

**SPEECH BY HER WORSHIP, CLLR PZ MZINDLE DURING THE PRESENTATION OF
THE 2025/2026 DRAFT BUDGET**

Microsoft Teams platform, 28 March 2025

Honourable Speaker,

AmaKhosi ahloniphekileyo,

Deputy Mayor,

EXCO councillors,

Fellow councillors,

Municipal Manager,

Heads of Departments and all other officials present,

Members of the media,

Ladies and Gentlemen, Good morning / Sanibonani,

Mr Speaker, I stand before you and the entire House today to present the draft budget for the fiscal year 2025/26. This document represents our collective vision for the future of our municipality and guided by principles of fiscal discipline, it aims to uplift our community through efficient and sustainable service delivery.

AmaKhosi ahloniphekileyo and Honourable councillors, we consider this draft budget on the backdrop of what continues to be challenging times in the global economic space. Due to an unfavourable growth outlook our country continues to face declining revenue sources, as outlined by the Minister of Finance in his recent speech. The proposed increase in Value Added Tax (VAT) is an indicator of tough times ahead for the majority. As the government closest to the people, their hardship impacts on us directly because it dictates whether they are even able to pay for the services we provide.

The presentation of the draft budget is a culmination of a process where our top management analysed the state of the municipality's finances, with the intent to make realistic financial projections for the sustained future of this organization.

Section 16 (2) of the Municipal Finance Management Act requires Municipal Councils to consider a credible draft budget at least 90 days before the start of the financial year.

Section 17 (1) of the same Act further directs us that the budget must be a schedule in the prescribed format, and it must be able to:

- (a) Set out realistically anticipated revenue for the budget year from each revenue source.
- (b) Appropriate expenditure for the budget year under the different segments or votes of the municipality.
- (c) Set out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget year.

Mr Speaker, I would like to highlight what informs the draft budget presented today:

1. MFMA Circular No. 129

This budget circular aims to provide guidance to municipalities with the preparation of their 2025/26 Medium Term Revenue and Expenditure Framework (MTREF) budgets and should be read together with the budget circulars that have been issued previously. The grant allocations as per the 2025 Budget Review and the 2025 Division of Revenue Bill are also key focus areas in this circular.

2. Current Economic Condition

The National Treasury has lowered its 2024 economic growth forecast to 1.1 per cent, from the 1.3 per cent projected in the 2024 Budget Review, weighed down by stop-start economic growth and stubborn inflation in the first half of the year. The economy has nonetheless strengthened in response to the suspension of power cuts since March 2024, resulting in better than-expected inflation outcomes in recent months. All these factors are expected to continue to support the economy over the period ahead.

3. Employee related costs

The salary and wage collective agreement was signed by the parties to the South African Local Government Bargaining Council (SALGBC) in 2024 and municipalities implemented the new agreement with effect from 1 July 2024. In respect of the 2025/26 financial year, all employees covered by this agreement shall receive with effect from 1 July 2025, an increase based on the average CPI percentage for the period February 2024 until 31 January 2025, plus 0.75 per cent. The publications of Statistics South Africa shall be used to determine the average CPI.

4. Remuneration of councillors

Municipalities have been urged to budget for the actual costs approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of upper limits of salaries, allowances and benefits of different members of municipal councils, published annually between December and January by the Department of Cooperative Governance (COGTA).

Somlomo ohloniphekile, ngivumele ukuba ngingene kuyona ngqo i-Budget ehlongozwayo ka 2025/26, and in doing so, I will start by highlighting the proposed increases:

- Property Rates – it is proposed that they be increased by 4.6% as per the guiding circular I referred to earlier on.
- Service Charges: Tariffs for waste and other municipal services – these are proposed to be increased by 4.6 %.
- Service Charges: Electricity – this has been increased by 4.4% for internal charges. However, we wait for NERSA to approve the 12,7% application by Eskom.

Mr Speaker, AmaKhosi ahloniphekileyo and hounarable councillors, I wish to assure the House that the draft budgeted revenue presented today is adequate to cover operating expenditure including non-cash items, as well as capital expenditure.

OPERATING INCOME –

The proposed Operating Income for 2025/26 is one billion three hundred and four million eight hundred and sixty-one thousand rand (R1 304 861 000, 00). This projected operating income is from the following revenue sources:

- Property Rates
- Service charges: Electricity (sale and related services)
- Other service charges: which include the provision of waste removal, sale of goods and rendering of other payable municipal services.
- Transfers and subsidies including various grants.

OPERATING EXPENDITURE –

The Total Operating Expenditure for 2025/26 is one billion two hundred and sixty-nine million nine hundred and thirty-six thousand rand (R1 269 936 000, 00). The proposed operating expenditure comprises the following:

Salaries and allowances

Employee related costs have increased to R534 million 710 thousand rand, and this represents 42 % of the total operating expenditure. This takes into account the 6.25% increment as part of the collective agreement, as well as the filling of budgeted for posts in the organogram

Councillors Remuneration

The budget for Councillors Remuneration is R43 million 988 thousand rand. It should be noted that no provision has been made for increments in this draft budget.

Depreciation and Impairments

As required by the Municipal Budget and Reporting Regulations and mSCOA, adequate provision has been made in the budget for non-cash items such as depreciation, impairments of assets and debt impairment to the value of R107 million 839 thousand rand

Bulk Purchases

Bulk purchases have increased by 4.4% in line with MFMA Circular 129 to a total of R160 million 306 thousand rand

Other Expenses

Other expenses have increased when compared to the current year's adjustment budget. This is due to contractual obligation price escalation as per CPI.

It should be noted that operation leases have decreased since the municipality stopped renewing operating leases, replacing them with finance leases which are not budgeted for operating expenditure, but rather as liabilities.

Repairs and Maintenance

The 2025/26 draft budget for repairs and maintenance is R151 million 521 thousand rand which translates to 12% of the operating budget and 8% of the audited carrying value of property plant and equipment.

Mangisho ukuthi kulesabelo zimali esihlongozwayo siqinisekisele nokuthi sibeka eceleni imali eqondene nalokhu okulandelayo:

- Ukuthuthukiswa kwezomnotho wendawo (LED Programmes)
- Izinhlelo zokulwa nendlala nokwakha amathuba emisebenzi
- Izinhlelo eziqondene nabantu abasha nokuxhasa abafundi abayoqala ukufunda ezikhungweni zemfundo ephakeme.
- Izinhlelo eziqondene nabantu abakhubazekile, abesifazane kanye nezabantu asebekhulile ababizwa ngama Senior Citizens.

Zikhona nezinye izinhlelo engeke ngakwazi ukugxila kuzo ngenxa yesikhathi

Mkhandlu ohloniphekileyo, mangiphuthume ngingene kwi Capital Budget.

CAPITAL BUDGET

-The total proposed Capital Budget for 2025/26 is R152 million 417 hundred thousand rand exclusive of VAT, and this will be funded by grants as well as internally- generated funds.

The Capital Budget is assigned, amongst others, to:

- 78 million 99 thousand 127 rand (R78 099 127)- towards road construction and rehabilitation projects
- 19 million 100 thousand (R19 100 000) – provision towards bridges and stormwater construction and maintenance
- 29 million 299 thousand 996 hundred rand (R29 299 996) -provided for construction and maintenance of public facilities, both indoors and outdoors
- 6 million 304 thousand three hundred and forty-seven rand and eighty cents (R6 304 347.80) -provision for public lighting, including solar installation

The schedule of the all proposed capital projects will be packaged as part of the information to be shared with the public.

Mr Speaker, Hounarable Councillors, the 2025/26 Draft budget can be summarized as follows:

- **Total Revenue including capital revenue** – one billion four hundred and fourteen million one hundred and ten thousand rand (R1 414 115, 00)
- **Total Operating Revenue** – one billion three hundred and four million eight hundred and sixty-one thousand rand (R1 304 861, 00).
- **Total Operating Expenditure** – one billion two hundred and sixty-nine million nine hundred and thirty-six thousand rand (R1 269 936, 00).
- **Operational Surplus** – 34 million 925 thousand rand (R34 925 000, 00).
- **Capital Expenditure** – 152 million 417 thousand rand (R152 417 000, 00).

Mr Speaker this draft budget attempts to meet our political and moral obligation to improve the situation of the most marginalized in our community, by providing for quality services. It also seeks to develop a credible instrument which also meets with the objectives of the MFMA.

Honourable councillors, AmaKhosi ahloniphekileyo, ladies and gentlemen, should Council resolve to approve this draft budget, we will then embark on a process of consultation with communities through cluster Budget roadshows. We will also engage with organized formations so that by the time we approve the final product, it does in fact reflect the legitimate will of the people.

As I conclude I wish to state that as we navigate the complexities of governance and fiscal management, it is imperative that we remain steadfast in our commitment to transparency and accountability. My humble plea is for all of us to approve of this draft budget, which is informed by the notion that, “together, we can do more.”

With those words, I sincerely thank you.

CLLR PZ MZINDLE

MAYOR