municipality**
- **At www.ngwathe.fs.gov.za**

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Abbreviations and Acronyms

AMR Automated Meter Reading
 ASGISA Accelerated and Shared Growth Initiative
 BPC Budget Planning Committee
 CBD Central Business District
 CFO Chief Financial Officer
 CM City Manager
 CPI Consumer Price Index
 CRRF Capital Replacement Reserve Fund
 DBSA Development Bank of South Africa
 DoRA Division of Revenue Act
 DWA Department of Water Affairs
 EE Employment Equity
 EEDSM Energy Efficiency Demand Side Management
 EM Executive Mayor
 FBS Free basic services
 GAMAP Generally Accepted Municipal Accounting Practice
 GDP Gross domestic product
 GDS Gauteng Growth and Development Strategy
 GFS Government Financial Statistics
 GRAP General Recognised Accounting Practice
 HR Human Resources
 HSRC Human Science Research Council
 IDP Integrated Development Strategy
 IT Information Technology
 kℓ kilolitre km kilometre KPA Key Performance Area KPI Key Performance Indicator kWh kilowatt
 ℓ Litre
 LED Local Economic Development
 MEC Member of the Executive Committee
 MFMA Municipal Financial Management Act Programme
 MIG Municipal Infrastructure Grant
 MMC Member of Mayoral Committee
 MPRA Municipal Properties Rates Act
 MSA Municipal Systems Act

MTREF Medium-term Revenue and Expenditure Framework
 NERSA National Electricity Regulator South Africa
 NGO Non-Governmental organisations
 NKPIs National Key Performance Indicators
 OHS Occupational Health and Safety
 OP Operational Plan
 PBO Public Benefit Organisations
 PHC Provincial Health Care
 PMS Performance Management System
 PPE Property Plant and Equipment
 PPP Public Private Partnership
 PTIS Public Transport Infrastructure System
 RG Restructuring Grant
 RSC Regional Services Council
 SALGA South African Local Government Association
 SAPS South African Police Service
 SDBIP Service Delivery Budget Implementation Plan
 SMME Small Micro and Medium Enterprises

Part 1 – Draft Annual Budget

1.1 Purpose (Mayors Budget Speech attached)

The purpose of this report is to table the Medium-Term Revenue and Expenditure Framework (MTREF) for the period 2025/2026 to 2026-2027 in Council in terms of section 16 (2) of the Municipal Finance Management Act (MFMA)

1.2 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.

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 programme's so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore items.

In Preparation of the MTREF Budget for 2025/2026, 2026/27 and 2027/28, Management has considered the guideline of the National Treasury's MFMA Circular No. 129, 07 December 2024 and previous guidelines, previous circulars, Guidelines on Cost containment measures announced by the National Treasury, the NDP and the FSGDS were used to guide the compilation of the 2025/2026 MTREF.

Management has also considered the Division of Revenue Bill but it Gazette by The Cabinet has considered the Division of Revenue Bill which provide for the equitable division of revenue raised nationally among the national, provincial and local spheres of government for the 2025/2026 financial year

Challenges experienced during the compilation of the 2025/2026 MTREF are summarized as follows:

- The need to reprioritize projects and expenditure within the existing resource given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk water and electricity (due to tariff increases from Rand Water, DWS and Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable;
- The ongoing difficulties in the national and local economy;
- Tariffs increase being guided by NERSA and inflation rate
- Wage increases for municipal staff as per bargaining council
- Affordability of capital projects

The following key factors and planning strategies have informed the compilation of the 2025/2026 MTREF:

- The need for tariff increases versus the ability of the community to pay for services;
- Tariffs should be cost reflective to ensure sustainability of the municipality
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act;
- Municipal growth
- Policy priorities and strategic objectives
- Asset maintenance
- Economic climate and trends (i.e. inflation, Eskom increases, household debt)
- Performance trends
- The 2024/25 adjustments budget and performance against the SDBIP
- Debtor payment levels
- Loan and investment possibilities
- Improved and sustainable service delivery

The proposed revenue budget for the 2025/2026 financial year is **R1,192 billion** with the operational expenditure budget of **R 1, 245 billion** and a capital budget of **R 173 million**, which **R124,8 million** grant is based DORA Bill and **R48 million** Internal Funding. There is an increase of **R136 million** on operational revenue and increase of **R8,6 million** on operational expenditure when compared to 2024/25 adjustments budget.

The marginal increase in the budget is a result of:

- i) Trimming down of the expenditure budget to match the anticipated collection rate for the financial year.
- ii) The current collection rate is between 45 and 55%
- iii) The municipality anticipate an increase of 30% on the current collection towards the budget

1.2.1. The following summary of tariffs applied for increase on 2025/2026 budget,

1.2.1.1.	Water Supply	9.85% (15.3% Rand water and DWS proposed tariff 4.4%)
1.2.1.2.	Electricity	12.74% (NERSA proposed tariff)
1.2.1.3.	Sewerage	4.4%
1.2.1.4.	Refuse	4.4%
1.2.1.5.	Rates and Taxes	Revised tariffs in line with new GVR (With rebates of 10% residential, 5% on business, 5% on industrial and 40% on PBO)
1.2.1.6.	Cemeteries	4.4%
1.2.1.7.	Halls	4.4%
1.2.1.8.	All Other Sundries	4.4%

The following Items are being excluded from operating expenditure as they have no cash outflow impact in the budget:

- Depreciation **R 54 million**
- Provision for bad debts **R 103 million**

When compared to the 2024/25 Adjustments Budget, the major operational expenditure has decreased in the 2025/2026 budget; the increase is proposed to accommodate the following:

- Salaries - The current year performance (2024/25) financial year and 5%.
- Bulk purchase on electricity –based on the current performance and increase of 12.74% as approved by NERSA.
- Bulk purchases on water – increase of 4.9% and current year performance (2024/2025 Financial year).

1.3 Operating Revenue Framework

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

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipal area and continued economic development;
- Sustainable revenue management, which aims to ensure a 85 per cent annual collection rate for property rates and other key service charges for 2025/2026;
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);
- The development of a cost of supply to support electricity tariffs.
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policy of the Municipality.

The following attached tables is a summary of the 2025/2026 MTREF (classified by main revenue source):

Table 2 Table A4 Summary of revenue classified by main revenue source

FS203 Ngwathe - Table A4 Budgeted Financial Performance (Revenue)										
Description	2021/22	2022/23	2023/24	Budget Year 2024/25				2026/27 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Revenue										
Exchange Revenue										
Service charges - Electricity	234 321	209 148	294 869	280 426	280 426	280 426	280 426	336 152	350 271	359 027
Service charges - Water	74 319	66 897	117 753	79 574	79 574	79 574	79 574	95 488	99 499	101 986
Service charges - Waste Water Management	56 228	-	56 931	62 922	62 922	62 922	62 922	65 691	68 647	70 363
Service charges - Waste Management	43 726	40 009	40 627	44 973	44 973	44 973	44 973	49 470	51 696	52 989
Sale of Goods and Rendering of Services	1 334	1 459	1 607	2 385	2 385	2 385	2 385	2 490	2 602	2 667
Agency services										
Interest										
Interest earned from Receivables	43 155	69 357	92 644	96 500	106 910	106 910	106 910	111 614	116 637	119 553
Interest earned from Current and Non Current Assets	1 407	2 836	6 537	6 514	6 857	6 857	6 857	7 159	7 481	7 668
Dividends		(7)	-	-						
Rent on Land										
Rental from Fixed Assets	349	272	343	366	366	366	366	382	400	410
Licence and permits										
Operational Revenue	83	1 739	302	58 642	58 642	58 642	58 642	61 217	63 971	65 571
Non-Exchange Revenue										
Property rates	104 441	96 969	103 832	126 597	126 597	126 597	126 597	164 577	171 983	176 282
Surcharges and Taxes										
Fines, penalties and forfeits	229	42	148	294	368	368	368	1 000	1 045	1 071
Licences or permits										
Transfer and subsidies - Operational	233 097	247 197	266 938	285 168	285 437	285 437	285 437	296 280	304 681	318 447
Interest			-	-						
Fuel Levy										
Operational Revenue			-	-	-	-	-			
Gains on disposal of Assets	-	(429)	97 333	-	-	-	-			
Other Gains	6 775	7 697	(6 032)	-	-	-	-			
Discontinued Operations										
Total Revenue (excluding capital transfers and contributions)	799 466	743 184	1 073 832	1 044 363	1 055 460	1 055 460	1 055 460	1 191 520	1 238 913	1 276 035

In the 2024/2025 budget adjustment on revenue from rates and services charges totaled **R 594 million**. In 2025/2026 budget it increased to **R711 million** by R117 million which is 16% increase. The 2025/2026 projected amounts are based on the year to date performance of 2024/2025 Financial year and current year collection rate projections.

The municipality's ability to fund its operations is largely based on generating its own revenue, 85% per cent is envisaged of the total municipality income in the 2025/2026 financial year (55% in 2024/25), **R296 million** will be from government grants as per Dora Bill. The collection of revenue is therefore crucial to the financial well-being of the municipality.

The largest revenue items are electricity revenue at **R336 million**, water revenue at **R95 million**, assessment rates at **R165 million**, of the total operational revenue of **R1 192 billion** (i.e. excluding capital grants of **R124 million**). Revenue from electricity and water sales, government grants and property rates remain the main income items for the MTREF period.

'Other revenue' which consists of various items such as income received from permits and licenses, building plan fees, connection fees, Interest income and Rental Income. The increase on other revenue is mainly based on Sale of Land due. Departments have been urged to review the tariffs of these items on an annual basis to ensure they are cost reflective.

The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term:

Table 4 Operating Transfers and Grant Receipts

FS203 Ngwathe - Supporting Table SA18 Transfers and grant receipts									
Description	2021/22	2022/23	2023/24	Current Year 2024/25			2026/27 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
RECEIPTS:									
Operating Transfers and Grants									
National Government:	233,097	246,791	266,648	285,168	285,168	285,168	296,280	304,681	318,447
Local Government Equitable Share	228,425	241,451	261,394	278,095	278,095	278,095	288,814	298,921	312,464
Energy Efficiency and Demand Side Management Grant	—	—	—	—	—	—	—	—	—
Expanded Public Works Programme Integrated Grant	1,672	2,240	2,154	1,480	1,480	1,480	2,553	—	—
Local Government Financial Management Grant	3,000	3,100	3,100	3,000	3,000	3,000	3,000	3,000	3,100
Municipal Disaster Relief Grant	—	—	—	—	—	—	—	—	—
Municipal Infrastructure Grant	—	—	—	2,593	2,593	2,593	1,913	2,760	2,883
Provincial Government:	2,706	—	—	—	—	—	—	—	—
Infrastructure Grant	2,706	—	—	—	—	—	—	—	—
Other grant providers:	—	406	290	—	269	269	—	—	—
Local Government Water and Related Service SETA	—	406	290	—	269	269	—	—	—
Total Operating Transfers and Grants	235,803	247,197	266,938	285,168	285,437	285,437	296,280	304,681	318,447
Capital Transfers and Grants									
National Government:	89,393	100,845	81,539	132,554	132,554	132,554	124,820	168,316	150,173
Integrated National Electrification Programme Grant	4,754	1,142	—	15,585	15,585	15,585	11,135	20,000	29,904
Municipal Infrastructure Grant	42,059	39,635	31,660	46,063	46,063	46,063	38,252	55,204	57,669
Regional Bulk Infrastructure Grant	25,313	38,875	39,958	60,000	60,000	60,000	60,000	81,112	50,000
Water Services Infrastructure Grant	17,266	21,193	9,921	10,906	10,906	10,906	15,433	12,000	12,600
Other grant providers:	600	—	1,563	—	—	—	—	—	—
Local Government Water and Related Service SETA	600	—	1,563	—	—	—	—	—	—
Total Capital Transfers and Grants	89,993	100,845	83,102	132,554	132,554	132,554	124,820	168,316	150,173
TOTAL RECEIPTS OF TRANSFERS & GRANTS	325,796	348,042	350,040	417,722	417,991	417,991	421,100	472,997	468,620

1.3.1 Property Rates

The levying of rates forms part of a municipality's annual budget process as set out in Chapter 4 of the Municipal Finance Management Act. A municipality must annually at the time of its budget process review the amount in the Rand of its current rates in line with its annual budget for the next financial year. Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process in line with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0.25:1. The implementation of these regulations was done in the previous budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The following information on Property Rates is highlighted:

- The first R30 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(1)(h) of the MPRA).
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy;
- For pensioners, physically and mentally disabled persons, a minimum of 15 per cent to a maximum/total rebate of 100 per cent (calculated on a sliding scale) in line with the policy will be granted to owners of rate-able property if the total gross income of the applicant and/or his/her spouse, if any, does not to exceed the amount as stipulated within the policy.
- Property owners must apply on a prescribed application form for a rebate as determined by the municipality.
- Registered welfare organizations, institutions or organizations performing charitable work, sports grounds used for purposes of amateur sport may also apply for property rebate.
- The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2025/2026 financial year based on the new General Valuation Roll from 1 July 2025 is contained below:

Table 5 Comparison of proposed rates to levy for the 2025/2026 financial year

CATEGORY	RATES	TARIFF CODES	EXEMPTIONS, REDUCTIONS & REBATES
Residential	0.0131	VAP001 VAP004	A total rebate of R30 000 will be granted on the value of the property (R15 000 impermissible according to the Municipal Property Act plus a further R15 000 according to the municipality's Property Rates Policy)
Business and Commercial	0.0228	VAP002	A maximum of reduction in line with Property Rates Policy will be granted
Industrial	0.0228	VAP011	A maximum of reduction in line with Property Rates Policy will be granted

			(5% reduction)
Mining	0.0228	VAP008	No rebates
Agriculture	0.0033	VAP006	25% of the residential tariff. Any rebates will be granted in line with the Property Rates Policy
Properties owned by an Organ of the State and used for Public Service Purpose	0.0228	VAP007	No rebates
Public Service Infrastructure	0.0033	VAP009	Any rebates will be granted in line with amended Rates Act of 2014
Properties owned by Public Benefit Organisation and used for Specified Public Benefit Activities	0.0144	VAP003	Any rebates will be granted in line with amended Rates Act of 2014
Vacant Stand	0.0146	VAP000	A total rebate of R30 000 will be granted on the value of the property (R15 000 impermissible according to the Municipal Property Act plus a further R15 000 according to the municipality's Property Rates Policy)
Municipal	0.0000	VAP005	Exempted/Zero rated
Place of Worship	0.0000	VAP010	Exempted/Zero rated

1.3.2 Sale of Water and Impact of Tariff Increases

Table 6 Summary of the proposed water tariffs for households (residential) and non-residential are as follows:

Water sales for the financial year 2025/2026 is projected at **R95,4 million** and represent a increase of **R15.5 million (20%)** as compared to 2024/2025 adjusted budgeted amount of **R79.5 million**. With the current water and electricity supply challenges facing the municipality and the country at large, National Treasury has encouraged all municipalities to carefully review the level and structure of their water tariffs.

Rand Water and DWA proposed an average tariff is 9.85 per cent from 1 July 2025. The municipality will grant 6 kℓ water per 30-day period free of charge to registered indigent households.

PART 1 : SUPPLY OF WATER						
		Increase		9,85%		
Parys/Heilbron/Vredefort/Koppies/Edenville						
Schedule (b) Water Consumption						
Tariffs excluding VAT		Tariff Codes Services		2025/2026		
				Tariff	VAT	TOTAL
Vacant stands	Basic	BW000		161,23	24,99	186,22
EHKV						
Indigents	Basic	BWi01		75,90	11,76	87,66
	Consumption	WA01i	0 - 6 FBS	-	-	-
			7 - 20 Indigent Only	15,31	2,37	17,69
			21 - >	15,54	2,41	17,95
Residential	Basic	BW001		75,90	11,76	87,66
	Consumption	WA001	0 - 20	15,31	2,37	17,69
		WA001	21 - 30	15,54	2,41	17,95
			31 - >	15,54	2,41	17,95
EHKPV						
Business (per Business)	Basic	BW002		243,71	37,78	281,49
	Consumption	WA002	Cons	17,77	2,75	20,53
		New-2019/20	0 - 20	17,77	2,75	20,53
			21 - 30	17,77	2,75	20,53

			31 - >	17,77	2,75	20,53
EHKPV						
Bulk/Government/Schools	Basic	BW004		243,72	37,78	281,50
EHKPV	Consumption	WA004	Cons	15,31	2,37	17,69
Sch		New-2019/20	0 - 20	15,31	2,37	17,69
EHKPV			21 - 30	15,54	2,41	17,95
Gov			31 - >	15,54	2,41	17,95
Municipal	Basic	BW010		243,70	37,77	281,48
	Consumption	WA005		15,31	2,37	17,69
EHKPV					-	
Sports Organisations	Consumption	WA007		15,31	2,37	17,69
Industrial	Basic	BW009		158,87	24,62	183,49
EHKPV	Consumption	WA009	Cons	15,31	2,37	17,69
		New-2019/20	0 - 20	15,31	2,37	17,69
			21 - 30	15,54	2,41	17,95
			31 - >	15,54	2,41	17,95
Small Business (Business from Home)	Basic	BW010		120,91	18,74	139,65
EHKPV	Consumption	WA015	Cons			
		New-2019/20	0 - 20	15,31	2,37	17,69
			21 - 30	15,54	2,41	17,95
			31 - >	15,54	2,41	17,95
Sewerage	Consumption	WA013		9,06	1,40	10,47
Unpurified	Consumption	WA014		9,06	1,40	10,47

1.3.3 Sale of Electricity and Impact of Tariff Increases

Table 7 A summary of the proposed electricity tariffs for households (residential) and non-residential are as follows:

- Electricity revenue for the financial year 2025/2026 is projected **R336 million** and this represents an increase of **R55.7 million** or 20% as compared to the 2024/2025 adjusted budgeted figure of **R280 million**. NERSA proposed a tariff increase of 12.74% for 2025/2026 financial year.
- The municipality will link the online-prepaid system to collect for other services and arrear accounts by implementing the credit Control Debt Control by Law.
- Registered indigents will again be granted 50 kWh per 30-day period free of charge.

PART 1 : SUPPLY OF ELECTRICITY				
Parys/Heilbron/Vredefort/Koppies/Edenville				
Schedule (a) Electricity Consumption				
Tariffs excluding VAT		2025/2026		
		Tariff	VAT %	TOTAL
Vacant stands Residential		258,11	40,01	298,11
Residential - Pre Paid - Non Indigent		3,56	0,55	4,11
Residential - Conventional - Non Indigent		3,56	0,55	4,11
EHPKV				
Residential - Pre Paid - Indigent		2,34	0,36	2,71
Residential - Conventional - Indigent		2,34	0,36	2,71
EHPKV				
Business (Pre-paid incl)		1 360,85	210,93	1 571,78
		3,40	0,53	3,93

EHKPV				
Small Holdings		821,20	127,29	948,48
		3,40	0,53	3,93
EHKPV				
Bulk Consumers	Basic	1 618,95	250,94	1 869,88
Consumption	Consumption	2,42	0,38	2,80
Demand	Demand	347,25	53,82	401,07
EHKPV				
Municipal		1 374,32	213,02	1 587,34
		3,36	0,52	3,88
EHKPV				
Sundry Consumers		1 374,32	213,02	1 587,34
		3,36	0,52	3,88
EHKPV				
Sports Organisations		1 403,30	217,51	1 620,81
		3,25	0,50	3,75
EHKPV				
Schools/Hostels		1 615,19	250,35	1 865,55
		3,25	0,50	3,75
EHKPV				
Industrial	<10kW	1 560,25	241,84	1 802,09

EHKPV		3,27	0,51	3,78
	10kW-29kW	1 560,25	241,84	1 802,09
EHKPV		3,27	0,51	3,78
	30kW plus	1 563,87	242,40	1 806,27
EHKPV		3,29	0,51	3,80
Telkom exchange/Auto Exchange	Basic	1 618,95	250,94	1 869,88
EHKPV.	Consumption	2,42	0,38	2,80
	Demand	347,25	53,82	401,07
Flood Lights/ Streetlights		703,89	109,10	813,00
		2,60	0,40	3,01
			-	
Government		1 615,19	250,35	1 865,55
		3,25	0,50	3,75
EHKPV				
Churches		598,91	92,83	691,74
		3,72	0,58	4,30
EHKPV				
Small Business		821,20	127,29	948,48

		3,40	0,53	3,93
EHKPV				
Vacant stands Business and Other		258,11	40,01	298,11

1.3.4 Sanitation and Impact of Tariff Increases

Sanitation revenue for the financial year 2025/2026 is projected at **R65,7 million** and this represents an increase of **R2,8 million** as compared to the 2024/2025 budgeted amount of **R62.9 million**. A tariff increase of 4.4 per cent for sanitation from 1 July 2025 is proposed.

<u>PART 1 : SUPPLY OF SANITATION</u>				
Parys/Heibron/Vredefort/Koppies/Edenville				
Schedule 6(c) Sewerage				
Tariffs excluding VAT	Tariff Codes		2025/2026	
			Tariff	VAT
Residential:	SE001	Waterborne (per household)	141,57	21,94
	SEBS	Bucket System	71,73	11,12
	SEST	Suction Tank	139,56	21,63
			-	-
Crèche	SECR8		394,86	61,20
Primary School	SEPS8		8 775,94	1 360,27
Secondary School	SESS8		13 163,92	2 040,41
Business	SE002		394,86	61,20
Café, Guest H. Restaurants.			513,32	79,56
Clover 1	SEH011	Clover 1	116 467,00	18 052,39
Simba	SEH012	Simba	2 912,12	451,38

Hotels, Supermarkets,	SE015		1 776,88	275,42
Hospitals, Country				
Club,				
Khaya Ebubhesi	Sundry	Khaya Ebubhesi Per Dumping		
		As Per Council Resolution	709,26	109,94
Small Business	SE016	Waterborne per shop	187,54	29,07
(Business From Home)				
Government	SE014	Fixed basic charge	13 703,65	2 124,07
Sport Organisations	SE007	Fixed basic charge	200,98	31,15
Departmental (Municipal)	SE005	Fixed basic charge	176,37	27,34
Vacant Stands	SE000	Fixed basic charge	187,23	29,02
Abattoir	SE003	Fixed basic charge	5 017,40	777,70
Churches	SE013	Fixed basic charge	176,37	27,34
Welfare Organisations				
Bulk	SE004	Fixed basic charge	160,42	24,87
				-
Holiday Resorts	SE006	Fixed basic charge	177,22	27,47
				-
Old Aged Homes:	SE009	Clinic/Rooms Per Point	110,24	17,09
	SE010	Flats/Houses Per Unit	178,92	27,73

1.3.5 Waste Removal and Impact of Tariff Increases

Refuse removal revenue for the financial year 2025/2026 is projected at **R49,5 million** and this represents an increase of **R4,5 million** or **10%** as compared to the 2024/2025 budgeted amount of **R44,9 million**. A **4.4per cent** increase in the waste removal tariff is proposed from 1 July 2025. Table 9 The following table compares current and proposed amounts payable from 1 July 2025.

PART 1 : SUPPLY OF REFUSE						
Parys/Heibron/Vredefort/Koppies/Edenville						
Schedule 6(d) Refuse Removal						
Tariffs excluding VAT			Tariff Codes Services	2025/2026		
				Tariff	VAT	Total
Residential			RF001	134,87	20,90	155,77
Business			RF002	249,46	38,67	288,13
Restaurants, Café, Guest House			RF	324,30	50,27	374,57
Holiday Resorts		/Cottage	RF016	52,83	8,19	61,02
Office considered as		/Caravan Stand	RF017	26,57	4,12	30,69
Churches and Welfare			RF018	134,28	20,81	155,09
Small Business(Business From Home)			RF020	202,01	31,31	233,32
Municipal			RF005	103,18	15,99	119,17
Sports Clubs			RE007	44,42	6,89	51,31
Industrial		Large	RE009	610,53	94,63	705,16
Hotels, Supermarkets,		Fixed	RF015	1 122,59	174,00	1 296,59

Hospitals, Country						
Club						
Old Aged Homes		Fixed	RF019	62,59	9,70	72,29
Hostels						
						-
Bulk		Fixed	RF004	4 476,33	693,83	5 170,16
Government			RF014			
Creche		Fixed	RFCR8	249,46	38,67	288,13
Primary School			RFPS8	4 476,34	693,83	5 170,17

1.3.6 Overall impact of tariff increases on households.

The following table shows the overall expected impact of the tariff increases is influenced as per the guidelines of National Treasury. The impact on the household is huge as compared with the revenue growth which does not reflect growth in the community. The rate of unemployment within the municipality is not in line with the tariff increases on the households. The majority of the Ngwathe households in terms of the income threshold are just above the indigent threshold, which means that as and when the services are increasing it will burden the households in terms of affordability.

However, the municipality has put in place the indigent policy and rates taxes rebates as a relief.

1.4 Operating Expenditure Framework

The Municipality's expenditure framework for the 2025/2026 budget and MTREF is informed by the following:

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

Table 3 Table A4 Summary of expenditure classified by main revenue source

FS203 Ngwathe - Table A4 Budgeted Financial Performance (Expenditure)										
Description	2021/22	2022/23	2023/24	Budget Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Expenditure										
Employee related costs	259 537	259 780	282 497	293 009	325 736	325 736	325 736	314 015	328 145	336 349
Remuneration of councillors	15 589	16 679	17 782	18 394	19 329	19 329	19 329	20 295	21 310	22 375
Bulk purchases - electricity	273 182	247 198	305 475	316 816	344 393	344 393	344 393	362 232	378 532	259 272
Inventory consumed	883	737	115 159	89 955	106 573	106 573	106 573	142 501	138 080	140 475
Debt impairment	-	-	-	165 269	165 269	165 269	165 269	103 707	108 374	108 374
Depreciation and amortisation	88 492	72 427	59 212	54 382	51 507	51 507	51 507	53 774	56 193	57 598
Interest	36 709	78 303	105 714	34 824	69 648	69 648	69 648	69 648	69 648	69 648
Contracted services	48 121	33 141	52 153	26 708	48 494	48 494	48 494	60 654	72 870	84 952
Transfers and subsidies	150	178	176	180	180	180	180	180	180	180
Irrecoverable debts written off	165 819	202 116	243 218	-	-	-	-	-	-	-
Operational costs	37 956	37 914	48 860	99 209	122 769	122 769	122 769	118 289	118 170	120 933
Losses on disposal of Assets	58 678	-	205	-	-	-	-			
Other Losses	-	3	18	-	-	-	-			
Total Expenditure	985 116	948 475	1 230 470	1 098 745	1 253 897	1 253 897	1 253 897	1 245 294	1 291 503	1 200 155
Surplus/(Deficit)	(50 369)	(185 650)	(300 353)	(54 382)	(198 437)	(198 437)	(198 437)	(53 774)	(52 590)	75 880

The budget allocation for employee related costs for the 2025/2026 financial year is **R314 million**, which represents 25 per cent of the total operating expenditure. The budget for employee related costs is based on annual increase of CPIX (5%) as per MFMA budget circular 129 there has been reduction of R28 million on overtime expenditure.

The cost associated with the remuneration of councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget. The current performance for Remuneration of Councilors for 2024/25 is **R19,3 million**, 2025/26 projections for councilors amounts to **R20,3 million**.

The provision of debt impairment for the 2025/2026 financial year is **R103,7 million** which leads to a decrease of **R61.6 million** is based on the projections of 85% collection rate for 20526. It is informed by the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment is informed by the Municipality's Asset Management Policy. Budgeted amount in this regard totals **R54 million** for the 2025/2026 financial year.

Finance charges consist primarily of the repayment of interest portion on overdue creditors. Finance charges is budgeted at **R69,6 million** for 2025/2026, due to interest on Eskom Bulk account.

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses. The 2025/2026 budget for bulk purchases is **R362 million** which is more by **R17.8 million** as compared with 2024/2025 budget amount of **R344 million**. The adjustment is mainly based on the current performance to date (2425 financial year) .

Other expenditure comprises of various line items relating to the daily operations of the municipality.

1.4.1 Free Basic Services: Basic Social Services Package

A consumer qualifying for indigent support will receive the following subsidies as determined annually during the preparation of the municipality's budget, the provision amounting to **R33 million** has been made to cover the below indigents benefits-

SERVICE	INDIGENT SUBSIDY
Water	6 Kiloliters per month
Electricity (pre-paid and conventional)	50 kWh
Sewerage	100%
Refuse	100%
Assessment Rates (Category A)	100%
Assessment Rates (Category B)	R200 rebate per month If the market value of the house is and above R1 500 000

1.5 Capital expenditure

FS203 Ngwathe - Table A5 Capital Expenditure by vote, functional classification and funding								
Vote Description	Ref	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
R thousand	1	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Capital Expenditure - Functional								
Governance and administration		—	—	—	—	4 000	4 176	4 280
Executive and council		—	—	—	—	—	—	—
Finance and administration		—	—	—	—	4 000	4 176	4 280
Internal audit		—	—	—	—	—	—	—
Community and public safety		9 000	12 885	12 885	12 885	42 500	44 370	45 479
Community and social services		9 000	12 885	12 885	12 885	42 500	44 370	45 479
Sport and recreation		—	—	—	—	—	—	—
Public safety		—	—	—	—	—	—	—
Housing		—	—	—	—	—	—	—
Health		—	—	—	—	—	—	—
Economic and environmental services		27 391	16 249	16 249	16 249	15 699	16 390	16 800
Planning and development		—	—	—	—	—	—	—
Road transport		27 391	16 249	16 249	16 249	15 699	16 390	16 800
Environmental protection		—	—	—	—	—	—	—
Trading services		102 863	116 419	116 419	116 419	110 921	147 019	128 344
Energy sources		15 585	18 085	18 085	18 085	17 635	20 000	29 904
Water management		81 876	81 378	81 378	81 378	44 907	76 512	46 030
Waste water management		5 402	16 956	16 956	16 956	48 378	50 507	52 410
Waste management		—	—	—	—	—	—	—
Other		—	—	—	—	—	—	—
Total Capital Expenditure - Functional	3	139 254	145 554	145 554	145 554	173 120	211 955	194 903
Funded by:								
National Government		132 554	132 554	132 554	132 554	124 820	168 316	150 173
Provincial Government		—	—	—	—	—	—	—
District Municipality		—	—	—	—	—	—	—
allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)		—	—	—	—	—	—	—
Transfers recognised - capital	4	132 554	132 554	132 554	132 554	124 820	168 316	150 173
Borrowing	6	—	—	—	—	—	—	—
Internally generated funds		6 700	13 000	13 000	13 000	48 300	43 639	44 730
Total Capital Funding	7	139 254	145 554	145 554	145 554	173 120	211 955	194 903

DEPARTMENT	DESCRIPTION	2526 DRAFT BUDGET	2627 DRAFT BUDGET	2728 DRAFT BUDGET
CORPORATE	UPGRADING OF THE SERVER (WAR ROOM)	2 000 000.00	2 000 000.00	2 000 000.00
ELECTRICITY	PARYS ELECTRICITY BULK SUPPLY METERS	2 000 000.00	2 000 000.00	2 000 000.00
ELECTRICITY	TWO WAY RADIO SYSTEM	1 000 000.00	1 000 000.00	1 000 000.00
ELECTRICITY	GENERATOR 6.5 KVA ON WHEELS X1	2 000 000.00	2 000 000.00	2 000 000.00
ELECTRICITY	MINI-SUBSTATION	2 500 000.00	2 500 000.00	2 500 000.00
CORPORATE	TOOLS OF TRADE WM	2 000 000.00	2 000 000.00	2 000 000.00
ROADS	1919 BRIDGE	600 000.00	600 000.00	600 000.00
ROADS	VEHICLE	1 000 000.00	1 000 000.00	1 000 000.00
TECH & COMM	YELLOW FLEET - SPECIAL VEHICLE WM	5 800 000.00	5 800 000.00	5 800 000.00
LED	MIMOSA	15 000 000.00	-	-
LED	SMME ALL TOWNS	8 800 000.00	7 500 000.00	7 500 000.00
LED	INSTALLATION OF ADVITISING FRAMES AND BILLBOARDS	600 000.00	-	-
MM	MUNICIPAL BUILDING EDENVILLE OFFICE	2 000 000.00	1 000 000.00	1 000 000.00
MM	REMOVAL OF BUCKET SYSTEM-EDENVILLE	3 000 000.00	-	-
		48 300 000.00	27 400 000.00	27 400 000.00

For 2024/25 capital budget was **R139 million** had been appropriated for the development of infrastructure. The Proposed Capital Budget for the 2025/2026 financial year amounts to **R173,1 million**, as per Dora Bill Grant Allocation amounting to **R124,8 million** and **R48,3 million** internal funding. The breakdown of the projects will be presented in the Technical Department Committee.

- MIG R 38,3 Million
- INEG R11,3 Million
- WSIG R 15,4 Million
- RBIG R 60 Million
- Internal R 48,3 Million

Part 2 – Supporting Documentation

2.1 Overview of the Annual Budget Process

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

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2023) a time schedule that sets out the process to revise the IDP and prepare the budget. In light of the above, Council approved an Integrated Process Plan as required by Section 21 of the Municipal Finance Management Act and section 34 of the Municipal Systems Act (MSA). The plan outlined key deadlines for the review of the Integrated Development Plan (IDP), Budget and other processes required by municipal legislation.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the honorable mayor.

The purpose of the Budget Steering Committee is to ensure:

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

In compliance with chapters 4 and 5, Act No. 32 of 2000, the Draft IDP & Budget Documents for 2025 to 2026 will also be available for inspection for a period of 30 days as from the 1st April to the 30th April 2025. Both documents will be available at all Libraries and Municipal Satellite offices across as well as the Ngwathe Local Municipality website.

2.1.1 Overview of Alignment of the Budget with the IDP

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

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP,

During the compilation of the 2025/26 MTREF, each department/function (at strategic planning session) had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year performance against the 2024/25 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detailed operating budget appropriations and three-year capital programme.

IDP Strategic Objectives

2025/2026 MTREF	
1.	Improve service delivery and infrastructure development
2.	Improvement of public participation and good governance
3.	Improve institutional development and transformation
4.	Financial Viability
5.	Local economic development
6.	Spatial Planning

The Service Delivery and Budget Implementation Plan (SDBIP) of the municipality will be adopted and will be approved by the Executive Mayor after approval of the budget in 30 May 2025.

2.2 Overview of budget related-policies

In terms of regulation 7 of the Municipal Budget and Reporting Regulations (MBRR) when annual budget is tabled it must be accompanied by any proposed amendments to policies and by-laws due to annual review process. The budget policies and by-laws were reviewed and forms part of the budget. Budget related policies and by-laws will be extensively being reviewed during the 2025/2026 financial year.

The following budget-related policies and by-laws be considered by Council for the 2025/2026 – 2027/28 Medium Term Revenue and Expenditure Framework budget:

The following policies are tabled with the budget:

- a. Credit Control and Debt Collection Policy; By Laws
- b. Municipal Property Rates Policy;
- c. Tariff Policy,
- d. Supply Chain Management
- e. Borrowing Policy;
- f. Indigent subsidy Policy
- g. Subsistence and Traveling Policy
- h. Budget Policy
- i. Transfer and Virement Policy
- j. Funding and Reserve Policy
- k. Asset Management Policy
- l. Banking and investment Policy
- m. Wasteful and Fruitless Expenditure
- n. Cellphone Allowance

2.3 Municipal Manager’s Quality Certificate

I, Municipal Manager of Ngwathe Local Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal Manager of Ngwathe Local Municipality (FS203)

Signature _____

Date _____

