



FINAL BUDGET 2025-26 – 2027/28

MAY 2025

CHIEF ALBERT LUTHULI LOCAL MUNICIPAL



MACRO ECONOMIC FORECASTS CONSIDERATIONS

REVENUE BUDGET SUMMARY

EXPENDITURE BUDGET SUMMARY

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MACRO ECONOMIC FORECASTS CONSIDERATIONS

The following macro-economic forecasts have been considered during the preparation of the 2024/25 – 2025/26 and 2026/27 MTREF:

DESCRIPTION	FORECAST SOURCE	2025/26	2026/27	2027/28
GENERAL REVENUE	Consumer Price Index (CPI)	4.6%	4.9%	4.4%
ELECTRICITY REVENUE	NERSA	11.7%	11.7%	11.7%
ELECTRICITY BULK PURCHASES	NERSA	11.32%	4.9%	4.4%
SALARIES AND WAGES	Local Government Bargaining Council	4.6% + 0,75%	4.9% + 1.25%	4.4% + 1.25%
GENERAL EXPENDITURE	Consumer Price Index (CPI)	4.6%	4.9%	4.4%

GRANTS SUMMARY

Project Name & Brief Description	Current Year Budget (2024/2025)	Proposed Budget 2025/2026	Budget Year 2026/2027	Budget Year 2027/2028
OPERATIONAL GRANTS				
Equitable Share	443 317 000.00	455 222 000.00	467 064 000.00	488 170 000.00
Financial Management Grant	2 000 000.00	2 000 000.00	2 100 000.00	2 200 000.00
Expended Public Workers Programme	2 580 000.00	2 654 300.00	-	-
Total Operational Grants	447 897 000.00	459 876 300.00	469 164 000.00	490 370 000.00

Project Name & Brief Description	Current Year Budget (2024/2025)	Proposed Budget 2025/2026	Budget Year 2026/2027	Budget Year 2027/2028
CAPITAL GRANTS				
Disaster Management Grant	11 862 000.00	11 863 000.00	-	-
Regional Bulk Infrastructure Grant	268 508 000.00	205 000 000.00	230 887 000.00	235 167 000.00
Municipal Infrastructure Grant	110 913 000.00	105 491 000.00	114 787 000.00	120 177 000.00
Water Services Infrastructure Grant	90 000 000.00	93 000 000.00	90 140 000.00	89 897 000.00
Integrated National Electrification Programme	4 410 000.00	15 000 000.00	8 000 000.00	8 362 000.00
Total Operational Grants	485 693 000,00	430 354 000,00	443 814 000,00	453 603 000,00

TOTAL GRANTS	933 590 000,00	890 230 300,00	912 978 000,00	943 973 000,00
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GRANT ALLOCATION SUMMARY

There has been an overall increase of 2.6% in operational grants allocation for the 2025/26 FY constituted of the following:

- The Equitable Share allocation with a modest increase of 2.69% and the Financial Management Grant allocation with an increase of 5%.
- Conversely, the Expanded Public Work Programme Grant faced a slight reduction of 2.875%.

The capital Grants allocation has been significantly reduced by 11.475% compared to the current year's allocation. This reduction is composed of several changes in specific grants:

- The Integrated National Electrification Grant allocation with a substantial increase of 240%, and the Water Services Infrastructure Grant allocation with a moderate increase of 3.35%.
- Conversely, the Regional Bulk Infrastructure Grant faced a significant decrease of 23.6% while the The Municipal Infrastructure Grant also decreased by 5%.

EXPENDITURE SUMMARY

DEPARTMENT	Adjustment 2024/25		Budget Year 2025/2026		Budget Year 2026/2027		Budget Year 2027/2028	
Office of the Municipal Manager	R	9 004 542.00	R	9 320 140.00	R	9 906 373.12	R	10 342 253.54
Financial Services	R	49 089 352.00	R	54 232 487.90	R	56 727 182.34	R	56 944 541.86
Corporate Services	R	39 796 262.00	R	51 874 699.96	R	47 248 136.16	R	49 327 054.15
Community Safety Services	R	39 162 305.50	R	40 497 237.92	R	42 346 310.86	R	44 209 548.54
Planning & Economic Development	R	9 102 298.50	R	12 002 945.22	R	12 646 414.20	R	13 202 856.42
Technical Services	R	86 163 762.06	R	73 154 859.80	R	78 431 468.73	R	81 882 453.36
Council General	R	-	R	880 000.00	R	920 480.00	R	960 981.12
Office Of the Executive Mayor	R	9 244 482.99	R	4 901 000.00	R	5 126 446.00	R	5 352 009.62
Office of the Speaker	R	5 384 678.78	R	5 533 852.00	R	5 788 409.19	R	6 043 099.20
Office of the Chief Whip	R	729 400.00	R	988 576.00	R	1 034 050.50	R	1 079 548.72
TOTAL	R	247 677 083.83	R	253 713 119.40	R	260 175 271.11	R	269 344 346.53

ADD

Employee Related Costs	R	277 240 000.00	R	284 363 049.00	R	298 204 386.51	R	308 939 744.42
Remuneration of Councilor's	R	27 614 925.00	R	28 802 366.78	R	30 098 473.28	R	31 182 018.32
Debt impairment	R	27 681 471.00	R	28 871 774.25	R	30 171 004.09	R	31 257 160.24
Depreciation	R	55 600 163.78	R	65 122 553.00	R	60 600 564.51	R	62 782 184.84
Finance charges	R	3 582 096.59	R	3 736 126.74	R	3 904 252.44	R	4 044 805.53
Inventory Consumed	R	2 290 437.51	R	2 388 926.32	R	2 496 428.01	R	2 586 299.42
Bulk purchases	R	124 068 078.04	R	139 824 723.95	R	144 327 650.77	R	149 523 446.20
Provision for doubtful debts	R	16 681 464.00	R	20 000 000.00	R	18 181 711.46	R	18 836 253.08
Indigent Relief	R	13 478 000.00	R	10 000 000.00	R	11 808 500.00	R	12 233 606.00
Capital projects	R	461 969 000.00	R	430 354 000.00	R	449 719 930.00	R	453 603 000.00
Operational Costs	R	-	R	-	R	-	R	-
	R	1 010 205 635.92	R	1 013 463 520.04	R	1 049 512 901.08	R	1 074 988 518.04
TOTAL EXPENDITURE	R	1 257 882 719.75	R	1 267 176 639.44	R	1 309 688 172.19	R	1 344 332 864.57
MINUS TOTAL ANTICIPATED REVENUE	R	1 259 674 798.36	R	1 267 629 367.84	R	1 310 617 337.69	R	1 362 812 087.36
SURPLUS/DEFICIT	R	1 792 078.61	R	452 728.40	R	929 165.50	R	18 479 222.79

FINAL MTREF 2025/2026, 2026/2027 & 2027/2028

	Budget Year 2025/2026	Budget Year 2026/2027	Budget Year 2027/2028
TOTAL REVENUE	R 1 267 629 367.84	R 1 310 617 337.69	R 1 362 812 087.36
TOTAL EXPENDITURE	R 1 267 176 639.44	R 1 309 688 172.19	R 1 344 332 864.57
SURPLUS	R 452 728.40	R 929 165.50	R 18 479 222.97

70% of the total anticipated revenue is Grant based & the remaining 30% is anticipated to be generated from billing of Property Rates and municipal services.

Final Budget 2025 /2026

- The Total Budget for 2025/26 MTREF is made of Total Operating Revenue of **R 1 267 629 367.84** and Total Operating Expenditure of **1 267 176 636.73** resulting in the operating surplus of **R 452 728.11**
- The Capital Expenditure is **R 430 354 000** which is mainly National Grants Funded Projects.
- The main cost drivers on operational budget are employee related costs services representing **34%** of total operating expenditure.
- Bulk purchases represents **15%** of total operating costs.
- Repairs & Maintenance makes up **6%** of total operating costs.

Thank you!!!!

