

ORIGINAL MTREF BUDGET OF PRINCE ALBERT MUNICIPALITY



2025/26 TO 2027/28

**MEDIUM TERM REVENUE AND
EXPENDITURE FRAMEWORK**

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GLOSSARY

Original budget – Prescribed in Section 28 of the MFMA. The formal way a municipality can revise its budget during the year.

Budget – The financial plan of the Municipality.

Budget-related Policy – Policy of a municipality affecting the budget or affected by the budget, such as the tariff policy, rates policy and credit control and debt collection policy.

Capital expenditure – Expenditure on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.

Cash flow statement – A statement showing when actual cash is to be received and spent by the Municipality. Cash payments do not always correspond with budgeted expenditure frameworks. For example, when an invoice is received by the Municipality, it is regarded as expenditure in the month; even it is not paid within the same period.

DORA – Division of Revenue Act. Annual legislation containing the total allocations by national government to provincial and local governments.

Equitable share – A general allocation paid to municipalities. It is mainly aimed at rendering assistance with free basic services.

Fruitless and wasteful expenditure – Expenditure done in vain and that could have been avoided if reasonable care was exercised.

GFS – Government Finance Statistics. An internationally recognised classification system making a type-by-type comparison between municipalities.

Grants – Money received from Provincial or National Government and other municipalities.

GRAP – Generally Recognised Accounting Practice. Standards set by the Accounting Standards Board for generally recognised accounting practice to be used for municipal accounting.

IDP – Integrated Development Plan. The main strategic planning document of the Municipality.

Irregular Expenditure - in relation to a municipality or municipal entity, means:

- expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;
- expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act.
- expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-bearers Act, 1998 (Act No. 20 of 1998); or
- expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality

or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law but excludes expenditure by a municipality which falls within the definition of unauthorised expenditure.

KPI's – Key Performance Indicators. Measurement of service outputs and/or outputs.

MFMA – The Municipal Financial Management Act – No. 56 of 2003. The main legislation applicable to municipal financial management.

MTREF – Medium term Revenue and Expenditure Framework. A Medium-term financial plan, usually 3 years, based on a fixed first year and indicative further two years budgetary allocations. Also includes details of the financial position of the preceding and current year.

Nett Assets –Nett assets are the residual interest in the assets of the entity after all its liabilities have been deducted. This means that the net assets of the municipality equal the "net welfare" of the municipality, after all assets had been sold/recovered and all liabilities had been paid. Transactions that do not fall under the description of Revenue or Expenditure, such as increase in the value of Property, Plant and Equipment, where no in- or outflow of resources occurs, are recorded under Nett Assets.

Operational expenditure – Expenditure on the day-to-day expenses of the Municipality, such as salaries and wages.

Property rates – Property rates are levied in terms of the Local Government: Property Rates Act, (Act 6 of 2004). Local authority rates based on the assessed value of a property. In order to calculate the rates payable, the assessed value is multiplied by the rate in the rand.

SDBIP – Service Delivery and Budget Implementation Plan. A detailed plan consisting of quarterly performance targets and monthly budget estimates. The SDBIP is used to measure the implementation of the budget as the guideline for expenditure in terms of the IDP.

Strategic Objectives – The main priorities of the Municipality as set out in the IDP. Budgeted expenditure must contribute to the achievement of the strategic objectives.

Unauthorised expenditure – in relation to a municipality, means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11 (3) of the MFMA, and includes:

- overspending of the total amount appropriated in the municipality's approved budget.
- overspending of the total amount appropriated for a vote in the approved budget.
- expenditure from a vote unrelated to the department or functional area covered by the vote.
- expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose.
- spending of an allocation referred to in paragraph (b) or (c) of the definition of "allocation" otherwise than in accordance with the conditions of the allocation; or
- a grant by the municipality otherwise than in accordance with this Act.

Virement – A budget transfer.

Vote – One of the main segments of a budget.

Abbreviations and Acronyms

AMR	Automated Meter Reading
MFMA	Municipal Financial Management Act
BPC	Budget Planning Committee
CBD	Central Business District
CFO	Chief Financial Officer
MM	Municipal Manager
CPI	Consumer Price Index
CRR	Capital Replacement Reserve
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
GDP	Gross domestic product
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
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
NDP	National Development Plan
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
SALGA	South African Local Government Association
SAPS	South African Police Service
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprises
mSCOA	Municipal Standard Chart of Accounts

PART 1. ANNUAL BUDGET

1.1 MAYOR'S REPORT

Honourable Speaker, Deputy Mayor, Chairpersons of the Portfolio Committees, Councillors, Municipal Manager, Directors, guest, ladies and gentlemen, good morning.

It is my honour to present the MTREF 2025/2026 budget of the Prince Albert Local Municipality to you.

The budget acknowledges our vision, mission, policies, and financial plan.

The entire country finds itself in a very poor economic situation. We should therefore make every possible effort to alleviate poverty. We, however, also must ensure that the municipality remains financially stable and sustainable to deliver good quality basic services to the communities we are serving.

This budget was once again drafted under extreme challenging circumstances with the South African economy under severe pressure.

The South African economy is slowly recovering from the international challenges impacting economic drivers. The municipality's credit control measures to assist all, is faced with micro economic challenges in town, which has a very challenging effect on consumers, servicing their monthly utility bills. The municipality is always putting processes in place, to achieve financial sustainability at an affordable context to consumers.

National Treasury annually issues MTREF Budget circular's (MFMA Circular's 129 and 130) to guide the budget process for the MTREF period. The main objectives of the guidelines for the 2025/26 MTREF is to ensure municipalities demonstrate how it undertake annual budget preparation in accordance with the budget and financial management reform, by focussing on *key "game changers"*. These *game changers* include ensuring that municipal budgets are funded, revenue management is optimised, assets are managed efficiently, supply chain management processes are adhered to, mSCOA is implemented correctly and that audit findings are addressed.

The following macro-economic forecasts was considered when the 2025/26 MTREF municipal budget was finalised.

Table 1: Macroeconomic performance and projections, 2023 - 2028

Fiscal year	2023/24	2024/25	2025/26	2026/27	2027/28
	Actual	Estimate	Forecast		
CPI Inflation	6.0%	4.4%	4.3%	4.6%	4.4%

Source: National Treasury Budget Review 2025.

Note: the fiscal year referred to is the national fiscal year (April to March) which is more closely aligned to the municipal fiscal year (July to June) than the calendar year inflation.

Headline inflation declined to 2.90% in the fourth quarter of 2024, resulting in average inflation of 4.40% per year. Consumer inflation is projected to average 4.30% in 2025 and 4.60% in 2026, picking up slightly as the additional fuel increase prices.

Stable electricity supply, and reduced interest rates caused headline inflation has eased to its lowest rate in over three years, driven by lower food and transport prices, and is expected to stabilize within

the 4.50% target range. Despite improved consumer confidence, households are still facing challenges with municipal payments, which negatively impact municipal own revenues.

Prince Albert Municipality is in the fortunate position that we honour all our commitments, and we are not on the brink of bankruptcy. We will however have to maintain strict financial discipline to ensure that our position does not deteriorate. Many municipalities cannot pay basic commitments like their Eskom accounts.

To be more sustainable, the municipality must increase its revenue base. Expenditure always remains a challenge. It is extremely difficult to address all the needs of the community. Requests for funding always exceeds the availability of funds. Therefore, difficult decisions were made to arrive at expected and realistic outcomes.

Cost containment measures as emphasized in MFMA Circular 82 ,97 and the Cost Containment Regulations effective 1 July 2019 were implemented. It is emphasized that we should ensure the continued implementation and enforcement of savings and austerity measures to ensure that the municipality becomes financially sustainable and focus mainly on delivering basic services to all.

Cost Containment Best Practices

Elimination	Conventional cost containment approach whereby all non-essential and nice-to-have expenses are reduced.
Adaption	Cost saving opportunities associated with the new-way-of-work.
Bundling	Combining services to reduce costs. Typical example would be to make use of a single service provider for certain important business functions, shared service model.
Automation	Significant efficiency made by automating certain business processes. However capital intensive and can lead to job redundancies, increased training costs etc.
Optimisation	Identifying and reviewing case, project and process workflows to remove bottlenecks, and promote system integration.
Substitution	Exploring more cost-effective alternative goods and services without compromising service level standards.
Repurposing	Consideration of how the life cycle of certain strategic assets can be extended beyond its original design.
Deferment	Strictly applies to non-essential goods and services only. Municipalities should under no-circumstances defer financial obligations or repairs and maintenance.

Prince Albert Municipality income and expenditure budget for the 2025/26 MTREF period, can be summarised as follow:

2025/2026 MTREF			
Type	Budget Year 2025/26 R '000	Budget Year 2026/27 R'000	Budget Year 2027/28 R'000
Revenue	110 343	115 969	143 355
Expenditure	124 396	128 698	141 984
Capital Transfer	10 286	46 067	11 367
Surplus / Deficit inclusive of capital transfers	(3 766)	33 370	12 738

The income and expenditure for Prince Albert Municipality, in the table above are influenced by the following, but not limited to the items below:

- The municipality's budget reflects a nett loss as indicated in the table above, but the 2025/2026 MTREF Budget is still funded when comparison is done between operational revenue and expenditure, with the exclusion of the non-cash items, such as depreciation and amortisation, interest on the landfill site and irrecoverable debts written off.
- Prince Albert Municipality operates on the absolute minimum staff compliment. The municipality is not able to fill most vacant post on the organogram. We must appoint competent staff to ensure that services are rendered properly and in a sustainable way, thus giving rise to an increase in employee related costs.
- Employee related cost represents a 37.26% of the total operating expenditure, which is still in the national treasury norm of 32.00% to 41.00%.
- Yearly salary and benefit increases are being negotiated between SALGA (All municipalities representative), Imatu (Trade Union) and SAMWU (Trade Union) on a multiple year wage negotiation. The salary increases for officials other than the municipal manager, directors and councillors were budgeted on a 5.05% salary increase and a 4.00% increase on related fringe benefits, which represents a total increase of 9.05% on the total employee related cost.
- The municipality also pay its membership to SALGA on a yearly basis, to the amount of R500 000 per year, and provision is made for this membership in the budget.
- The municipality made provision in its 2025/2026 budget for the Director Corporate and Community services to be appointed, as the municipality was operating without the mentioned Director for an outstanding period.
- The municipality made provision in it budget for 11.32% increase on the bulk electricity purchases from Eskom. Electricity bulk purchases represent 18.82% of the total operating expenditure.
- The municipality submitted its Cost of Supply Study to NERSA on 15 May 2025. The submitted cost of supply study indicated that the municipality had to increase its electricity tariffs from 11.32% as per public mayoral imbizo's held between 14 – 16 April 2025 to 19.90%, to recover cost and to recover the estimated R3mil loss it incurred during the 2024/2025 financial year, when no electricity increase was implemented. Prince Albert Municipality requested formal inputs on amended electricity tariff of 19.90%. The municipality considered the inputs and decided to increase the electricity tariff by 17.50%, and not by 19.90% as is required, subject to final approval from NERSA. This relief to consumers may result in an above inflation rate increase in electricity tariffs, in the future.
- The municipality reduced its contracted services expenditure cost from its initial budget on 31 March 2025 in thus final MTREF 2025/2026 budget, by R1.694mil. Budgeted contract services

include an amount of R3.393mil for the Auditor General of South Africa which constitute more than 2.73% of the total expenditure.

- Provision has been made for the maintenance of municipal assets to sustain basic service delivery.
- The municipality reduced its operational cost expenditure from its initial budget on 31 March 2025 in thus final MTREF 2025/2026 by R1.525mil.
- Prince Albert Municipality will endeavour that the above-mentioned reduction in operational cost will not negatively influence service delivery.
- The revenue collection percentage is budgeted on an 86% collection rate. This is below the norm of Treasury of 95% and the revenue department will do everything in its power to institute vigorous credit control and debt collection processes.
- Prince Albert Municipality municipal services tariffs increased in the MTRF 2025/2026 budget can be monthly summarised in the table below, based on a property with a market value of R 1 000 000, Water 30kl and electricity 1 500 units:

Service	2024/2025 Budget Year	2025/2026 Budget Year	Increase
Property Rates	R 238.04	R 271.70	R 33.66
Electricity	R 3 816.34	R 4 484.20	R 667.86
Water	R 435.30	R 505.48	R 70.18
Sewerage	R 234.80	R 258.28	R 23.48
Refuse	R 175.74	R 202.10	R 26.36

- In the 2025/2026 financial year a professional service provider will be appointed to conduct a long-term financial plan and a cost reflective tariff study, which will influence the future tariff's structure.
- The municipality made provision for capital expenditure to the amount of R11.222mil to be funded from own reserves.
- Compulsory statutory provisions for devaluation of assets, bad debt, and sufficient GRAP provision for post-employment medical contributions and long service awards has been provided.
- Prince Albert Municipality had a reduction of R36.952mil in National and Provincial allocations for the MTREF 2025/2026 budget.

Council's strategic objectives of service delivery include the continuation of an acceptable level of services, as well as improvement in those areas still in need of development. It remains a priority of the council to maintain service delivery, within the affordability levels.

I want to praise the combined efforts of the political leadership and management of Prince Albert Municipality in assisting to balance this MTREF 2025/2026 budget, under extreme difficult conditions.

I Thank you.

Executive Mayor: Prince Albert Municipality
Cllr. Linda Jaquet

1.2 COUNCIL RESOLUTIONS

The MFMA stipulates that the Municipal Council must approve the Annual 2025/2026 MTREF Budget at a Council meeting, at least 30 days before the start of the new financial year.

The following resolutions are presented to Council for the approval of the 2025/2026 MTREF Budget:

Resolutions:

1. The Council of Prince Albert Local Municipality, acting in terms of section 16(2) of the Municipal Finance Management Act, (Act 56 of 2003) approve the budget as presented by the Executive Mayor:
 - 1.1. The annual budget of the municipality for the financial year 2025/26 and the multi-year and single-year capital appropriations as set out in the following be approved:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) (MBRR Table A2).
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained (MBRR Table A3).
 - 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained (MBRR Table A4); and
 - 1.1.4. Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in (MBRR Table A5).
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are presented as set out in the following:
 - 1.2.1. Budgeted Financial Position as contained in (MBRR Table A6).
 - 1.2.2. Budgeted Cash Flows as contained in (MBRR Table A7).
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table (MBRR Table A8).
 - 1.2.4. Asset management as contained in (MBRR Table A9) as well as Annexure "E"; and
 - 1.2.5. Basic service delivery measurement as contained in (MBRR Table A10).
2. The Council of Prince Albert Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves with effect from 1 July 2025; the tariffs for property rates, the tariffs for electricity, the tariffs for the supply of water, the tariffs for sanitation services, the tariffs for solid waste services as attached be approved.
3. The Council of Prince Albert Local Municipality, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves with effect from 1 July 2025 the tariffs and fees for other services inclusive of all miscellaneous tariffs as attached by approved.
4. To give proper effect to the municipality's annual budget, the Council of Prince Albert Local Municipality approves:

- 4.1. That cash backing be implemented through the utilisation of a portion of the realisable accumulated surplus that may be realised as at the end of the financial year to ensure that all capital reserves and provisions, unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by Section 8 of the Municipal Budget and Reporting Regulations.
5. That the following budget related policies attached be approved by Council.
 1. Budget Policy
 2. Credit Control and Debt Collection procedures/policies.
 3. Asset Management Policy
 4. Asset Disposal Policy
 5. Petty Cash Policy
 6. Remuneration Policy
 7. Indigent and Subsidy Policy
 8. Property Rates Policy
 9. Supply Chain Management Policy
 10. Borrowing Policy
 11. Virement Policy
 12. Tariff Policy
 13. Cash Management and Investment Policy
 14. Unauthorised, Fruitless and Wasteful Expenditure Policy
 15. Funding and Reserves Policy
 16. Travelling and Subsistence Policy
 17. Overtime Policy
 18. Prince Albert Municipality Preferential Procurement Policy
 19. Prince Albert Municipality Relocation Policy
 20. Vehicle Allowance Perk Scheme
 21. Acting Allowance and Additional Responsibility Policy
 22. Cell phone Allowance Policy
6. That the Service Level Standards attached be noted.
7. That the Report on the Cost Reflective Study be noted.
8. That the necessary amendments to all relevant by-laws be affected to give effect to the amendments to the policies listed in recommendation 5 above.
9. That the council of Prince Albert Municipality, acting in terms of Section 25 of the Local Government Municipal Systems Act, (Act 32 of 2000) approves with effect from 1 July 2025, the amendment of the 2024 – 2027 Integrated Development Plan.

10. That the Draft Service Delivery and Budget Implementation Plan for the 2025/26 financial year be noted.
11. That the detailed capital program per project, department, and funding source, already included in the 2024 – 2027 Integrated Development Plan.
12. That the procurement plan per project attached be approved.
13. That the Unauthorised, Irregular, Fruitless and Wasteful Reduction plan be noted by council.
14. That the 2025 SIME Engagement Report be noted by council.

1.3 EXECUTIVE SUMMARY

A budget is funded from realistically anticipated revenues to be collected; cash backed accumulated funds from the previous year as well as borrowed funds to be utilised for capital projects. A budget is realistic if it considers projected revenue for the current year based on the collection levels to date and actual revenue collected in the previous financial year. Municipal budgets must be prepared on this basis. The economic climate influenced the ability of municipalities to collect arrear debt. This inability to exercise credit control measures decreased the collection rate in many municipalities.

The Budget for the 2025/26 financial year and Medium-Term Revenue and Expenditure Framework (MTREF) was once again drafted under challenging circumstances as the municipality is caught up in an underperforming national economy reeling from and the war in Ukraine that puts households are under severe pressure with the rise in cost of living. It is therefore necessary to continue to apply prudent financial management principles in the budget process of the Prince Albert Municipality to ensure that the municipality becomes financially viable and that municipal services are provided sustainably, economically, and equitably to all communities.

The IDP informs the budget and serves to aide in the review of the service delivery priorities as an integral part of the municipality's planning and budgeting process. The budget serves to address crucial service delivery needs which is compounded by infrastructure services failures caused by many years of inadequate maintenance and refurbishment. The current year budget continues to prioritize the improvement in service delivery and focusses on long overdue replacement and refurbishment of infrastructure which is critical to service delivery and to sustain revenue streams.

National Treasury's MFMA Circulars No. 129 and 130 as well as prior years circulars were used to guide and inform the compilation of the 2025/2026 MTREF.

Prince Albert Municipality collection rate for the 2025/26 financial year is anticipated to be 86%. We will have to make a concerted effort to increase this rate on all debtors' accounts to achieve a 95% collection rate in future years.

The main challenges experienced during the compilation of the 2025/26 MTREF can be summarised as follows:

- The slow recovery of the National, Provincial, and especially the local economy in spite of the fact that loadshedding has diminished significantly.
- The low economic growth.
- The electricity crises that have not been permanently resolved and the lingering negative effect that it has caused to investor sentiment.
- The continued rise in unemployment.
- Interest rates that have not reduced as anticipated over the last year.
- Inflation risk that remains relevant in the current political and global economic climate.
- Ageing water, roads, stormwater, sewer and electricity infrastructure and the need to maintain current infrastructure versus the demand for new services.
- The need to reprioritise projects and expenditure within the existing resource envelope given the current cash flow reality of the municipality.
- The increase in the cost of bulk electricity from Eskom which is again placing upward pressure on service tariffs to residents and resulting in a decline in units sold.
- The demand for services that continue to outstrip the available resources.
- Decrease in capital and operational grants from National and Provincial Government.

The following budget principles and guidelines directly informed the compilation of the 2025/26 MTREF:

- The 2024/25 Adjustments Budgets set the baseline for the budget of 2025/26 and where appropriate a zero-base budgeting principle has been used.
- Cost cutting and austerity measures have been applied in all expenditure categories and value for money considerations are made when expenditure is incurred.
- Ensuring a cash funded budget and the strict application of prudent financial management principles.

In view of the, the following table is a consolidated overview of the annual 2025/26 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2025/26 MTREF

2025/2026 MTREF				
Type	3rd Adjustment Budget R'000	Budget Year 2025/26 R '000	Budget Year 2026/27 R'000	Budget Year 2027/28 R'000
Revenue	103 705	110 343	115 969	143 355
Expenditure	112 326	124 396	128 667	141 984
Capital Transfer	24 287	10 286	46 067	11 367
Surplus / Deficit inclusive of capital transfers	15 666	(3 766)	33 370	12 738

Total revenue increases with R 6 638 000 to an amount of R 111 343 000 for the 2025/26 financial year when compared to the 2024/2025, 3rd adjustments budget. This is due to additional revenue raised through increased tariffs. Total operating expenditure for the 2025/2026 financial year has been appropriated at R 124 396 000 and translates into a budgeted deficit of R 14 053 000 before capital contributions. When compared to the 3rd adjustments budget, operational expenditure increases with R 12 070 000 in 2025/26. The expenditure for the two outer years, increases with R 4 271 000 and with R 17 588 000 respectively towards the 3rd year of the MTREF. The capital transfers of R10 286 000 for 2025/26 decreased with 57.65% when compared to the 3rd adjustments budget of 2024/2025. The balance of capital expenditure will be funded from internally generated funds and conditional grants.

1.4 OPERATING REVENUE FRAMEWORK

For Prins Albert Municipality to continue improving the quality of life of its communities through the delivery of high-quality services, it is necessary to generate sufficient revenue from rates and services charges. It is also important to ensure that all billable revenue is firstly correctly charged and secondly adequately collected. The prevailing economic circumstances is adding to the difficulties in collecting the revenue that is due to the municipality and the promotion of operational efficiencies as well as savings and austerity measures remain a priority in ensuring the availability of sufficient financial resources to fund the MTREF.

The expenditure required to meet the needs of the community will inevitably always exceed available funding, hence difficult choices must once again be made in relation to tariff increases and balancing expenditure against realistically anticipated revenue streams.

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

- Strengthening the financial position of the municipality.
- Cost reflective tariff setting – The municipality will be appointing a service provider during the 2025/2026 financial year to conduct a cost reflective study, which might result that the municipality's future tariff structure, may be amended.
- An electricity cost of supply study was submitted to NERSA, to ensure that relevant cost elements are recovered through appropriate tariff setting.
- National Treasury's guidelines and growth parameters have been considered in tariff increases and where appropriate an explanation is provided for increases higher than 4.30% under the respective services.
- Above average tariff increases are proposed for the 2025/26 financial year, this is of essence to sustain and improve on service delivery standards and to ensure the long-term financial sustainability of the municipality.
- Electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA), will be implemented during the 2025/2026 financial year, unless otherwise communicated by the municipal council.
- The municipal council has adopted a principle of protecting the poor from excessive tariff increases and will therefore endeavour to limit the increase to lower income consumers in line with inflationary trends as far as possible. Subsidization of free basic services have been extended to pensioners and the most vulnerable category of consumers.
- Efficient revenue management, which aims to ensure a minimum 95% annual collection rate for property rates and other key service charges. Currently the municipal MTREF 2025/2026 budget makes provision for an 86% debt collection rate.
- Fully subsidizing all indigent households in terms of the relief offered by the municipality.

The aforementioned factors collectively contribute to the financial wellbeing of the municipality and the extent to which it is executed or concluded will either aide or impact negatively on the long-term sustainability of the municipality. It must be emphasized that at the current trend of staff expenditure, and the ever-escalating cost of service delivery, the municipality will not be able to improve its financial position over the MTREF unless catalytic economic investments and opportunities are sourced. The

current rates base can no longer support the cost of services and all role-players would need to collectively contribute to ensure not only the financial sustainability of the municipality, but also the economic progression of its citizenry.

The following table is a summary of the 2025/26 MTREF (classified by main revenue source):

WC052 Prince Albert - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description		Ref	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
R thousand		1	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		2	18 916	18 442	17 251	19 655	19 407	19 407	20 797	22 803	24 025	25 513
Service charges - Water		2	5 854	4 787	6 532	6 333	4 416	4 416	6 877	5 167	5 399	5 534
Service charges - Waste Water Management		2	3 897	5 898	6 541	7 238	7 240	7 240	9 982	7 964	8 323	8 531
Service charges - Waste Management		2	1 885	2 641	2 987	3 863	3 570	3 570	5 640	4 106	4 295	4 402
Sale of Goods and Rendering of Services			436	509	403	569	393	393	393	410	462	22 440
Agency services			286	294	287	220	220	220	220	230	240	246
Interest												
Interest earned from Receivables			1 731	1 131	1 605	1 594	2 080	2 080	2 080	2 339	2 634	2 966
Interest earned from Current and Non Current Assets			2 347	4 071	6 183	5 063	5 225	5 225	5 225	5 418	5 851	5 558
Dividends												
Rent on Land			201	56	61	65	61	61	61	63	66	68
Rental from Fixed Assets			268	624	452	564	771	771	771	806	843	864
Licence and permits												
Special rating levies												
Operational Revenue			36	84	2 059	115	1 822	1 822	1 822	1 876	20	21
Non-Exchange Revenue												
Property rates		2	4 380	5 073	5 754	6 250	5 900	5 900	5 900	6 726	7 029	7 204
Surcharges and Taxes												
Fines, penalties and forfeits			6 910	9 575	8 162	546	8 003	8 003	8 003	8 165	8 328	8 495
Licences or permits			137	89	90	95	100	100	100	102	110	119
Transfer and subsidies - Operational			32 272	34 804	32 714	44 710	36 893	36 893	36 893	35 663	39 420	42 048
Interest			1 644	(761)	2 434	266	380	380	380	436	501	575
Fuel Levy												
Operational Revenue			-	-	4 468	6 257	6 224	6 224	6 224	7 069	7 423	7 771
Gains on disposal of Assets												
Other Gains			-	-	-	1 926	1 000	1 000	1 000	1 000	1 000	1 000
Discontinued Operations												
Total Revenue (excluding capital transfers and cont			81 202	87 318	97 981	105 328	103 705	103 705	112 367	110 343	115 969	143 355
Expenditure												
Employee related costs		2	23 570	29 460	34 385	39 906	40 311	40 311	40 311	46 169	46 490	50 587
Remuneration of councillors			3 142	3 018	3 324	3 689	3 689	3 689	3 689	3 948	4 264	4 455
Bulk purchases - electricity		2	15 796	16 197	17 345	20 907	20 950	20 950	20 950	23 322	24 572	26 093
Inventory consumed		8	565	428	666	649	687	687	687	754	789	825
Debt impairment		3	-	(3 638)	12 356	3 699	(44 086)	(44 086)	(44 086)	9 660	9 998	10 212
Depreciation and amortisation			5 363	7 094	7 443	6 150	6 150	6 150	6 150	6 580	7 107	7 249
Interest			1 940	2 097	3 251	373	2 591	2 591	2 591	2 713	2 918	3 138
Contracted services			7 837	9 248	8 055	9 858	9 870	9 870	9 870	14 042	13 776	19 843
Transfers and subsidies			390	490	277	128	478	478	478	200	498	510
Irrecoverable debts written off			10 972	18 210	4 078	1 177	58 053	58 053	58 053	3 795	3 966	4 145
Operational costs			10 353	12 370	12 940	13 070	12 633	12 633	12 633	12 213	13 291	13 927
Losses on disposal of Assets			449	-	38	-	-	-	-	-	-	-
Other Losses			-	-	584	-	1 000	1 000	1 000	1 000	1 000	1 000
Total Expenditure			80 377	94 975	104 741	99 607	112 326	112 326	112 326	124 396	128 667	141 984
Surplus/(Deficit)			825	(7 657)	(6 760)	5 722	(8 621)	(8 621)	41	(14 053)	(12 698)	1 371
Transfers and subsidies - capital (monetary		6	12 746	6 831	23 046	17 630	24 287	24 287	24 287	10 286	46 067	11 367
Transfers and subsidies - capital (in-kind)		6	-	1 465	1 688	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions			13 571	639	17 974	23 352	15 666	15 666	24 328	(3 766)	33 370	12 738
Income Tax												
Surplus/(Deficit) after income tax			13 571	639	17 974	23 352	15 666	15 666	24 328	(3 766)	33 370	12 738
Share of Surplus/Deficit attributable to Joint Venture												
Share of Surplus/Deficit attributable to Minorities												
Surplus/(Deficit) attributable to municipality			13 571	639	17 974	23 352	15 666	15 666	24 328	(3 766)	33 370	12 738
Share of Surplus/Deficit attributable to Associate Intercompany/Parent subsidiary transactions		7										
Surplus/(Deficit) for the year			13 571	639	17 974	23 352	15 666	15 666	24 328	(3 766)	33 370	12 738

Table 3: Operating Transfers and Grant Receipts

WC052 Prince Albert - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
		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
R thousand										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		27 333	29 596	31 527	42 263	33 701	33 701	33 611	38 903	36 271
Local Government Equitable Share		24 054	26 548	28 653	31 231	30 299	30 299	31 301	32 286	33 738
Energy Efficiency and Demand Side Management Grant		–	–	–	–	–	–	–	4 192	–
Expanded Public Works Programme Integrated Grant		1 243	1 237	769	1 200	1 200	1 200	–	–	–
Infrastructure Skills Development Grant		–	–	–	–	–	–	–	–	–
Local Government Financial Management Grant		1 650	1 650	1 700	1 800	1 800	1 800	1 900	2 000	2 100
Municipal Disaster Relief Grant		–	–	–	–	–	–	–	–	–
Municipal Systems Improvement Grant		–	–	–	–	–	–	–	–	–
Municipal Disaster Recovery Grant		–	–	–	–	–	–	–	–	–
Municipal Demarcation Transition Grant		–	–	–	–	–	–	–	–	–
Integrated City Development Grant		–	–	–	–	–	–	–	–	–
Municipal Infrastructure Grant		386	161	405	8 032	402	402	410	425	433
Water Services Infrastructure Grant		–	–	–	–	–	–	–	–	–
Neighbourhood Development Partnership Grant		–	–	–	–	–	–	–	–	–
Public Transport Network Grant		–	–	–	–	–	–	–	–	–
Rural Road Asset Management Systems Grant		–	–	–	–	–	–	–	–	–
Urban Settlement Development Grant		–	–	–	–	–	–	–	–	–
Integrated National Electrification Programme Grant		–	–	–	–	–	–	–	–	–
Municipal Rehabilitation Grant		–	–	–	–	–	–	–	–	–
Municipal Emergency Housing Grant		–	–	–	–	–	–	–	–	–
Regional Bulk Infrastructure Grant		–	–	–	–	–	–	–	–	–
Metro Informal Settlements Partnership Grant		–	–	–	–	–	–	–	–	–
Integrated Urban Development Grant		–	–	–	–	–	–	–	–	–
Programme and Project Preparation Support Grant		–	–	–	–	–	–	–	–	–
Provincial Government:		–	50	221	50	50	50	50	248	5 656
Infrastructure (Monetary)		–	50	221	50	50	50	50	248	5 656
Infrastructure (In Kind)		–	–	–	–	–	–	–	–	–
Capacity Building (Monetary)		–	–	–	–	–	–	–	–	–
Capacity Building (In Kind)		–	–	–	–	–	–	–	–	–
District Municipality:		431	609	95	–	353	353	–	–	–
Infrastructure (Monetary)		–	–	–	–	–	–	–	–	–
Infrastructure (In Kind)		–	–	–	–	–	–	–	–	–
Capacity Building (Monetary)		431	609	95	–	353	353	–	–	–
Capacity Building (In Kind)		–	–	–	–	–	–	–	–	–
Other grant providers:		4 509	4 549	871	2 397	2 789	2 789	2 002	269	121
Other Grants Received		4 509	4 549	871	2 397	2 789	2 789	2 002	269	121
Total Operating Transfers and Grants	5	32 272	34 804	32 714	44 710	36 893	36 893	35 663	39 420	42 048
Capital Transfers and Grants										
National Government:		9 332	5 831	19 731	15 000	22 630	22 630	7 786	11 067	11 367
Integrated National Electrification Programme Grant		–	–	–	–	–	–	–	3 000	3 136
Municipal Infrastructure Grant		9 332	3 843	8 331	–	7 630	7 630	7 786	8 067	8 231
Neighbourhood Development Partnership Grant		–	–	–	–	–	–	–	–	–
Rural Road Asset Management Systems Grant		–	–	–	–	–	–	–	–	–
Urban Settlements Development Grant		–	–	–	–	–	–	–	–	–
Integrated City Development Grant		–	–	–	–	–	–	–	–	–
Municipal Disaster Recovery Grant		–	–	–	–	–	–	–	–	–
Energy Efficiency and Demand Side Management Grant		–	–	–	–	–	–	–	–	–
Local Government Financial Management Grant		–	–	–	–	–	–	–	–	–
Water Services Infrastructure Grant		–	1 988	11 400	15 000	15 000	15 000	–	–	–
Public Transport Network Grant		–	–	–	–	–	–	–	–	–
Regional Bulk Infrastructure Grant		–	–	–	–	–	–	–	–	–
Infrastructure Skills Development Grant		–	–	–	–	–	–	–	–	–
Municipal Disaster Relief Grant		–	–	–	–	–	–	–	–	–
Municipal Emergency Housing Grant		–	–	–	–	–	–	–	–	–
Metro Informal Settlements Partnership Grant		–	–	–	–	–	–	–	–	–
Integrated Urban Development Grant		–	–	–	–	–	–	–	–	–
Provincial Government:		3 414	1 000	3 315	2 630	1 657	1 657	2 500	35 000	–
Infrastructure (Monetary)		994	–	2 570	1 400	1 657	1 657	2 500	35 000	–
Infrastructure (In Kind)		–	–	–	–	–	–	–	–	–
Capacity Building (Monetary)		2 420	1 000	745	1 230	–	–	–	–	–
Capacity Building (In Kind)		–	–	–	–	–	–	–	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
Infrastructure (Monetary)		–	–	–	–	–	–	–	–	–
Infrastructure (In Kind)		–	–	–	–	–	–	–	–	–
Capacity Building (Monetary)		–	–	–	–	–	–	–	–	–
Capacity Building (In Kind)		–	–	–	–	–	–	–	–	–
Other grant providers:		–	1 465	1 688	–	–	–	–	–	–
Other Grants Received		–	1 465	1 688	–	–	–	–	–	–
Total Capital Transfers and Grants	5	12 746	8 296	24 734	17 630	24 287	24 287	10 286	46 067	11 367
TOTAL RECEIPTS OF TRANSFERS & GRANTS		45 018	43 099	57 448	62 340	61 180	61 180	45 949	85 487	53 415

Tariff Setting:

The setting of cost-reflective tariffs is a requirement of Section 74(2) of the Municipal Systems Act which is meant to ensure that municipalities set tariffs that enable them to recover the full cost of rendering the service. This forms the basis of compiling a credible budget. A credible budget is one that ensures the funding of all approved items and is anchored in sound, timely and reliable information on expenditure and service delivery (FFC, 2011). Credible budgets are critical for local government to fulfil its mandate and to ensure its financial sustainability.

Reference is made to MFMA Circular 129 and 130 the setting of cost reflective tariffs is a requirement of Sec 74(2) of the Municipal Systems Act, 2000 which is meant to ensure that municipalities set tariffs that enable them to recover the full cost of rendering the service.

The cost of providing a service includes day-to-day running costs, overheads required to keep the Municipality as a whole running, and the costs associated with expanding and managing infrastructure. Underneath summary extract from a Cost Reflective Tariff study:

Direct costs: day-to-day costs incurred in running the service:

Employee related costs.

Bulk purchases where relevant.

Depreciation expenses.

Distribution losses in the case of electricity and water.

Repairs and maintenance.

Contracted services; and

Other costs - all expenditures not grouped under one of the different categories.

Overheads: costs of running the Municipality as a whole:

These are costs that are not directly attributable to services but are incurred in running the Municipality as a whole. Examples are Treasury and political functions. Therefore, overheads must be apportioned between services in a clear, structured way. There are two options for doing this:

Activity-Based Costing: this is the most accurate way of apportioning costs. It examines the activities undertaken by a unit, determines what causes that activity to be conducted, and then allocates costs based on the distribution of those causative actions between services.

Pro-rata allocation of cost allocates indirect costs on a proportionate basis by using readily available measures, such as the number of employees or size of budget.

The municipality do not currently have an activity-based costing system in place, and therefore the latter, pro-rata allocation, is used to allocate overhead costs.

Capital financing costs: costs to expand and manage infrastructure:

The cost of services also includes any costs associated with financing infrastructure expansion and with rehabilitating and replacing existing infrastructure as its ages. Adequate provision for capital

financing costs is vital to ensure that service provision is sustainable in the long term. Capital financing costs include:

External interest and capital repayment: the cost associated with financing capital expenditure using external loans. Currently Prins Albert Municipality does not have external loans. Provisions to capital reserves: a cost item used to create a cash surplus on the operating account, which can be transferred to a reserve used to finance asset expansions.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs, and other charges as low as possible, and municipalities should justify in their budget documentation all increases more than the 4.30% upper boundary of the South African Reserve Bank's inflation target in accordance with MFMA budget circular 129 and 130. Municipalities also use benchmarking to ensure that the tariffs we apply are within the industry norm as operational requirements and service standards of comparable sizes and demographics of municipalities are similar and a deviation from this norm will give an indication of whether a municipality may be heading for disaster in the application of its tariff strategy.

It is important that an environment for economic development is created through the provision of high quality reliable municipal services, and this cannot be achieved if you do not generate enough revenue.

1.5 Operating Expenditure Framework

Prins Albert Municipality's expenditure framework for the 2025/26 budget and MTREF is informed by the following:

- Improvement in the quality-of-service delivery across all services.
- Ensuring the financial sustainability of the municipality over the medium and long term.
- Continued provision of basic services remains a high priority as well as the financial sustainability of services.
- Operational gains and efficiencies will be directed to ensure appropriate cash backing of statutory funds, provisions and reserves as well as funding the capital budget and other core services in the medium term.

The following table is a high-level summary of the 2025/26 budget and MTREF (classified per main type of operating expenditure):

Table 5: Summary of operating expenditure by standard classification item

WC052 Prince Albert - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
		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
R thousand	1										
Expenditure											
Employee related costs	2	23 570	29 460	34 385	39 906	40 311	40 311	40 311	46 169	46 490	50 587
Remuneration of councillors		3 142	3 018	3 324	3 689	3 689	3 689	3 689	3 948	4 264	4 455
Bulk purchases - electricity	2	15 796	16 197	17 345	20 907	20 950	20 950	20 950	23 322	24 572	26 093
Inventory consumed	8	565	428	666	649	687	687	687	754	789	825
Debt impairment	3	-	(3 638)	12 356	3 699	(44 086)	(44 086)	(44 086)	9 660	9 998	10 212
Depreciation and amortisation		5 363	7 094	7 443	6 150	6 150	6 150	6 150	6 580	7 107	7 249
Interest		1 940	2 097	3 251	373	2 591	2 591	2 591	2 713	2 918	3 138
Contracted services		7 837	9 248	8 055	9 858	9 870	9 870	9 870	14 042	13 776	19 843
Transfers and subsidies		390	490	277	128	478	478	478	200	498	510
Irrecoverable debts written off		10 972	18 210	4 078	1 177	58 053	58 053	58 053	3 795	3 966	4 145
Operational costs		10 353	12 370	12 940	13 070	12 633	12 633	12 633	12 213	13 291	13 927
Losses on disposal of Assets		449	-	38	-	-	-	-	-	-	-
Other Losses		-	-	584	-	1 000	1 000	1 000	1 000	1 000	1 000
Total Expenditure		80 377	94 975	104 741	99 607	112 326	112 326	112 326	124 396	128 667	141 984

The budgeted allocation for employee related costs for the 2025/26 financial year totals R46.169 Million. Employee related cost represents a 37.26% of the total operating expenditure, which is still in the national treasury norm of 32.00% to 41.00%. Yearly salary and benefit increases are being negotiated between SALGA (All municipalities representative), Imatu (Trade Union) and SAMWU (Trade Union) on a multiple year wage negotiation. The salary increases for officials other than the municipal manager, directors and councillors were budgeted on a 5.05% salary increase and a 4.00% increase on related fringe benefits, which represents a total increase of 9.05% on the total employee related cost.

The cost associated with the remuneration of public office bearers 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 remuneration cost of councillors is partially subsidized through the equitable share allocation awarded to the municipality in terms of the division of revenue Act. The total equitable share awarded to Prince Albert for the 2025/26 is R31 301 million, inclusive of the subsidy towards councillor remuneration. This is not nearly enough and is all municipalities pleading with the National Treasury to revise the Equitable Share calculation to take into consideration the demographics of each town in rural areas.

Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate at which assets are consumed.

Bulk purchases are directly informed by the purchase of electricity from Eskom. Electricity bulk purchases represent 18.82% of the total operating expenditure. The annual price increase has been factored into the budget appropriations and directly inform the revenue provisions.

Maintenance is once again prioritized to ensure the health of assets, yet the financial position still does not enable the municipality to sufficiently budget for all maintenance requirements, therefore the focus is once again on critical repairs and maintenance to secure sustainable service delivery.

1.6 CAPITAL EXPENDITURE FRAMEWORK

The following table provides a breakdown of budgeted capital expenditure by vote:

WC052 Prince Albert - Table A9 Asset Management

Description		Ref	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
			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
R thousand											
CAPITAL EXPENDITURE											
Total New Assets		1	198	—	10 055	1 614	1 438	1 438	6 500	8 609	7 827
Roads Infrastructure			(0)	—	—	—	—	—	—	—	—
Storm water Infrastructure			—	—	1 678	—	—	—	—	—	—
Electrical Infrastructure			—	—	207	—	—	—	—	3 309	2 727
Water Supply Infrastructure			198	—	1 888	—	—	—	2 304	—	—
Sanitation Infrastructure			—	—	—	—	—	—	—	—	—
Solid Waste Infrastructure			—	—	—	—	—	—	—	—	—
Rail Infrastructure			—	—	—	—	—	—	—	—	—
Coastal Infrastructure			—	—	—	—	—	—	—	—	—
Information and Communication Infrastructure			—	—	—	—	—	—	—	—	—
Infrastructure			198	—	3 772	—	—	—	2 304	3 309	2 727
Community Facilities			—	—	—	—	—	—	1 100	3 100	3 340
Sport and Recreation Facilities			—	—	—	—	—	—	—	—	—
Community Assets			—	—	—	—	—	—	1 100	3 100	3 340
Heritage Assets			—	—	—	—	—	—	—	—	—
Revenue Generating			—	—	—	—	—	—	—	—	—
Non-revenue Generating			—	—	—	—	—	—	—	—	—
Investment properties			—	—	—	—	—	—	—	—	—
Operational Buildings			(0)	—	764	—	1 038	1 038	—	1 500	1 000
Housing			—	—	—	—	—	—	—	—	—
Other Assets			(0)	—	764	—	1 038	1 038	—	1 500	1 000
Biological or Cultivated Assets			—	—	—	—	—	—	—	—	—
Services			—	—	—	—	—	—	—	—	—
Licences and Rights			—	—	—	—	—	—	—	—	—
Intangible Assets			—	—	—	—	—	—	—	—	—
Computer Equipment			—	—	537	217	217	217	459	—	—
Furniture and Office Equipment			—	—	126	52	52	52	240	190	210
Machinery and Equipment			—	—	4 856	1 344	130	130	467	510	550
Transport Assets			—	—	—	—	—	—	1 930	—	—
Land			—	—	—	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals			—	—	—	—	—	—	—	—	—
Mature			—	—	—	—	—	—	—	—	—
Immature			—	—	—	—	—	—	—	—	—
Living Resources			—	—	—	—	—	—	—	—	—
Total Renewal of Existing Assets											
Roads Infrastructure		2	(198)	—	15 965	27 454	30 076	30 076	13 075	13 353	9 116
Storm water Infrastructure			—	—	2 327	3 043	5 435	5 435	5 065	7 907	8 366
Electrical Infrastructure			—	—	1 534	7 211	4 619	4 619	—	3 645	—
Water Supply Infrastructure			(173)	—	10 684	14 130	16 224	16 224	396	—	—
Sanitation Infrastructure			98	—	346	—	—	—	—	—	—
Solid Waste Infrastructure			—	—	131	—	250	250	—	—	—
Rail Infrastructure			—	—	—	—	—	—	—	—	—
Coastal Infrastructure			—	—	—	—	—	—	—	—	—
Information and Communication Infrastructure			—	—	—	—	—	—	—	—	—
Infrastructure			(74)	—	15 022	24 385	26 528	26 528	5 460	11 553	8 366
Community Facilities			—	—	519	435	785	785	2 200	1 300	500
Sport and Recreation Facilities			—	—	—	—	—	—	—	—	—
Community Assets			—	—	519	435	785	785	2 200	1 300	500
Heritage Assets			—	—	—	—	—	—	—	—	—
Revenue Generating			—	—	—	—	—	—	—	—	—
Non-revenue Generating			—	—	—	—	—	—	—	—	—
Investment properties			—	—	—	—	—	—	—	—	—
Operational Buildings			—	—	173	217	217	217	—	500	250
Housing			—	—	—	—	—	—	—	—	—
Other Assets			—	—	173	217	217	217	—	500	250
Biological or Cultivated Assets			—	—	—	—	—	—	—	—	—
Services			—	—	—	—	—	—	—	—	—
Licences and Rights			—	—	—	—	—	—	—	—	—
Intangible Assets			—	—	—	—	—	—	—	—	—
Computer Equipment			—	—	—	—	—	—	—	—	—
Furniture and Office Equipment			—	—	—	—	—	—	—	—	—
Machinery and Equipment			—	—	—	—	—	—	—	—	—
Transport Assets			(124)	—	250	2 417	2 546	2 546	5 414	—	—
Land			—	—	—	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals			—	—	—	—	—	—	—	—	—
Mature			—	—	—	—	—	—	—	—	—
Immature			—	—	—	—	—	—	—	—	—
Living Resources			—	—	—	—	—	—	—	—	—
Total Upgrading of Existing Assets											
Roads Infrastructure		6	—	—	—	921	—	—	922	2 608	2 050
Storm water Infrastructure			—	—	—	—	—	—	—	—	—
Electrical Infrastructure			—	—	—	—	—	—	—	—	—
Water Supply Infrastructure			—	—	—	921	—	—	557	1 739	2 050
Sanitation Infrastructure			—	—	—	—	—	—	—	—	—
Solid Waste Infrastructure			—	—	—	—	—	—	—	—	—
Rail Infrastructure			—	—	—	—	—	—	—	—	—
Coastal Infrastructure			—	—	—	—	—	—	—	—	—
Information and Communication Infrastructure			—	—	—	—	—	—	—	—	—
Infrastructure			—	—	—	921	—	—	557	1 739	2 050
Community Facilities			—	—	—	—	—	—	—	—	—
Sport and Recreation Facilities			—	—	—	—	—	—	365	869	—
Community Assets			—	—	—	—	—	—	365	869	—
Heritage Assets			—	—	—	—	—	—	—	—	—
Revenue Generating			—	—	—	—	—	—	—	—	—
Non-revenue Generating			—	—	—	—	—	—	—	—	—
Investment properties			—	—	—	—	—	—	—	—	—
Operational Buildings			—	—	—	—	—	—	—	—	—
Housing			—	—	—	—	—	—	—	—	—
Other Assets			—	—	—	—	—	—	—	—	—
Biological or Cultivated Assets			—	—	—	—	—	—	—	—	—
Services			—	—	—	—	—	—	—	—	—
Licences and Rights			—	—	—	—	—	—	—	—	—
Intangible Assets			—	—	—	—	—	—	—	—	—
Computer Equipment			—	—	—	—	—	—	—	—	—
Furniture and Office Equipment			—	—	—	—	—	—	—	—	—
Machinery and Equipment			—	—	—	—	—	—	—	—	—
Transport Assets			—	—	—	—	—	—	—	—	—
Land			—	—	—	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals			—	—	—	—	—	—	—	—	—
Mature			—	—	—	—	—	—	—	—	—
Immature			—	—	—	—	—	—	—	—	—
Living Resources			—	—	—	—	—	—	—	—	—
Total Capital Expenditure - Asset class											
		4	(0)	—	26 020	29 989	31 515	31 515	20 497	24 569	18 994
Roads Infrastructure			(0)	—	2 327	3 043	5 435	5 435	5 065	7 907	8 366
Storm water Infrastructure			—	—	1 678	—	—	—	—	—	—
Electrical Infrastructure			—	—	207	7 211	4 619	4 619	—	6 954	2 727
Water Supply Infrastructure			25	—	12 572	15 051	16 224	16 224	3 257	1 739	2 050
Sanitation Infrastructure			98	—	346	—	—	—	—	—	—
Solid Waste Infrastructure			—	—	131	—	250	250	—	—	—
Rail Infrastructure			—	—	—	—	—	—	—	—	—
Coastal Infrastructure			—	—	—	—	—	—	—	—	—
Information and Communication Infrastructure			—	—	—	—	—	—	—	—	—
Infrastructure			124	—	18 794	25 305	26 528	26 528	8 321	16 600	13 144
Community Facilities			—	—	—	—	—	—	1 100	3 100	3 340
Sport and Recreation Facilities			—	—	519	435	785	785	2 565	2 169	500
Community Assets			—	—	519	435	785	785	3 665	2 569	3 840
Heritage Assets			—	—	—	—	—	—	—	—	—
Revenue Generating			—	—	—	—	—	—	—	—	—
Non-revenue Generating			—	—	—	—	—	—	—	—	—
Investment properties			—	—	—	—	—	—	—	—	—
Operational Buildings			(0)	—	937	217	1 256	1 256	—	2 000	1 250
Housing			—	—	—	—	—	—	—	—	—
Other Assets			(0)	—	937	217	1 256	1 256	—	2 000	1 250
Biological or Cultivated Assets			—	—	—	—	—	—	—	—	—
Services			—	—	—	—	—	—	—	—	—
Licences and Rights			—	—	—	—	—	—	—	—	—
Intangible Assets			—	—	—	—	—	—	—	—	—
Computer Equipment			—	—	537	217	217	217	459	—	—
Furniture and Office Equipment			—	—	126	52	52	52	240	190	210
Machinery and Equipment			—	—	4 856	1 344	130	130	467	510	550
Transport Assets			(124)	—	250	2 417	2 546	2 546	7 344	—	—
Land			—	—	—	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals			—	—	—	—	—	—	—	—	—
Mature			—	—	—	—	—	—	—	—	—
Immature			—	—	—	—	—	—	—	—	—
Living Resources			—	—	—	—	—	—	—	—	—
TOTAL CAPITAL EXPENDITURE - Asset class											
		5	(0)	—	26 020	29 989	31 515	31 515	20 497	24 569	18 994
ASSET REGISTER SUMMARY - PPE (W0V)											
Roads Infrastructure			174 371	189 644	208 029	244 782	233 394	233 394	214 489	231 952	239 645
Storm water Infrastructure			—	23 616	28 818	34 661	33 844	33 844	32 607	39 656	46 691
Electrical Infrastructure			10 253	13 021	14 321	14 183	13 964	13 964	13 939	13 526	13 105
Water Supply Infrastructure			9 919	12 419	14 244	18 256	18 256	18 256	13 478	20 472	22 478
Sanitation Infrastructure			40 985	44 950	55 888	71 067	70 526	70 526	57 421	57	

1.7 ANNUAL BUDGET TABLES - MUNICIPALITY

All the budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations are attached to the MTREF 2025/2026 Budget. These tables set out the municipality's 2025/26 budget and MTREF for the approved by the Council.

1.8 PUBLIC INPUT AND OBJECTIONS MTREF BUDGET 2025/2026

Prince Albert Municipality received public inputs on the 2025/2026 Annual MTREF Budget from the following consumers.

INPUTS TO DRAFT BUDGET 2025/2026		
Name and Surname	Date and Time	Comment
Attienne Arendse	04/04/2025 - 10:20	Only indication of the budget process and what should be included
Max Hoppe	16-04-2025 - 07:43	Objection to Use it or Lose it Sewerage Suction Tariff and Request to revert to two-tier structure
Mr and Mrs Brink	2025/04/16	Upgrading of gravel road - Fountain Circle De Beer Street
Quinton Macpherson	01/05/2025 - 18:47	Lack of Housing provision in the budget
		Insufficient support for youth development, skills development, and employment
		Inadequate allocation for old age needs
		Proper consultation with the broad community for maximum participation
Gert Bothma	02/05/2025 - 22:21	Voorgestelde tariefverhogings vir 2025/2026
		Verskeie insette rondom die A Skedule tabelle

Prince Albert Municipality consider above inputs from consumers, and in respect of the reduction in tariff increases, the municipality is in no financial position to reduce its proposed tariff increase on service as in classified in its 2025/2026 budget. The municipality however consider the upgrading of gravel roads in its capital budget in the amount of R 500 000 for the 2025/2026 MTREF budget.

Prince Albert Municipality received public inputs/ objections on its amended electricity tariffs with the Cost of Supply Study submitted to NERSA, for the 2025/2026 financial year, from the following consumers:

OBJECTION TO ELECTRICITY INCREASE OF 19.90%	
Name and Surname	Date and Time
Dr TJ Moore	20/05/2025 - 12:20
Tamsin Freemantle	20/05/2025 - 17:13
Quinton Macpherson	20/05/2025 - 18:21
Cobus Buys	21/05/2025 - 11:43
Gilbert Roberts	21/05/2025 - 13:50
Jill Schofield	21/05/2025 - 14:24
Annegret Schoeman	21/05/2025 - 15:03
Niel Hurford	21/05/2025 - 15:42
John McKenna	21/05/2025 - 16:54
Peter Dew	21/05/2025 - 17:39
Yolande Singery	21/05/2025 - 17:49
Max Hoppe	22/05/2025 - 07:07
Judith Stocker	22/05/2025 - 09:47
Daniel Miller	22/05/2025 - 11:01
Alisa Tudhope	22/05/2025 - 11:11
Elaine Hurford	22/05/2025 - 12:28
Jan-Munnik Van der Westerhuizen	22/05/2025 - 16:46
C Van Zyl	23/05/2025 - 18:36
Martin Schofield	25/05/2025 - 12:51

Prince Albert Municipality submitted its Cost of Supply Study to NERSA on 15 May 2025. The submitted cost of supply study indicated that the municipality had to increase its electricity tariffs from 11.32% as per public mayoral imbizo's held between 14 – 16 April 2025 to 19.90%, to recover cost and to recover the estimated R3mil loss it incurred during the 2024/2025 financial year, when no electricity increase was implemented. Prince Albert Municipality requested formal inputs on the amended electricity tariff of 19.90%, with closing date of 23 May 2025.

Prince Albert municipality considered the inputs and objection by its consumers and resolved to increase the electricity tariff by 17.50%, and not by 19.90% as is required, subject to final approval from NERSA. This relief to consumers may result in an above inflation rate increase in electricity tariffs, in the future.

Municipal Manager's quality certificate

I, Thys Giliomee, Municipal Manager of Prince Albert 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: *MATTHYS GERHARDUS GILIOME*

Municipal Manager of Prince Albert Municipality (WC052)

Signature:



Date:

29 May 2025