



OKHAHLAMBA
LOCAL MUNICIPALITY • UMKHANDLU WENDAWO

KZN235 OKHAHLAMBA LOCAL MUNICIPALITY

DRAFT BUDGET 2024-2025

Okhahlamba Local Municipality
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INTRODUCTION

Section 16(1) of the Local Government Municipal Finance Management Act No. 56 of 2003 (MFMA) states that, the council of a municipality must for each financial year approve an annual budget for the municipality before the start of the financial year.

Section 16(2) further states 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.

Regulation 9 of the Municipal Budget and Reporting Regulations (MBRR) further prescribes that the annual budget and supporting documentation of a municipality must be in the format specified in Schedule A and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of Section 168 (1) of the act.

MAYOR'S REPORT

MAYORAL 2024/2025 DRAFT BUDGET SPEECH

Honourable Speaker, Cllr. S. Z. Khumalo

Deputy Mayor of Okhahlamba Municipality Cllr. N. E. Shabalala

Members of the Council of Okhahlamba

Councillors present.

Officials, all protocol observed.

Greetings to all

Chairperson, Mr Speaker, I would like to greet you and all members of the council and officials, and I hereby present Draft Budget for 2024/2025 financial year as outlined in the Municipal Finance Management Act. (MFMA, Section 16 of MFMA in relation to the tabling of the Annual Budget).

I would like to highlight the following items:

Revenue:

	2024/25 Medium Term Revenue & Expenditure Framework		
	Budget Year	Budget Year	Budget Year
	2024/25	2025/26	2026/27
Operating Revenue	232 263 000	233 737 000	231 364 000

Expenditure:

	2024/25 Medium Term Revenue & Expenditure Framework		
	Budget Year	Budget Year	Budget Year
	2024/25	2025/26	2026/27
Operating Expenditure	268 446 000	282 754 000	295 876 000
Capital Expenditure	52 047 000	42 996 000	36 833 000
Total Expenditure	320 493 930	325 750 000	332 709 000

SERVICE DELIVERY OBJECTIVES

Section 152(1) (b) of the Constitution stipulates the objectives of Local Government, which is to ensure the provision of services to communities in a sustainable manner.

Section 153(a) of the Constitution further states that a Municipality must structure and manage its administration and budgeting and planning processes to give priority to basic needs of the community, and to promote the social and economic development of the community.

In order to fulfil the objective section 152 of the Constitution, Okhahlamba Municipality has provided a budget relating to Free Basic Services below:

	2024/25 Medium Term Revenue & Expenditure Framework		
	Budget Year	Budget Year	Budget Year
	2024/25	2025/26	2026/27
Service charges: Refuse	R 2 014 000.00	R 2 107 000.00	R 2 204 000.00
Free Basic Electricity	R 1,200 000.00	R 1,258,800.00	R1,317,964.00

Currently solid waste removal is operating at a deficit. It is widely accepted that the rendering of this service should at least break even, which is currently not the case. Okhahlamba will have to implement a solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The main contributors to this deficit are repairs and maintenance on vehicles, increases in general expenditure such as petrol and diesel and the cost of remuneration. Considering the deficit, it is recommended that a comprehensive investigation into the cost structure of solid waste function be undertaken, and that this include investigating alternative service delivery models.

Free Basic Electricity is offered to households who are considered to be indigent and are included in the Indigent register which is updated regularly as per the Municipal Indigent Policy.

South Africa has an unemployment rate of 32.1% (2024), the youth unemployment rate is 59.4%, this calls for significant economic transformation to eradicate poverty, the Municipality has budgeted an amount of R 2 657 Million for SMME and Co-operatives. The Municipal Supply Chain Management Policy has been reviewed to include Local Economic Developments measures. The Municipality will also offer in-service traineeships to local unemployed graduates.

LINKAGES BETWEEN ANNUAL BUDGET AND IDP

Honourable Speaker and Councillors, this report reflects the wishes and aspirations of the people of Okhahlamba and it is aligned with the priorities set by Treasury (circular 66 & 67) and it is in line with the Okhahlamba SDBIP and IDP priorities which according to my administration's point of view should be implemented at a Local Level after considering the needs of the Community and consultation with Uthukela District Municipality.

INFRASTRUCTURE DEVELOPMENT OBJECTIVES

The Okhahlamba Municipality has infrastructure backlogs, in addressing the problem the Municipality has allocated R 32,7 million for Infrastructure development which will be funded through Municipal Infrastructure Grant, R 10 million of upgrading of sport fields, R8.9 million from Disaster Response Grant and R500 thousand for storm water.

I would like to grant council members a chance to look into the content and more details are contained in the attached reports.

As I conclude I would like council members to have in mind the need to provide quality services to our community when considering the draft budget, I thank you for this wonderful opportunity granted to me to present this report to the Council of Okhahlamba.

I thank you.

RESOLUTION

On the 26 of March 2024, the Council of Okhahlamba Local Municipality met in the Council Chambers of Okhahlamba Municipality to consider the 2024/2025 draft budget. The council approved and adopted the following resolutions:

2.1. The Council of Okhahlamba Local Municipality, acting in terms of section 16 of the Municipal Finance Management Act (Act 56 of 2003) approves and adopt:

- 2024/2025 Draft budget
- 2024/2025 Draft budget related policies
- Schedule of Service Delivery Standards Table

EXECUTIVE SUMMARY

The application of sound financial management principles for the compilation of the Okhahlamba 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 Okhahlamba 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 non-core and 'nice to have' items.

Before we focus on the budget, information relating to councillors, executive committee and Management Committee is provided below:

EXECUTIVE COMMITTEE

DESIGNATION	SURNAME & INITIALS
Mayor	Cllr. V. R. Mlotshwa
Deputy Mayor	Cllr. N. E. Shabalala
Executive Committee Member	Cllr. M. A. Mavundla
Executive Committee Member	Cllr. S. M. Buthelezi
Executive Committee Member	Cllr. M. G. Ndlangisa

COUNCIL

DESIGNATION	SURNAME & INITIALS
Mayor	Cllr. V. R. Mlotshwa
Deputy Mayor	Cllr. N. E. Shabalala
Speaker	Cllr. S. Z. Khumalo
Councillor	Cllr. M. N. Dlamini
Councillor	Cllr. S. P. Sehlako
Councillor	Cllr. P. N. Zwane
Councillor	Cllr. B. Z. Mchunu
Councillor	Cllr. D.R. Hlongwane
Councillor	Cllr. M. A. Mavundla
Councillor	Cllr. S. M. Buthelezi
Councillor	Cllr. L. K. Letsoalo
Councillor	Cllr. B. A. Coka
Councillor	Cllr. V. W. Mazibuko
Councillor	Cllr. S. P. Khoza

DESIGNATION	SURNAME & INITIALS
Councillor	Cllr. T. J. Dladla
Councillor	Cllr. R. T. Khoza
Councillor	Cllr. R.S. Ngwenya
PR	Cllr. M. G. Ndlangisa
PR	Cllr. V. P. Mvula
PR	Cllr. P.A.M. Mfuphi
PR	Cllr. P. W. Hlongwane
PR	Cllr. K.O. Hadebe
PR	Cllr. K. A. Hlongwane
PR	Cllr. I. M. Buthelezi
PR	Cllr. N. P. Khumalo
PR	Cllr. D. T. Sibeko
PR	Cllr. N. A Mdakane
PR	Cllr. D. S. Ndaba
PR	Cllr. M. M. Zakwe

MANAGEMENT COMMITTEE MEMBERS

DESIGNATION	SURNAME & INITIALS
Municipal Manager	SN Malinga
Chief Financial Officer	S Dlamini
Director: Technical Services	SR Zwane
Director: Social and Community	HP Ndaba
Director: Corporate	SH Khulu
Manager: Legal Advisor	JN Khumalo
Manager in the Office of the Mayor	M Hlatshwayo
Maintenance Manager	MK Hlatshwayo
Thusong Centre Manager	ZA Zikode
Internal Audit Manager	SB Xaba
IDP/PMS Manager	S Nene
Protection Services Manager	TN Langa
IT Manager	TM Hlatshwayo
Risk Management and Communication Manager	ME Khumalo
LED Manager	Vacant
Manager Finance	NP Nene
Accountant Expenditure	SH Cebekhulu
Accountant Income	SZH Mazibuko
Accountant Assets	SS Mncube
Accountant SCM	TB Maphalala
Accountant Budget	K Dubazane
Housing Officer/ Building Inspector	AP Nkosi
Waste Management Officer	Vacant
Human Resource Manager	ZR Makhaza
Communication Officer	S Asmal

EFFECTS OF THE ANNUAL DRAFT BUDGET (FINANCIAL AND SERVICE DELIVERY IMPLICATIONS)

Okhahlamba Municipality is grant reliant since 81% of total revenue (operating and capital) is made up grants, this implies that the Municipality might not be able to provide service delivery as much as it would like considering the financial constraints, however the Municipality has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the Okhahlamba has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government.

For Okhahlamba Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In this tough economic times strong revenue management is fundamental to the financial sustainability of every 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 must be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

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.

The table below shows property rates budget:

Description	2024/25	2025/26	2026/27
R thousands	000	000	000
Property rates	30 201	31 590	33 043

The tables below show Municipal tariffs:

PROPERTY RATES

DESCRIPTION	TARIFF 2023/2024	DRAFT TARIFF 2024/2025	IMPERMI SSABLE REBATE	ADDITIONAL REBATE/REBATE PER CATEGORY(USE) OF OWNER
AGRICULTURE	0.00169533	0.001778401		20% 30% DISASTER RELIEF APPLICATION
BUSINESS & COMMERCIAL	0.006773949	0.007105873		25% FOR TOURISM & HOSPITALITY USES
COMMUNUAL PROPERTY	0.006773949	0.007105873		100%
INDUSTRIAL	0.006773949	0.007105873	0	0
MUNICIPAL	0.006773949	0.007105873	0	100%
PLACE OF WORSHIP	0.006773949	0.007105873	0	100%
PROTECTED AREAS	0.006773949	0.007105873	100%	0
PUBLIC BENEFIT ORGANISATION	0.01488942	0.015619002	0	100%
PUBLIC SERVICE INFRASTRUCTURE	0.01938583	0.020335736	30%	70%
PUBLIC SERVICE PURPOSES	0.006773949	0.007105873	0	30%
RESIDENTIAL	0.006773949	0.007105873	101.01	20% REBATE R85 000 ON MV
VACANT LAND	0.00084619	0.000887653	0	0

REFUSE CHARGES

Description	TARIFF 2023/2024 EXCL VAT R'	TARIFF 2024/2025 INCL. VAT R'
Fixed monthly residential	137.11	143.82839
Fixed monthly commercial	284.64	298.58736
Dump site deliveries per load ldv and smaller	261.11	273.90439
Garden refuse per load	261.11	273.90439
Dump site deliveries per load ldv ldv and trailer	522.20	547.7878
Dump site deliveries more than ldv and trailer	756.29	793.34821

Tariffs increased by 4.9% from 2024/23 to 2024/25

INTEREST

Description	TARIFF 2024/2025 EXCL VAT R'	TARIFF 2025/2026 EXCL VAT R'
Interest on overdue rates and services	18%	18%

TOTAL OPERATING REVENUE

	2024/25 Medium Term Revenue & Expenditure Framework		
	Budget Year	Budget Year	Budget Year
	2024/25	2025/26	2026/27
Operating Revenue	232 263 000	233 737 000	231 364 000

The Municipality has the following allocations:

Description	2024/25 R '000	2025/26 R '000	2026/27 R '000
EQUITABLE SHARE	167 007	165 477	159 481
FINANCE MANAGEMENT GRANT	1 800	1 900	2 100
EPWP	2 657	0	0
INTEGRETED NATIONAL ELECTRIFICATION PROGRAMME	6 701	10 000	11 000
MIG	32 689	34 138	36 833
DISASTER RESPONSE GRANT	8 858	8 858	0.00
UPGRADING OF SPORT FIELDS	10 000		
PROVINCIALISATION OF LIBRARIES	2 051	2,142	2,238
MUSEUM SUBSIDY	260	283	335
COMMUNITY LIBRARY SERVICES GRANT	1,069	1,274	1,197

Operating Expenditure:

Description	Adjustment Budget 23/24	2024/25	2025/26	2026/27
R thousands	000	000	000	000
Employee costs	126 698	132 906	139 020	145 415
Remuneration of councillors	12 552	12 552	13 130	13 734
Other expenditure	35 221	36 418	38 080	39 819

Employee related increased by 4.9%, as per circular 128, Salaries relating to outer years are expected to increase by 4.6% and 4.6% each year.

Remuneration of councillors was not increased, since the Municipality budgeted for actual cost approved in accordance with Government Gazette on Remuneration of Public Office Bearers Act: Determination of Upper Limits of salaries, Allowances and Benefits of different members of municipal council as advised in MFMA Circular No. 122 and 123.

The municipality implemented cost cutting measures on contracted services and other expenditure which has resulted in 18% and 2.49% increased respectively from the draft budget. For breakdown of contracted services please refer to Table SA1 in Annexure B.

PAST PERFORMANCE

The budget does not have any impact of previous year audited results and annual report.

MUNICIPAL PRIORITIES AND LINKAGES TO THE IDP

The Municipal IDP is its principal strategic planning instrument, 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 applicable to the fourth revision cycle 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, and
- The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2024/25 MTREF. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2024/25 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter 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 detail operating budget appropriations and three-year capital programme.

KEY AMENDMENTS TO BUDGET RELATED POLICIES

Tariff Policy is amended to incorporate the 4.9% increase on Property Rates tariff and 4.9% on other Municipal tariff.

Supply Chain Management Policy is amended to accommodate radical economic transformation through Local Economic Development (SMMES and Co-ops) in order to eradicate poverty and unemployment.

ANNUAL BUDGET TABLES

ANNEXURE A attached

PART 2: SUPPORTING DOCUMENTS

ANNEXURE B attached

OVERVIEW OF ANNUAL BUDGET PROCESS

Section 34 of the Municipal Systems states that: a municipal council-

(a) Must review its integrated development plan

(i) Annually in accordance with an assessment of its performance measurement in terms of section 4 ; and

(ii) To the extent that changing circumstances so demand; and

(b) May amend its Integrated Development Plan (IDP) in accordance with a prescribed process.

ESTABLISHED INTERNAL STRUCTURE WITH ROLE PLAYERS AND RESPONSIBILITIES

a) OKHAHLAMBA MUNICIPAL COUNCIL

The Okhahlamba Municipal Council is formed by 15 ward councillors and fourteen Party Representatives Councillors, the responsibility of the Council in the IDP Development is to:

- To adopt a process plan;
- Be responsible for the overall management and coordination of the planning process;
- Adopt and approve the Draft IDP; and
- Ensure that annual business plans, budget and related development activities are based on approved IDP.

b) OKHAHLAMBA EXECUTIVE COMMITTEE

The Executive Committee is formed by five Councillors and it is therefore responsible for:

- Managing the IDP development through the Municipal Manager;
- Ensure legislative compliance by recommending the IDP review process to the Council;
- Recommending the IDP revision and adoption to the Council;
- The Mayor, as an Executive Committee Chairperson is also responsible for chairing the IDP Representative Forum; and
- Allocate resources for reviewing the IDP.

c) IDP STEERING COMMITTEE

As part of the IDP Preparation Process, Council resolved to establish an IDP Steering Committee which is formed by all HOD's and other Senior Officials, their responsibility is to:

- Prepare the IDP Review Process Plan;
- Identify resource people;
- Coordinate and manage the components of the planning process, including Stakeholders meetings, Meeting deadlines, Horizontal and Vertical alignment, Compliance with National and Provincial requirements;
- Provide terms of reference for all reviewing and planning activities;
- Commission IDP planning studies, programs and projects;
- Process, summarize and document outputs from subcommittees, teams, etc.;
- Recommend amendments to the contents of the IDP;
- Prepare, facilitate and document meetings and workshops;
- Ensure alignment and participation in the determination and prioritization of plans and programs in the spirit of cooperative governance.

Section 16(1) of the Municipal Systems Act 2000 states that municipality must develop a culture of municipal governance that complements formal representation. This means that a municipality must create conditions for the local community to participate in its affairs, including the involvement of the community in the preparation, implementation and review of IDP's. Community based Planning (CBP) is considered the preferred form of participatory planning designed to promote community action and to link IDP as it provides a mechanism for entrenching participatory planning and management at ward level. To this effect, the Department invested and rolled out a massive programme to introduce municipal officials to CBP. Community Based Planning will now form the basis at community involvement in the development of IDPs.

Four major functions can be aligned with the public participation process, namely:

- Needs identification;
- Identification of appropriateness of proposed solutions;
- Community ownership and buy-in; and
- Empowerment.

WARD COMMITTEES

- Ward committees are utilized as communicating agents to the community;
- They were and continuously trained on IDP, BUDGET and PMS and also on the reporting style, further they seat on IDP Forums and participate in all strategic Workshops of the Municipality; and
- Provision of secretarial during IDP public meetings.

IDP REPRESENTATIVE FORUM

This forum will represent all stakeholders and will be as inclusive as possible. Efforts will be made to bring additional organisations into the IDP RF and ensure their continued support and participation throughout the process.

ROAD SHOWS / PUBLIC HEARINGS

- The venues of these meetings will be publicized at the IDP RF as well as through the media; - There are 08 sessions of Public Participation Meetings was scheduled for the May of IDP/ Budget Road shows;
- For the maximum community participation the municipality will hold road shows in a cluster of wards and the community will be transported to the road shows.

MEDIA

Community radio stations will be utilised to make public announcements where necessary and depending on financial availability;

- Flyers-to be distributed in Public Facilities;
- Local Newspapers are commonly used to advertise dates and venues of meetings and other notices; and
- Word of mouth-we rely more on ward committees.
- Any persons that cannot read or write may come to the municipality to have their comments/ representations transcribed for them as contemplated in Section 17 of the MSA.

SCHEDULE OF KEY DEADLINES

CALENDAR A IDP REPRESENTATIVE FORUM		
DATE	VENUE	TIME
26/03/2024	Mamfemfetheni Community Hall	10H00
27/03/2024	Dukuza Stadium(Tent)	10H00
02/04/2024	Zwelisha Community Hall (Tent)	10H00
04/04/2024	Woodford Community Hall	10H00
09/04/2024	Hambrook Community Hall	17H30
15/04/2024	Cathkin Conference Centre	17H30

IDP/BUDGET ROAD SHOW

PROGRAMME – 2024-2025

WARD/S	VENUE	IDP ROAD SHOWS	TIME	PEOPLE ATTENDING
11	Okhahlamba Local Municipality Council Chamber	17/04/2024	10H00 13H00	Public Participation, OSS and Gender and Disability officials and rate payers
11	Sport Complex	25/04/2024	10H00 13H00	ALL MANAGEMENT/ALL COUNCILLORS/ PUBLIC PARTICIPATION/ COMMITTEE
01	Winterton Country Club	19/04/2024	10H00 13H00	Public Participation, OSS and Gender and Disability officials and rate payers

OVERVIEW OF ALLIGNMENT OF ANNUAL BUDGET WITH IDP

ALIGNMENT WITH STAKEHOLDERS

HORIZONTAL ALIGNMENT AND VERTICAL ALIGNMENT

- **FRAMEWORK PLAN:** In terms of Chapter 5 Section 26 of the Municipal Systems Act (2000), Districts are required to prepare and adopt a framework plan which indicates how the District and Local Municipalities will align their IDP's;
- The Framework Plan provides the linkages and the binding relationship to be established between the District and the Locals in the region, therefore proper consultation, coordination and the alignment of the review process of the district municipality and family of municipalities can be maintained.
- **ALIGNMENT WITH SERVICE PROVIDERS:** The District and local municipality are responsible to ensure the alignment between the district and local planning through the District IDP Forum, Local IDP Forum and one on one meetings with sector departments and the family of municipalities in uThukela.

ACCROSS BOARDER ALIGNMENT

- In this IDP Review Process, the municipality will be aligning its development plans with the nearby municipalities on development corridors.

TYPE OF ALIGNMENT MECHANISM

IDP REPRESENTATIVE FORUM

- The IDP Representative Forum was established to align activities of different government departments with the plans of the local municipality. Such forum enables the municipality to integrate all programmers in the municipal IDP. And it also helps to involve all stakeholders at a planning stage in order to avoid the previously called "white elephants" projects.
- **LED & TOURISM FORUM**
Relevant government departments and other stakeholders' seat in this forum to discuss matters concerning Local Economic Development.

MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

KZN235 Okhahlamba - Supporting Table SA7 Measurable performance objectives

Description	Unit of measurement	2024/25 Medium Term Revenue & Expenditure Framework
		Budget Year 2024/25
Vote 1 – TECHNICAL		
Function 1 - (Economic and environmental services)		
Sub-function 1 - (Project Management Unit)		
<i>Achieve 100% spending on capital transfers</i>	% spent	100.0%
Sub-function 2 - (Solid Waste Removal)		
<i>Households with access to solid waste disposal</i>	% of households with access	100.0%
Sub-function 3 - (Regional Planning and Development)		
<i>repairs and maintenance of assets</i>	% spent	
Function 2 - (Energy)		100.0%
Sub-function 1 - (Electricity)		
<i>Achieve 100% on electrification grants</i>	% spent	
Sub-function 2 - (Electricity)		100.0%
<i>access to free basic electricity</i>	amount spent on FBE	1 200 000
Sub-function 3 - (LED)		
<i>Jobs created through capital projects</i>	no. of jobs created	300.00
Vote 2 – Finance		
Function 1 - Finance and administration		
Sub-function 1 - (Finance)		
<i>% of cash collected from customers against billing</i>	% collection	72.0%
Sub-function 2 - (Assets Management)		
<i>Update Fixed Assets Register</i>	number of fixed assets register updates	12.00
Sub-function 3 -(Finance)		
<i>% spent on capital budget</i>	% spent	

		100.0%
Function 2 - (Economic and environmental services)	Unit of measurement	
Sub-function 2 - (LED)		
<i>enhance revenue collection by operation of the licencing centre</i>		
		4,667,000
Sub-function 2 - (Finance)	amount collected	
<i>cost coverage ratio</i>		
		1.00
Sub-function 3 -(Finance)	number of months	
<i>Performance audit reports</i>		
		4.00
Vote 3 - Corporate	number of performance audit reports	
Function 1 -Finance and administration		
Sub-function 1 - (Human Resource)		
<i>Provide trainings</i>		
		02.00
Sub-function 2 - (Human Resource)	number of training provided	
<i>% of people from employment equity target group employed in the three highest levels of management</i>		
		100.0%
Sub-function 3 - (name)	% of target group employed	
<i>Sign Performance agreements</i>		
		5.00
Function 2 - (Economic and environmental services)	number of signed performance agreements	
Sub-function 1 - (LED)		
<i>SMME's and Co-ops supported</i>		
		40.00
Sub-function 2 - (Police Forces, Traffic and Street Parking Control)	number of SMMEs and Co-ops	
<i>Ensuring compliance and safe guarding of community by enforcing national and local legislation</i>		
		800.00
Sub-function 3 - (Other Social)	Attendance Register	
<i>Ward committee meetings</i>		
		180.00
And so on for the rest of the Votes	Number of Meetings	
Vote 1 – TECHNICAL		
Function 1 - (Economic and environmental services)		

OVERVIEW OF BUDGET RELATED POLICIES

Following is a list of draft budget related policies:

- Credit Control and Debt Collection Policy
- Indigent Support Policy
- Property Rates Policy
- Tariff Policy
- Unallocated Revenue Policy
- Supply Chain Management Policy
- Budget Policy
- Virement Policy
- Travel Allowance Policy
- Subsistence and Travel Policy
- Petty Cash Policy
- Asset Management Policy
- Fleet Management Policy
- Bank and Investment Policy
- Bank and Investment Policy
- Funding and reserves Policy
- Accounting Policies
- Inventory Policy

The budget related policies can be obtained from the municipal offices, no: 259 Kingsway street, Bergville, 3350 and also on municipal website. <http://www.okhahlamba.gov.za>.

Tariff Policy is amended to incorporate the 4.9% increase in Municipal tariff which is below CPI.

Supply Chain Management Policy is amended to accommodate radical economic transformation through Local Economic Development (SMMES and Co-ops) in order to eradicate poverty and unemployment.

OVERVIEW OF BUDGET ASSUMPTIONS

In the compilation of the 2024/25 MTREF, the following influencing factors were taken into account:

PROPERTY RATES

Property rates tariff will increase by 4.9%.

Property rates calculation and reconciliation will be submitted as supporting documents.

REFUSE REMOVAL

Refuse removal tariff will be increased by 4.9% form (R 130 to R137) for residential and (270 to 284) for commercial.

Calculations will be submitted together with the budget.

RENTAL OF FACILITIES

The municipality has finalised lease agreements with Government department utilising the Bergville Community Service Centre Grant.

The municipality also lets the public to use halls and sports fields at a fee.

FINES, PENALTIES AND FORFEITS

Interest on overdue accounts

Interest on overdue account remained unchanged at 18% in the tariff policy however an increase of 4.9% was applied in the 2024/2025.

EXPENDITURE

Remuneration of Councillors

The cost associated with the remuneration of councillors 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 Okhahlamba Local Municipality approved budget.

Employee related costs

Okhahlamba staff benefits for the 2024/25 Budget is informed by the following:

Organogram with vacant posts expected to be filled within 2024/2025 Financial year.

Other benefits were budget using the following:

UIF = 1% of salary limit 177.12

SDL = 1% of Salary

Pension and Provident fund maximum option = 53.37% and 13.65% respectively on basic salary

Salaries workings together with the organogram will be submitted as supporting documents.

Repairs and Maintenance:

- The asset renewal strategy and the repairs and maintenance plan;
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
- The capital programmed 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; and
- Strict adherence to the principle of no project plan no budget. If there is no business plan no funding allocation can be made

DEBT IMPAIRMENTS

Debt impairment was budgeted for using 62% gross debtors balance since there municipality debtors' balance is increasing drastically over the years and the municipality only collects 72% as per the collection rate. This alone is an indication for impairments.

The municipality opted for this rate because there are ongoing engagements with government departments to settle their debts, the engagements have been fruitful. The municipality will be implementing a recently developed debt collection strategy and anticipate a positive spinoff in the collection of outstanding debtors.

DEPRECIATION AND ASSETS IMPAIRMENTS

The Municipality will submit Fixed Asset Register with the Final Budget

The municipality ran depreciation report for 2022/23 financial year with assets already in the FAR and it amounted to R 25.5 million.

The municipality also made an additional provision for depreciation amounting to R 5.8 million since it had the following:

Work in Progress as of 30 June 2023 = R 71 872 552.00

2022/23 Capital Budget = R 58 891 000.00

2023/24 Capital Budget = R 67 099 609.00

2023-2024- Adjusted Capital Expenditure =R 67 099 609.00

Finance Charges

The municipality is in the process to apply for a new loan therefore the estimated R2 496 666.00 for finance charges will be paid.

The municipality has settled its loan in 2022/2023, therefore no finance charges will be paid.

Other materials

These are very critical operations of the Municipality the 2024/25 budget was increased, these include:

Pound materials

Electrification materials

Cleaning materials

Waste Materials and parks materials

Repairs and Maintenance materials

Contracted services

The municipality has decreased the budget by R 4 837 422 from the Draft budget.

The municipality will ensure that contract register is submitted with the draft budget.

Transfers and subsidies

The municipality pays R 19 631.72 on average per month for scholar patrols.

Other Expenditure:

General expenditure was budgeted for using zero based budgeting where every department function is reviewed comprehensively and each expenditure must be approved, rather than increased.

It requires the budget request to be justified in complete detail by each department rather than just increasing its expenditure from the previous year

CASH FLOW

Receipt

Property rates

The average collection rate is 72% therefore the property rate and service charges collection is budgeted for using 12.65% collection rate.

Other revenue

Other revenue are cash transactions from the figure in table A4.

All cash transactions (excluding depreciation and debt impairment) has been included with the assumption 100% of cash transactions will be paid including capital expenditure.

The municipality will be paying R 4,1 million on repayment of lease 2024/25 financial year.

Table A8

The Municipality only covers the current portion of the provision as per the Municipality's funding and reserves policy, therefor an amount of R 4 992 682 for Employee benefit obligation (non-current provision) has been excluded.

OVERVIEW OF BUDGET FUNDING

Summary of the funding of operating and capital expenditure.

Operating activities:

Operating revenue	= R 232 263 000
Operating Expenditure	= R 268 446 000
Deficit	= R 36 183 000

The Accounting Officer and the Chief Financial Officer will monitor the spending of the budget and avoid spending on nice to have items. The municipality cannot avoid the deficit as per circular 72, however the budget is funded because the municipality has favourable cash flow (i.e. Opening Cash balance).

The Municipality always allocates time during the strategic planning sessions where cost containment measures are dealt with as a standing item during the strategic planning programme.

Capital Activities:

Capital revenue	= R 52 047 000.00
Capital Expenditure	= R 52 047 000.00

Capital expenditure is funded through:

Municipal Infrastructure Grant	= R 32 689 000.00
Disaster Grant	= R 8 858 000.00
Upgrading of Sport fields	= 10 000 000.00
Surplus cash	= R 500 000.00

Renewals

The municipality has a backlog on infrastructure (i.e. few existing infrastructure), therefore the focus is on creating new infrastructure, because the existing infrastructure is fairly new and because the Municipality does not have Electricity and Water and Sanitation function, the municipality main infrastructure is roads and community halls).

EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES

Description	MUNICIPAL INFRASTRUCTURE GRANT
Allocation	51 547 000
Planned Expenditure	
RESERVE C	4 386 949.14
VULAMEHLO	6 999 117.38
MBOMBOZI	4 531 279.33
SIKHOSANA	3 422 664.14
NKOXO	7 281 630.49
TOP SLICE	1 634 450.00
PHOLA PARK CRECHE	2 2216 424,76
WOODFORD GRAVEL RAOD	2 2216 424,76
DISASTER GRANT	8 858 000.00
UPGRADING OF SPORT FILEDS	10 000 000.00
STORM WATER	
Total Expenditure	51 547 000.00
Unspent (allocation less expenditure)	-

Description	FINANCE MANAGEMENT GRANT
Allocation	1,800,000.00
Planned Expenditure	
Finance Interns Salaries	800,000.00
Quality Assurance and support	300,000.00
Municipal Standard Chart of Account Support	450,000.00
Strengthen capacity and upskill officials in the (BTO), Internal Audit and Audit Committees	50,000.00
MFMP	200,000.00
Total Expenditure	1,800,000.00
Unspent (allocation less expenditure)	-

Description	EXPANDED PUBLIC WORKS PROGRAMME
Allocation	2,657,000
Planned Expenditure	
Co-ops	2,657,000
Total Expenditure	2,657,000
Unspent (allocation less expenditure)	-

Description	PROVINCIALISATION OF LIBRARIES
Allocation	2 051,000.00
Planned Expenditure	
Salaries	2 051,000.00
Total Expenditure	2 051,000.00
Unspent (allocation less expenditure)	-

Description	MUSEUM SUBSIDY
Allocation	260,000.00
Planned Expenditure	
Salaries	260,000.00
Total Expenditure	260,000.00
Unspent (allocation less expenditure)	-

Description	CYBER CADETS SUBSIDY
Allocation	1,069,000.00
Planned Expenditure	
Salaries	1,069,000.00
Total Expenditure	1,069,000.00
Unspent (allocation less expenditure)	-

Description	INTEGRETED NATIONAL ELECTRIFICATION PROGRAMME
Allocation	6 701,000.00
Planned Expenditure	
Thintwa, Gugulethu and kwaggashoek Rosedale farms	6 701 000.00
Total Expenditure	6,701,000.00
Unspent (allocation less expenditure)	-

The tables below disclose expenditure on allocations and grant programmes:

ALLOCATIONS OR GRANT MADE BY THE MUNICIPALITY

Municipality will not make any allocation or grant to other municipalities or any other organ of state.

COUNCILLORS AND BOARD MEMBER ALLOWANCES AND EMPLOYEE BENEFITS

Summary of councillor's allowances:

Description	2024/25 MTREF		
	BUDGET YEAR 2024/25	BUDGET YEAR 2025/26	BUDGET YEAR 2026/27
201 Salaries	10 796 966.00	11 293 626.44	11 813 133.25

214 Allowance Cell phone	1 252 800.00	1 310 428.80	1 370 708.52
Travel allowance	392 302.00	410 347.89	429 223.90
SDL	110 316.00	115 390.54	120 698.50
TOTAL	12 552 384.00	13 129 793.66	13 733 764.17

Summary of employee benefits for the municipal manager and senior managers

SALARY	MUNICIPAL MANAGER	CHIEF FINANCE OFFICER	DIRECTOR CORPORATE	DIRECTOR TECHNICAL	DIRECTOR SOCIAL	TOTAL
SALARY	1,408,403.28	1,194,280.44	1,194,280.44	1,194,280.44	1,194,280.44	6,185,525.04
Performance Bonus	197,176.46	167,199.26	167,199.26	167,199.26	167,199.26	865,973.50
	1,605,579.74	1,361,479.70	1,361,479.70	1,361,479.70	1,361,479.70	7,051,498.54

Detail of the cost to the municipality for each political office-bearer:

Salaries	10 796 966.00
Allowance Cell phone	1 252 800.00
Travel allowance	392 302.00
SDL	110 316.00
TOTAL	12 552 384.00

ANNUAL BUDGET AND SDBIP – INTERNAL DEPARTMENTS

Internal Department annual budget and SDBIP attached (Annexure C)

CONTRACT HAVING FUTURE BUDGETARY IMPLICATIONS

CONTRACT HAVING FUTURE BUDGETARY IMPLICATIONS

Description	Budget Year 1 2022/23	Budget Year 2 2023/24	Forecast 2024/25	Forecast 2025/26	Forecast 2026/27	Total Contract Value
preparation of valuation roll	1,554,927	165,347	178,409	192,505	207,723	2,298,908

The above relates to the preparation and implementation roll for property rates charges from 01/07/2022 to 30/06/2027. Contracts attached.

CAPITAL EXPENDITURE DETAILS

Summary of budgeted capital expenditure by class and subclass:

ASSET CLASS	BUDGET
Roads	40 412 550.00
Building	10 000 000
Machinery equipment	1 634 450.00
Intangible	0.00
	52 047 000.00

LEGISLATION COMPLIANCE STATUS

The municipality received a clean audit in 2022/2023 which implies the municipality complies with applicable legislation and does not foresee any non-compliance issues in the near future.

OTHER SUPPORTING DOCUMENTS

ANNEXURE E attached: Depreciation calculations

ANNEXURE F attached: Salaries workings and organogram

ANNEXURE G attached: Property rates and valuation roll

ANNEXURE H attached: Contracts having future budgetary implications