

**ANNUAL BUDGET
OF
ELIAS MOTSOALEDI LOCAL
MUNICIPALITY**



**2026/27 TO 2028/29
MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS**

ABBREVIATIONS AND ACRONYMS

AO	Accounting Officer	SAPS	South African Police Service
AMR	Automated Meter Reading	SDBIP	Service Delivery Budget Implementation Plan
LED	Local Economic Development	SMME	Small Micro and Medium Enterprises
MEC	Member of the Executive Committee	BPC	Budget Planning Committee
MFMA	Municipal Financial Management Act	CFO	Chief Financial Officer
MIG	Municipal Infrastructure Grant	CPI	Consumer Price Index
MMC	Member of Mayoral Committee	CRRF	Capital Replacement Reserve Fund
MPRA	Municipal Properties Rates Act	DBSA	Development Bank of South Africa
MSA	Municipal Systems Act	DORA	Division of Revenue Act
MTEF	Medium-term Expenditure Framework	DWA	Department of Water Affairs
MTREF	Medium-term Revenue and Expenditure Framework	EE	Employment Equity
NERSA	National Electricity Regulator South Africa	FBS	Free basic services
NGO	Non-Governmental organisations	GDP	Gross domestic product
NKPIs	National Key Performance Indicators	GFS	Government Financial Statistics
OHS	Occupational Health and Safety	GRAP	General Recognised Accounting Practice
OP	Operational Plan	HR	Human Resources
PBO	Public Benefit Organisations	IDP	Integrated Development Strategy
PMS	Performance Management System	IT	Information Technology
PPE	Property Plant and Equipment	KM	Kilometre
PPP	Public Private Partnership	KPA	Key Performance Area
RSC	Regional Services Council	KPI	Key Performance Indicator
SALGA	South African Local Government Association	KWH	Kilowatt
IDP	Integrated Development Plan		

Part 1- Annual Budget

Executive Summary

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

Section 17 of the Municipal Finance Management Act (MFMA) requires the municipality to prepare an annual budget in the prescribed format. National Treasury's MFMA circular 129 has been used as guidance for the compilation of the 2026/27 MTREF. The main challenges experienced during the compilation of the 2026/27 MTREF can be summarized as follows:

- Ageing and poorly maintained roads and electricity infrastructure
- Salaries and wage increase for municipal staff as well as the need to fill all active vacant positions.
- Sufficient surplus anticipated to be realized from operating budget makes it difficult to accommodate all the wards within the area of jurisdiction of the municipality in terms of capital projects implementations due to minimal collection rate especially of traffic fines.

The following budget principles and guidelines directly informed compilation of the 2026/27 MTREF:

- The 2026/27 adjustment budget priorities and targets as well as the base line allocations contained in that adjustment were adopted as the upper limits for the latest base lines for the 2026/27 annual budget.
- Tariffs and property rates increase should be affordable and should generally not exceed the inflation as measured by the CPI except where there are price increases in the inputs of services that are beyond the control of the municipality, for example: cost of bulk electricity. In addition, we had to ensure that our tariffs remained or moved towards being cost reflective and had to take into account the need to address infrastructure backlogs.
- Capital projects and activities funded from external grants are budgeted as per the gazetted amount as outlined in 2026/27 Division of Revenue Act (DoRA).
- In addition to cost containment implemented by the municipality, the following items and allocations thereof had to be kept at minimum level:
 - Catering services

- Refreshments and entertainment (R2 000 allocated per directorate for the entire financial year)
- Ad hoc travelling
- Accommodation
- Subsistence, travelling and conference fees, and
- Overtime.

In view of the aforementioned information, the following table is a consolidated overview of the proposed 2026/27 Medium Term Revenue and Expenditure Framework:

SUMMARY OF 2026/27 MEDIUM TERM REVENUE EXPENDITURE FRAMEWORK

Description	2025/26	2026/27	2027/28	2028/29
	Adjusted Budget	Draft Budget	Indicative Budget	Indicative Budget
Total Revenue	968 686 521	916 382 785	931 862 791	981 645 790
Less: Transfer Recognosed Capital	135 938 063	75 505 000	76 190 000	78 750 112
Operating Revenue	832 748 458	840 877 785	855 672 791	902 895 678
Operating Expenditure	823 357 322	832 571 147	828 031 220	862 356 664
Surplus/(Deficit) - Operating	9 391 136	8 306 638	27 641 571	40 539 014
Surplus/(Deficit) - Overall	145 329 199	83 811 638	103 831 571	119 289 126
Capital Expenditure	142 655 917	78 435 000	90 336 524	93 108 016
Funding:				
National Government	135 938 063	75 505 000	76 190 000	78 750 112
Surplus Cash	6 717 854	2 930 000	14 146 524	14 357 904

The above table is used as a testing tool for determination of municipal deficit or surplus throughout 2026/27 MTREF and as presented, the budget has operating surplus of R8, 3 million; R27, 6 million and R40, 5 million respectively throughout the MTREF period.

Total operating revenue and expenditure for 2026/27 financial year amounts to R840, 8 million; R855, 6 million and R902, 8 million respectively. The budget increases steadily in the outer years.

Total capital expenditure amounting to R78, 4 million is inclusive of conditional grants in terms of DoRA allocation to the tune of R75, 5 million and internally funded projects R2, 9 million.

1.1 Operating Revenue Framework

For Elias Motsoaledi Local Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of this municipality. The reality is that we are faced with developmental backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices had to be made in relation to the setting of tariff increases and balancing expenditures against realistically anticipated revenues and prioritization of capital projects as contained in the Integrated Development Plan (i.e. the needs of all wards within Elias Motsoaledi Local Municipality).

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

- National Treasury's guidelines and macroeconomic policy
- Efficient revenue management, which aims to ensure 85% annual collection rate for property rates and other key service charges.
- Electricity tariff increases that are approved by the prior year National Electricity Regulator of South Africa (NERSA)
- Achievement of full cost recovery of specific user charges especially in relation to trading services
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service
- The municipality's property rates policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA)
- The municipality's indigent policy and rendering of free basic services; and
- Tariff policies of the municipality.

REVENUE BY SOURCE: PROPORTION

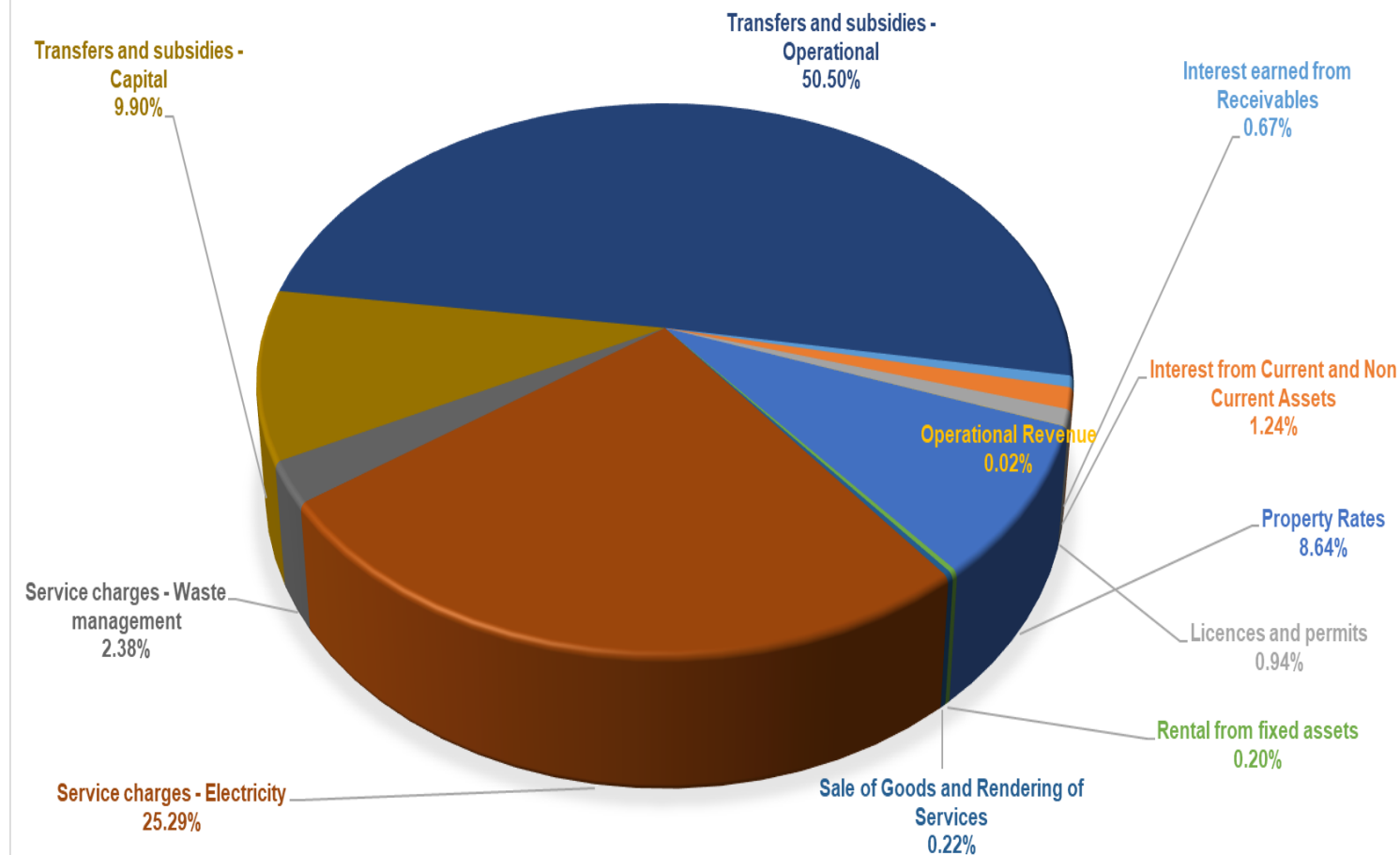


Figure 1 Main operational revenue categories for the 2026/27 financial year.

In line with the formats prescribed by the Municipal Budget and Reporting Regulations (MBRR), transfer recognized - capital is excluded from the operating revenue statement, as inclusion of this revenue source would distort the calculation of the operating surplus/deficit.

Revenue to be generated from operational grants amounts to R385 million translating to 50,5% for 2026/27 financial year making it clear that the municipality is still grants dependent however the level of dependency is gradually going down. In addition, revenue to be generated from rates and services charges electricity amounts to 25,2% and 8,64% respectively. In the 2026/27 financial year, revenue from rates and services charges adds up to R211 million translating to 27,6%. This increases to R225, 9 million and R242 million in the respective financial outer years of the MTREF.

Service charges are the second largest revenue source followed by fines that amount to R133, 6 million in 2026/27 financial year and R138 million and R142, 4 million respectively in the outer years.

Transfers and Grants Receipts

Description	2022/23	2023/24	2024/25	Current year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year 2027/28	Budget Year 2028/29
R thousands									
RECEIPTS									
Operating									
National Government									
Equitable Share	334 260	358 519	377 690	375 888	375 888	375 888	352 474	348 614	375 006
Expanded Public Works Programme Integrated Grant	1 796	2 243	2 609	2 862	2 862	2 862	2 771	-	-
Integrated National Electrification Programme [Schedule 5B]					20 283	20 283	18 430	9 209	5 445
Local Government Financial Management Grant	2 850	2 850	2 800	2 800	2 800	2 800	2 800	2 900	2 900
Total Operating/National Government	338 906	363 612	383 099	381 550	401 833	401 833	376 475	360 723	383 351
Other Grant Providers									
Education, Training and Development Practices SETA		968		376	376	376	-	-	-
Total Operating/Other Grant Providers	-	968	-	376	376	376	-	-	-
Total Operating	338 906	364 580	383 099	381 926	402 208	402 208	376 475	360 723	383 351
Capital									
National Government									
Energy Efficiency and Demand Side Management Grant			4 000	4 000	4 000	4 000	-	-	-
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]	17 000	14 400	17 544	20 283	(1)	(1)	-	-	-
Municipal Disaster Recovery Grant			3 488		44 132	44 132	-	-	-
Municipal Infrastructure Grant	73 896	66 747	88 792	67 807	67 807	67 807	68 650	76 190	78 586
Total Capital/National Government	90 896	81 147	113 824	92 090	115 938	115 938	68 650	76 190	78 586
District Municipalities									
Infrastructure	-	-	-	-	20 000	20 000	-	-	-
Total Capital/District Municipalities	-	-	-	-	20 000	20 000	-	-	-
Other Grant Providers									
Education, Training and Development Practices SETA	-	-	350	-	-	-	-	-	-
Total Capital/Other Grant Providers	-	-	350	-	-	-	-	-	-
Total Capital	90 896	81 147	114 174	92 090	135 938	135 938	68 650	76 190	78 586
TOTAL	429 802	445 727	497 273	474 016	538 147	538 147	445 125	436 913	461 937

The above table outlines the operating grants and transfers allocated to Elias Motsoaledi Local Municipality for 2026/27 MTREF and these grants are contributing significantly towards the revenue-base of the municipality.

1.4.1 Property Rates

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.

National Treasury's MFMA Circular No. 51 deals, inter alia, with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-

operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0.25:1 (zero point two five is to one). The implementation of these regulations was implemented in the previous budget process and the Property Rates Policy of the Municipality conforms to the stipulations of the above-mentioned regulations more especially on the ratio thereof. The stipulation in the Property Rates Policy is highlighted below:

- The first R30 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this exemption, the following additional rebates on the market value of a property will be granted in terms of the municipality's own property rates tariffs:

PROPERTY CATEGORY	ADDITIONAL REBATES
Residential Properties	20%
Business, commercial and mining properties	25%
Industrial properties	0%
Agricultural Properties	0%
State Owned Properties for benefit of the public	20%
Public Service Infrastructure properties	0%
Public Benefit Organization Properties/OLD Age	0%
Vacant	20%

The following owners may be granted a rebate on, or a reduction in the rates payable on their property:

- Pensioners that meet the following criteria:
 - Registered owner of property,
 - Applicant must reside on the property,
 - Income not exceeding an amount set by Council,
- Ratable property registered in the name of the Council., if such property is used in supplying electricity, water, and gas or sewerage services.
- Hospitals, clinics, and institutions for mentally ill persons, which are not operated for gain.
- Ratable property registered in the name of an agricultural society affiliated to or recognized by the South African Agricultural Union, which is used for the purpose of such society.
- Cemeteries and crematoriums, which are registered in the names of private persons, and which are used exclusively for burials and cremations.
- Museums, art galleries, libraries and botanical gardens which are open to the public, whether admission fees are charged or not.

- Sports grounds used for the purpose of amateur sports and any social activities, which are connected with such sports.
- Ratable property registered in the name of benevolent or charitable organizations, registered as a (NPO) Non-Profit Organization or any ratable property let by the Council to any of the named organizations.
- Owners of a property situated in an area affected by a disaster within the meaning of the Disaster Management Act, 2002 or in any other serious adverse social or economic conditions.
- Owners of residential properties with to which Section 17(1)(h) of the Act applies on the market value of the property less the amount stated in that Section or higher amount as determined by Council.
- State or public infrastructure and their rates may be reduced to a percentage which is contemplated in Section 11 of the Act.
- Owners of agricultural properties who are bona fide farmers.

1.4.2 Sale of electricity and impact of tariff increases

The National Energy Regulator of South Africa (NERSA) is responsible for price determination of the bulk costs for electricity. Bulk electricity costs are consistently much higher than inflation, having gone as high as 7.6 per cent in the 2026/27 municipal financial year. Eskom's need for increased funding means that over the period ahead they are applying for much higher tariff increases.

Registered indigents will continue to get 50 kWh allocated to them and this will result in indigents receiving 50 kWh per 30-day period free of charge.

National Treasury encouraged municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality which is contradictory with setting cost-reflective tariffs. The Consumer Price Index (CPI) inflation is forecasted to be within the lower limit of the 2 to 5 per cent target band; therefore, municipalities are required to pay careful attention to tariff increases across all consumer groups.

1.4.3 Waste removal and impact of tariff increase

Service charge refuse removal is currently not doing fairly well since the revenue generated is currently less than the anticipated expenditure to be incurred and the municipality will, therefore, 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 for the function not to break-even are landfill sites, increases in general

expenditure such as petrol and diesel and the cost of contracted service provider for refuse removal.

1.5 Operating Expenditure Framework

The municipality's expenditure framework for the 2026/27 budget and MTREF are informed by the following:

- The renewal of existing assets and the repairs and maintenance needs.
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA.
- The alignment of capital programme to the asset renewal requirement as per MBRR.
- Operational surplus will be directed to funding the capital budget.

The budgeted allocation for employee related costs and remuneration of councilors for the 2026/27 financial year totals R263 million, which equals 32% of the total operating expenditure. Based on MFMA circular 129, the two outer years' salary increases have been factored into this budget at CPI percentage increase of 3,3% and 3,2% respectively. The CPI also applied for remuneration for councilors for outer years.

The cost associated with the remuneration of councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the municipality's budget. The provision of debt impairment was determined based on the annual average collection rate of 47% and the credit control policy of the municipality. For the 2026/27 financial year this amount equates to R90, 4 million and escalates to R93, 4 million in 2027/28 and R96, 4 million 2028/29. While this expenditure is considered a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.

Provision for depreciation and asset impairment has been made by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate for asset consumption. Budget appropriations in this regard total R62 million for the 2026/27 financial year and equate to 7% of the total operating expenditure. Cognizance should be taken that the implementation of GRAP 17 accounting standard has meant bringing a range of assets previously not included in the assets register onto the register. Note should therefore be taken that depreciation and asset impairment as well as debt impairment constitute non-cash items and as a result

they are excluded when determining surplus to be expended for funding capital projects, if any.

Bulk purchase is directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditure includes distribution losses.

Other material comprises of amongst others the purchase of materials for maintenance, cleaning materials and chemicals. In line with the municipality's repairs and maintenance plan this group of expenditure has been prioritized to ensure sustainability of the municipality's infrastructure.

Contracted services comprise of 14% or R119, 7 million of the total operational budgets for the 2026/27 financial year and increases to R78, 5 million and R73, 6 million in the two respective outer years. The norm for contracted services is 2% to 5% and as a result, the budget for contracted services through the MTREF period is excessive.

Other expenditure comprises various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

The following diagram gives a breakdown of the main expenditure categories for the 2026/27 financial year.

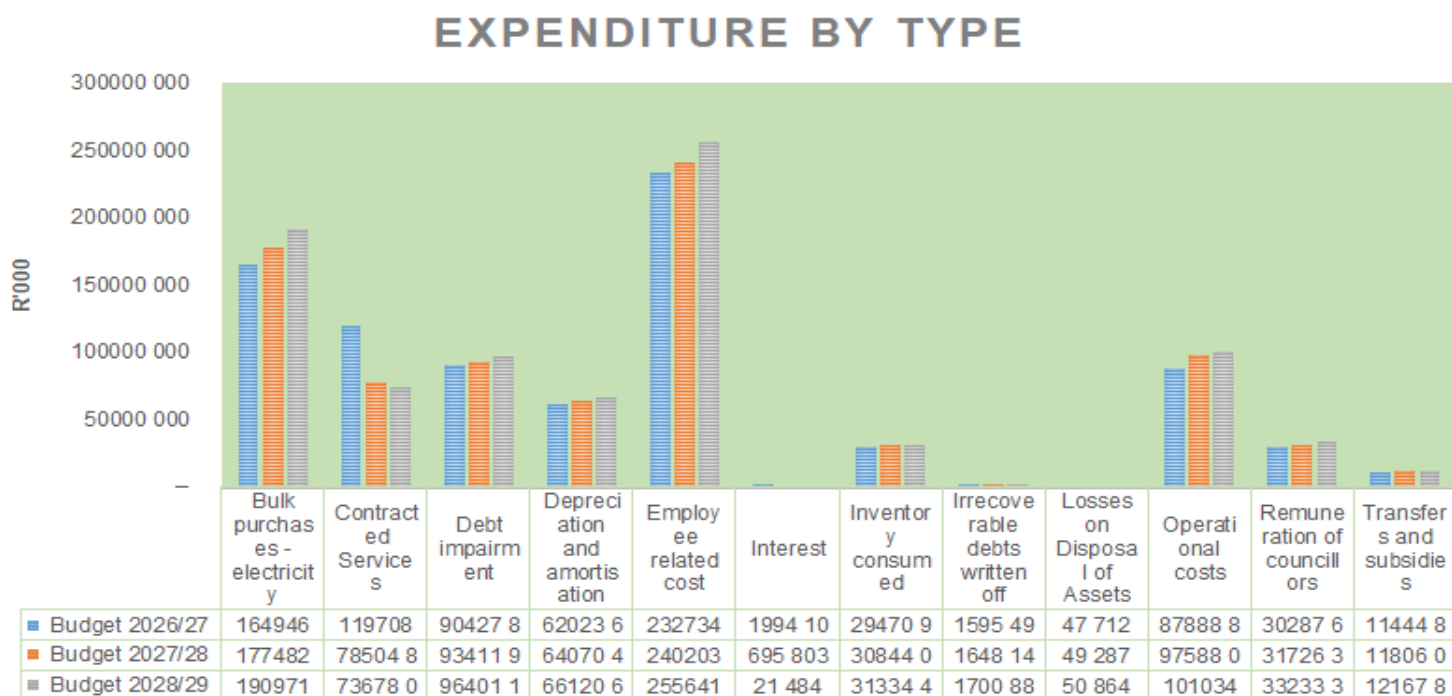


Figure 2 Main operational expenditure categories for the 2026/27 financial year

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2026/27 budget and MTREF provide for budget appropriations in the area of asset maintenance, as informed by the asset renewal and repairs and maintenance needs. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services.

During the compilation of the 2026/27 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance. In this MTREF, repairs and maintenance budget has increased from R40, 6 million in 2026/27 to R44, 1 million in 2026/27 then decreases to R27, 7 million and further decreases to R22, 8 million respectively in the outer years. In addition, the municipality is still experiencing budgetary constraints that can meet the required 8% that repairs and maintenance should contribute towards property, plant and equipment, and investment property. In relation to property, plant and equipment, repairs and maintenance comprise of 2.6% throughout the MTREF period and this percentage is however way below the set norm of 8% as stipulated by National Treasury.

For the 2026/27 financial year R15, 8 million in total repairs and maintenance will be spent on infrastructure assets. The other assets that have been catered for in the repairs and maintenance budget are buildings, roads, maintenance of websites, machinery and equipment and transport assets. The overall budget for repairs and maintenance has decreased from R40, 6 million to R44, 1 million.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. Details relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 10 MBRR A10 (Basic Service Delivery Measurement) on.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act and this package covers all the basic services provided by EMLM and these services include, property rates rebates, service charges electricity, and refuse removal.

1.6 Capital expenditure

The major portion of capital expenditure budget is appropriated in vote 6 and for 2026/27 and the budget in vote 6 is mainly for electrification and road infrastructure capital projects. The other departments', *id-est* Corporate Services – the appropriations are mainly for procurement of operational equipment such as ICT equipment, Office furniture, and other equipment while Community Services – the appropriations are for fencing of cemeteries and landfill sites.

Some of the salient projects to be undertaken over the medium-term include, amongst others:

Description R thousands	2026/27 Medium Term Revenue & Expenditure Framework		
	Budget Year 2026/27	Budget Year 2027/28	Budget Year 2028/29
Total Capital Expenditure			
<i>Roads Infrastructure</i>	67 650	76 190	78 586
<i>Storm water Infrastructure</i>	1 739	2 672	2 349
<i>Electrical Infrastructure</i>	3 935	6 087	5 382
<i>Solid Waste Infrastructure</i>	1 872	783	870
Community Facilities	696	1 565	2 435
Operational Buildings	652	752	1 500
Computer Equipment	913	959	1 007
Furniture and Office Equipment	300	857	503
Machinery and Equipment	600	383	374
Transport Assets	78	90	104
TOTAL CAPITAL EXPENDITURE - Asset Class	78 435	90 337	93 108

1.7 Annual Budget Tables

The following tables present the main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2026/27 annual budget and MTREF.

Table A1 - Budget Summary

Description	2022/23	2023/24	2024/25	Current year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2026/27	Budget Year 2027/28	Budget Year 2028/29
R thousands										
Financial Performance										
Property rates	54 993	59 158	61 749	63 085	65 527	65 527	43 430	65 915	68 090	70 269
Service charges	99 950	118 021	149 569	186 549	195 595	195 595	121 060	211 000	225 996	242 072
Investment revenue	2 996	7 316	8 064	6 656	9 110	9 110	6 363	9 447	9 759	10 071
Transfer and subsidies - Operational	338 906	364 580	383 099	381 926	402 208	402 208	287 706	385 077	376 716	399 677
Other own revenue	151 932	121 069	153 433	132 267	160 308	160 308	86 628	169 439	175 113	180 806
Total Revenue (excluding capital transfers and contributions)	648 777	670 144	755 915	770 483	832 748	832 748	545 187	840 878	855 673	902 896
Employee costs	164 834	188 236	205 246	209 467	221 967	221 967	151 885	232 734	240 203	255 642
Remuneration of councillors	25 945	26 131	27 737	30 966	28 914	28 914	18 316	30 288	31 726	33 233
Depreciation and amortisation	65 613	70 667	62 865	64 315	62 562	62 562	42 352	62 024	64 070	66 121
Finance charges	12 325	11 344	10 516	5 962	3 142	3 142	1 458	1 994	696	21
Inventory consumed and bulk purchases	132 547	152 718	167 731	175 262	179 831	179 831	91 278	194 418	208 327	222 306
Transfers and subsidies	9 409	17 710	14 313	13 645	11 054	11 054	5 669	11 445	11 806	12 168
Other expenditure	272 065	255 677	265 880	253 643	315 886	315 886	156 953	299 669	271 202	272 866
Total Expenditure	682 738	722 483	754 287	753 260	823 357	823 357	467 911	832 571	828 031	862 357
Surplus/(Deficit)	(33 961)	(52 339)	1 628	17 223	9 391	9 391	77 276	8 307	27 642	40 539
Transfers and subsidies - capital (monetary allocations)	90 896	81 147	114 174	92 090	135 938	135 938	80 846	75 505	76 190	78 750
Transfers and subsidies - capital (in-kind)	920	20	7 676	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	57 854	28 827	123 478	109 313	145 329	145 329	158 122	83 812	103 832	119 289
Share of Surplus/Deficit attributable to Associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	57 854	28 827	123 478	109 313	145 329	145 329	158 122	83 812	103 832	119 289
Capital expenditure & funds sources										
Capital expenditure	109 747	83 174	134 546	98 829	142 656	142 656	178 002	78 435	90 337	93 108
Transfers recognised - capital	82 823	71 376	93 589	92 090	135 941	135 941	-	72 505	76 190	78 750
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	24 180	23 745	14 555	6 739	6 715	6 715	-	5 930	14 147	14 358
Total sources of capital funds	107 002	95 121	108 144	98 829	142 656	142 656	-	78 435	90 337	93 108
Financial position										
Total current assets	258 451	285 140	375 109	349 635	335 893	335 893	518 727	408 745	370 922	355 260
Total non current assets	1 242 840	1 152 086	1 214 795	1 562 593	1 332 092	1 332 092	1 231 443	1 098 413 573	1 186 275 815	1 281 170 579
Total current liabilities	195 436	179 569	178 673	120 907	85 844	85 844	179 674	64 032	109 616	53 562
Total non current liabilities	117 573	124 347	158 626	160 746	169 870	169 870	163 329	157 760	141 355	116 004
Community wealth/Equity	1 188 282	1 130 883	1 252 859	1 630 576	1 412 271	1 412 271	1 407 168	1 098 600 526	1 186 395 766	1 281 356 273
Cash flows										
Net cash from (used) operating	(39 643)	21 066	165 173	125 879	119 419	119 419	188 443	93 184	83 728	86 731
Net cash from (used) investing	(99 203)	(97 122)	(115 840)	(46 899)	(120 846)	(120 846)	(67 558)	(72 002)	(82 760)	(85 301)
Net cash from (used) financing	(7 025)	(10 601)	(8 578)	(8 979)	(5 922)	(5 922)	(2 753)	(7 499)	(7 323)	(577)
Cash/cash equivalents at the year end	(131 152)	(53 565)	63 429	90 859	57 559	57 559	250 531	71 243	64 888	65 742
Cash backing/surplus reconciliation										
Cash and investments available	34 567	24 139	67 622	90 859	57 348	57 348	165 403	71 243	64 888	65 742
Application of cash and investments	138 204	54 395	(9 937)	(67 163)	(101 285)	(101 285)	(53 608)	-	-	-
Balance - surplus (shortfall)	(103 637)	(30 256)	77 559	158 021	158 633	158 633	219 011	71 243	64 888	65 742
Asset management										
Asset register summary (WDV)	1 068 982	1 008 936	994 139	1 188 027	1 058 963	1 058 963	1 109 154	1 214 948	1 223 242	1 236 444
Depreciation	60 957	58 573	58 775	63 492	61 739	61 739	42 352	62 024	64 070	66 121
Renewal and Upgrading of Existing Assets	79 519	57 449	96 785	64 810	85 180	85 180	167 533	70 317	77 273	80 351
Repairs and Maintenance	37 457	36 818	34 711	40 688	44 819	44 819	27 479	44 120	29 788	22 896
Free services										
Cost of Free Basic Services provided	-	-	-	(8 394)	(8 394)	(8 394)	-	(11 445)	(11 806)	(12 168)
Revenue cost of free services provided	-	-	-	13 311	13 311	13 311	-	12 360	12 751	13 141
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	3 480	3 480	-	4 109	4 109	4 109	4 109	4 109	4 109	4 109
Refuse:	54 129	54 129	-	59 803	59 803	59 803	59 803	59 803	59 803	59 803

Explanatory notes to Table A1 - Budget Summary

- Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
 - The table provides an overview of the amounts contained in the annual budget for operating performance, resources deployed to capital expenditure, financial position, cash, and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
 - Financial management reforms emphasise the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow budgets, along with the capital budget. The budget summary provides the key information in this regard:
 - a. The operating surplus/deficit (after total expenditure net of non-cash items) is positive over the MTREF period.
 - b. Capital expenditure is balanced by capital funding sources, of which:
 - i. Transfers recognised is reflected on the Financial Performance budget.
 - ii. Internally generated funds are financed from a combination of the current operating surplus. The amount is incorporated in the Net cash from investing on the Cash Flow budget. The fact that the municipality's cash flow remains positive and is improving indicates that the necessary cash resources are available to fund the capital budget.
2. The Cash backing/surplus reconciliation shows that the municipality does not have reserves and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position with regards to replacement of assets since no capital replacement reserve is in place. Notwithstanding the absence of capital replacement reserves, at least the municipality is not operating on an over annual nor funding some of its capital projects through direct borrowings. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor. The section of free services shows that the amount spent on free basic services and the revenue cost of free services provided by the municipality has dropped and this is attributed to offering free basic services only to indigents and this function is not yet optimized.

Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2022/23	2023/24	2024/25	Current year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year 2027/28	Budget Year 2028/29
R thousands									
Revenue - Functional									
<i>Municipal governance and administration</i>	290 824	312 257	333 402	303 735	313 729	313 729	312 804	312 167	329 253
Executive and council	43 728	42 864	52 513	51 149	51 149	51 149	50 149	51 149	54 729
Finance and administration	233 642	252 834	262 005	238 425	248 419	248 419	248 494	248 857	261 512
Internal audit	13 455	16 559	18 884	14 161	14 161	14 161	14 161	12 161	13 013
<i>Community and public safety</i>	143 059	118 889	36 311	24 092	24 045	24 045	160 928	166 021	174 437
Community and social services	10 947	11 295	11 332	10 504	10 488	10 488	7 068	7 071	7 562
Sport and recreation	17 031	17 577	15 940	13 589	13 558	13 558	17 001	17 002	18 191
Public safety	115 082	90 016	9 038				136 859	141 948	148 683
Housing									
Health									
<i>Economic and environmental services</i>	140 596	132 778	284 080	271 929	356 884	356 884	164 666	169 812	178 313
Planning and development	21 923	23 802	35 268	26 487	27 298	27 298	27 305	24 624	26 240
Road transport	117 863	108 139	245 045	244 611	328 754	328 754	136 529	144 356	151 182
Environmental protection	811	836	3 767	832	832	832	832	832	890
<i>Trading services</i>	166 114	187 386	223 972	262 816	274 028	274 028	277 986	283 864	299 644
Energy sources	129 775	136 984	184 590	216 641	226 977	226 977	234 516	239 693	253 214
Water management									
Waste water management									
Waste management	36 339	50 403	39 383	46 175	47 051	47 051	43 470	44 170	46 429
<i>Other</i>									
Total Revenue - Functional	740 593	751 310	877 765	862 573	968 687	968 687	916 383	931 863	981 646
Expenditure - Functional									
<i>Municipal governance and administration</i>	232 117	252 630	271 291	281 363	311 653	311 653	306 278	317 006	336 181
Executive and council	44 611	45 644	50 350	53 160	51 349	51 349	49 610	52 669	55 078
Finance and administration	175 536	195 043	205 997	214 460	243 615	243 615	240 783	247 748	263 291
Internal audit	11 970	11 943	14 944	13 744	16 688	16 688	15 885	16 588	17 812
<i>Community and public safety</i>	151 899	68 466	55 610	36 375	40 253	40 253	142 245	144 311	151 894
Community and social services	9 424	35 178	11 963	17 215	8 641	8 641	12 204	12 568	13 468
Sport and recreation	8 981	11 776	23 312	18 916	26 390	26 390	18 229	14 652	15 458
Public safety	133 495	21 512	20 335	244	5 221	5 221	111 812	117 091	122 968
Housing									
Health									
<i>Economic and environmental services</i>	122 636	184 741	207 179	217 465	213 274	213 274	128 731	131 371	132 885
Planning and development	18 411	20 264	25 275	27 626	27 084	27 084	34 977	34 369	34 344
Road transport	104 225	164 477	181 820	188 559	186 076	186 076	92 755	95 962	97 456
Environmental protection			83	1 280	114	114	999	1 041	1 084
<i>Trading services</i>	176 086	216 645	220 207	218 057	258 177	258 177	255 317	235 343	241 397
Energy sources	118 544	137 022	161 217	170 466	203 913	203 913	203 644	211 919	217 102
Water management									
Waste water management									
Waste management	57 542	79 624	58 990	47 591	54 265	54 265	51 673	23 424	24 295
<i>Other</i>									
Total Expenditure - Functional	682 738	722 483	754 287	753 260	823 357	823 357	832 571	828 031	862 357
Surplus/(Deficit)	57 854	28 827	123 478	109 313	145 329	145 329	83 812	103 832	119 289

Explanatory notes to Table A2 - Budgeted Financial Performance (by standard classification)

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into different functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
- Note the total revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

Table A3 - Budgeted Financial Performance (by vote)

Vote Description	2022/23	2023/24	2024/25	Current Year 2025/26		2020/21 Medium Term Revenue &		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Revenue by Vote								
Vote 1 - Executive and Council	37 271	36 200	48 780	46 493	46 493	46 493	46 493	49 748
Vote 2 - Municipal Manager	46 531	52 692	53 017	41 927	41 927	40 927	39 927	42 721
Vote 3 - Budget and Treasury	110 459	127 961	146 875	143 599	153 700	155 660	162 007	168 601
Vote 4 - Corporate Services	50 657	56 661	46 686	36 374	36 267	34 381	28 398	30 366
Vote 5 - Community Services	166 192	163 089	110 044	189 270	210 118	214 427	220 457	231 568
Vote 6 - Technical Services	246 456	245 385	387 357	368 377	442 837	387 143	399 911	421 651
Vote 7 - Development Planning	13 676	13 529	19 670	18 235	19 047	19 053	16 373	17 411
Vote 8 - Executive Support	14 925	15 770	19 701	18 298	18 298	18 298	18 298	19 579
Total Revenue by Vote	686 167	711 287	832 129	862 573	968 687	916 383	931 863	981 646
Expenditure by Vote to be appropriated								
Vote 1 - Executive and Council	35 203	39 933	43 295	43 414	41 449	42 737	45 509	47 441
Vote 2 - Municipal Manager	45 242	45 561	51 629	51 785	55 816	57 105	60 923	65 753
Vote 3 - Budget and Treasury	61 309	71 126	84 720	84 879	112 516	83 712	84 233	90 301
Vote 4 - Corporate Services	26 464	28 973	32 137	46 836	39 963	59 489	62 279	65 122
Vote 5 - Community Services	161 366	160 788	135 192	195	200 988	207 381	181 716	190 819
Vote 6 - Technical Services	217 995	224 368	265 963	289	324 658	328 000	338 830	345 603
Vote 7 - Development Planning	13 716	12 706	17 900	20 568	20 187	27 549	26 550	26 127
Vote 8 - Executive Support	23 555	26 738	26 747	22 310	27 681	26 597	27 991	31 190
Total Expenditure by Vote	584 850	610 193	657 583	270 275	823 258	832 571	828 031	862 357
Surplus/(Deficit) for the year	101 317	101 094	174 546	592 298	145 429	83 812	103 832	119 289

Explanatory notes to Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of the Municipality.

Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	2022/23	2023/24	2024/25	Current year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2026/27	Budget Year 2027/28	Budget Year 2028/29
R thousands										
Revenue										
Exchange Revenue										
Service charges - Electricity	90 414	105 796	136 564	164 683	173 733	173 733	112 219	192 828	207 224	222 699
Service charges - Water	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Management	9 537	12 225	13 006	21 866	21 862	21 862	8 841	18 172	18 772	19 373
Sale of Goods and Rendering of Services	894	625	1 805	1 897	1 652	1 652	994	1 713	1 770	1 827
Agency services	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables	2 645	2 646	3 972	2 829	4 853	4 853	2 704	5 101	5 351	5 613
Interest earned from Current and Non Current Assets	2 996	7 316	8 064	6 656	9 110	9 110	6 363	9 447	9 759	10 071
Dividends	-	-	-	-	-	-	-	-	-	-
Rent on Land	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets	950	1 217	1 357	1 467	1 467	1 467	688	1 521	1 571	1 622
Licence and permits	-	6 344	5 939	6 916	6 916	6 916	4 528	7 172	7 409	7 646
Special rating levies	-	-	-	-	-	-	-	-	-	-
Operational Revenue	353	151	149	752	5	5	115	134	138	143
Non-Exchange Revenue										
Property rates	54 993	59 158	61 749	63 085	65 527	65 527	43 430	65 915	68 090	70 269
Surcharges and Taxes	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	115 439	90 047	114 092	104 744	125 975	125 975	66 147	133 636	138 046	142 463
Licences or permits	6 062	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational	338 906	364 580	383 099	381 926	402 208	402 208	287 706	385 077	376 716	399 677
Interest	11 555	13 125	15 053	13 664	19 442	19 442	11 446	20 162	20 827	21 493
Fuel Levy	-	-	-	-	-	-	-	-	-	-
Operational Revenue	-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets	-	61	4 045	-	-	-	7	-	-	-
Other Gains	14 033	6 853	7 021	(2)	(2)	(2)	-	-	-	-
Discontinued Operations	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contri	648 777	670 144	755 915	770 483	832 748	832 748	545 187	840 878	855 673	902 896
Expenditure										
Employee related costs	164 834	188 236	205 246	209 467	221 967	221 967	151 885	232 734	240 203	255 642
Remuneration of councillors	25 945	26 131	27 737	30 966	28 914	28 914	18 316	30 288	31 726	33 233
Bulk purchases - electricity	93 185	109 783	129 796	150 170	153 296	153 296	77 152	164 947	177 483	190 972
Inventory consumed	39 362	42 936	37 934	25 092	26 535	26 535	14 126	29 471	30 844	31 334
Debt impairment	126 100	92 121	97 721	88 634	95 612	95 612	12 786	90 428	93 412	96 401
Depreciation and amortisation	65 613	70 667	62 865	64 315	62 562	62 562	42 352	62 024	64 070	66 121
Interest	12 325	11 344	10 516	5 962	3 142	3 142	1 458	1 994	696	21
Contracted services	75 939	79 233	92 749	92 371	115 048	115 048	73 088	119 709	78 505	73 678
Transfers and subsidies	9 409	17 710	14 313	13 645	11 054	11 054	5 669	11 445	11 806	12 168
Irrecoverable debts written off	-	3 755	4 042	681	20 370	20 370	19 979	1 595	1 648	1 701
Operational costs	58 011	56 682	63 759	71 913	84 812	84 812	51 097	87 889	97 588	101 035
Losses on disposal of Assets	5 784	23 282	3 643	44	44	44	3	48	49	51
Other Losses	6 231	604	3 966	-	-	-	-	-	-	-
Total Expenditure	682 738	722 483	754 287	753 260	823 357	823 357	467 911	832 571	828 031	862 357
Surplus/(Deficit)	(33 961)	(52 339)	1 628	17 223	9 391	9 391	77 276	8 307	27 642	40 539
Transfers and subsidies - capital (monetary allocations)	90 896	81 147	114 174	92 090	135 938	135 938	80 846	75 505	76 190	78 750
Transfers and subsidies - capital (in-kind)	920	20	7 676	-	-	-	-	-	-	-
contributions	57 854	28 827	123 478	109 313	145 329	145 329	158 122	83 812	103 832	119 289
Income Tax	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax	57 854	28 827	123 478	109 313	145 329	145 329	158 122	83 812	103 832	119 289
Share of Surplus/Deficit attributable to Joint Venture	-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	57 854	28 827	123 478	109 313	145 329	145 329	158 122	83 812	103 832	119 289
Share of Surplus/Deficit attributable to Associate	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	57 854	28 827	123 478	109 313	145 329	145 329	158 122	83 812	103 832	119 289

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Operating revenue is R840, 8 million in 2026/27 and escalates to R855, 6 million and R902, 8 million in the outer years.
2. Service charges (waste management and electricity)
Services charges relating to electricity and refuse removal, these revenue sources contribute significantly to the revenue basket of the municipality and the contribution thereof totals R211 million for the 2026/27 financial year and increasing to R225, 9 million in 2027/28 and further increasing to R242 million in 2028/29 financial year.
3. Service charges - electricity
Electricity tariffs have increased by 7,6% as per the cost of supply study submitted to NERSA and this is in line with bulk purchase tariff increase.
4. Service charge – waste management
Service charge – waste management is based on consideration of the actual performance and adjusted estimates for the remaining months of 2025/26 financial year and in conjunction with the audited amount and CPI.
5. Property rates, interest on outstanding debtors (exchange and non-exchange)
A data cleansing process was performed on the system for property rates, service charges and electricity, focusing on quick code, tariff codes and property categories. This resulted in a decrease in the budget and had an impact on interest projections.
6. Interest earned from investment
The interest earned on the investment budget has decreased compared to the previous year, as the prior year interest was elevated due to an additional grant (Municipal Disaster Recovery Grant) received by the municipality.
7. An increase in revenue sources below was based on CPI:
 - Licences and permits.
 - Other Revenue
 - Sales of goods and services
 - Rental of facilities and equipment
 - Service charges - refuse revenue.
8. Traffic fines
The traffic fine revenue has not been increased in line with CPI, as the installation of two new cameras is expected to generate additional revenue, compensating for any shortfall above CPI.

9. Transfer and subsidies - operational

Includes the local government equitable share, financial management grant, extended public works programme grant and the allocation is as per DORA.

10. Operating expenditure is R832, 5 million in 2026/27 and declines to R828 million and increases to R862,3 million in the respective outer years.

11. Employee related costs and bulk purchases are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

12. Employee related cost

An increase in employee related cost is due to CPI adjustment, an increase in number of employees to receive long service award and the unfreezing of several critical posts.

13. Bulk purchases

Bulk purchases increased by 7,6% as per the approved tariff increase by NERSA.

14. An increase in expenditure sources below was based on CPI:

- Debt impairment
- Depreciation
- Remuneration of councillors
- Irrecoverable debts

15. Inventory consumed

Inventory consumed decreased due to decrease in maintenance services for buildings, electrical and roads.

16. Finance cost

Finance cost is based on finance lease amortization schedule for the first year as the municipality entered into a finance lease contract recently.

17. Contracted services

The decrease is mainly due to security services, refuse removal, solid waste management and business advisory services.

18. Transfer and grants

Transfer and grants – free basic electricity subsidies increased by 4% in line with CPI.

19. Operational cost

Increase is due to improved traffic fines revenue that consequently affect the commission rate to be claimed by the appointed service provider.

Table A5 - Budgeted Capital Expenditure by standard classification and funding source

Description	2022/23	2023/24	2024/25	Current year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2026/27	Budget Year 2027/28	Budget Year 2028/29
R thousands										
Capital Expenditure - Functional										
<i>Municipal governance and administration</i>	5 393	(3 448)	24 881	1 304	1 304	1 304	5 757	1 213	1 815	1 510
Executive and council										
Finance and administration	5 393	(3 448)	24 881	1 304	1 304	1 304	5 757	1 213	1 815	1 510
Internal audit										
<i>Community and public safety</i>	2 459	216	11 846	870	870	870	821	924	2 720	3 582
Community and social services	1 909		696	696	696	696	695	696	2 348	3 304
Sport and recreation	550	216	11 150	174	174	174	126	150	183	174
Public safety								78	190	104
Housing										
Health										
<i>Economic and environmental services</i>	75 983	66 811	78 264	66 071	126 769	126 769	168 094	71 291	79 714	82 635
Planning and development	1 075									
Road transport	74 908	66 811	78 264	66 071	126 769	126 769	168 094	71 291	79 714	82 635
Environmental protection										
<i>Trading services</i>	25 912	19 596	19 555	30 585	13 713	13 713	3 331	7 807	6 087	5 382
Energy sources	20 437	18 535	18 473	29 932	12 911	12 911	3 244	6 735	6 087	5 382
Water management	-	-	-	-	-	-	-	-	-	-
Waste water management	-	-	-	-	-	-	-	-	-	-
Waste management	5 474	1 060	1 081	652	802	802	87	1 072	-	-
<i>Other</i>	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	109 747	83 174	134 546	98 829	142 656	142 656	178 002	81 235	90 337	93 108
Funded by										
National Government	82 823	70 534	93 297	92 090	115 941	115 941	47 492	75 505	76 190	78 750
Provincial Government	-	-	-	-	-	-	-	-	-	-
District Municipality	-	-	-	-	20 000	20 000	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat/	-	842	292	-	-	-	-	-	-	-
Transfers recognised - capital	82 823	71 376	93 589	92 090	135 941	135 941	47 492	75 505	76 190	78 750
Borrowing										
Internally generated funds	24 180	23 745	14 555	6 739	6 715	6 715	2 633	5 730	14 147	14 358
Total Capital Funding	107 002	95 121	108 144	98 829	142 656	142 656	50 125	81 235	90 337	93 108

Explanatory notes to Table A5 - Budgeted Capital Expenditure by standard classification and funding source

Capital projects are funded by Municipal Infrastructure Grant (MIG); Integrated National Electrification Programme (INEP), and internal generated revenue.

From table A4 point of view the municipality has budgeted for non-cash items, the effect thereof is the surplus of R9 million. However the internal generated funding is based on the surplus from A7 cash flow, which is exclusive of non-cash item.

Table A5A - Budgeted Capital Expenditure by vote

Vote Description	2022/23	2023/24	2024/25	Current Year 2025/26			2020/21 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Capital expenditure - Vote									
Multi-year expenditure to be appropriated									
Vote 1 - Executive and Council	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Budget and Treasury	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services	-	-	1 660	-	-	-	-	-	-
Vote 5 - Community Services	507	-	11 217	696	696	696	774	2 538	3 408
Vote 6 - Technical Services	37 553	58 868	88 766	92 669	69 200	69 200	77 776	79 514	67 013
Vote 7 - Development Planning	1 075	-	-	-	-	-	-	-	-
Vote 8 - Executive Support	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	39 135	58 868	101 644	93 365	69 896	69 896	78 550	82 052	70 421
Single-year expenditure to be appropriated									
Vote 1 - Executive and Council	-	-	-	-	-	-	-	-	-
Vote 2 - Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 3 - Budget and Treasury	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services	2 209	7 551	710	1 304	1 304	1 304	1 213	1 815	1 510
Vote 5 - Community Services	2 977	1 140	2 559	826	976	976	1 222	183	174
Vote 6 - Technical Services	48 723	23 043	68 636	3 334	70 480	70 480	250	6 287	21 003
Vote 7 - Development Planning	-	-	-	-	-	-	-	-	-
Vote 8 - Executive Support	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	53 909	31 734	71 905	5 464	72 760	72 760	2 685	8 285	22 687
Total Capital Expenditure - Vote	93 044	90 602	173 549	98 829	142 656	142 656	81 235	90 337	93 108

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

1. Table A5 is a breakdown of the capital projects in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2026/27 amounts to R75, 7 million has been allocated of the total R81, 2 million. This allocation decreases to R82 million in 2027/28 and the decreases to R70, 4 million in 2028/29.
3. Single-year capital expenditure has been appropriated at R2, 6 million for the 2026/27 financial year and increases to R8, 2 million in 2027/28 and then increases to R22, 6 million in 2028/29 financial year.
4. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement

of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years. The capital projects are funded from capital grants and transfers and internally generated funds from current year surpluses.

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Table A6 - Budgeted Financial Position

Description	2022/23	2023/24	2024/25	Current year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2026/27	Budget Year 2027/28	Budget Year 2028/29
R thousands										
ASSETS										
Current assets										
Cash and cash equivalents	33 102	22 674	64 908	90 859	57 348	57 348	162 831	71 243	64 888	65 742
Trade and other receivables from exchange transactions	68 333	88 060	98 566	72 085	64 011	64 011	75 911	100 266	89 466	72 448
Receivables from non-exchange transactions	46 022	56 954	83 994	133 083	148 292	148 292	148 501	160 556	142 558	148 622
Current portion of non-current receivables	1 026	(495)	(243)	-	2 252	2 252	(2 212)	3 446	4 800	5 776
Inventory	25 184	31 509	37 579	32 818	36 136	36 136	38 745	39 456	38 434	36 444
VAT	68 188	69 131	74 867	20 791	27 854	27 854	79 512	33 778	30 776	26 228
Other current assets	16 596	17 306	15 440	-	-	-	15 440	-	-	-
Total current assets	258 451	285 140	375 109	349 635	335 893	335 893	518 727	408 745	370 922	355 260
Non current assets										
Investments	1 465	1 465	2 714	-	-	-	2 572	-	-	-
Investment property	103 831	125 579	133 813	46 928	176 775	176 775	138 458	140 622	142 344	147 648
Property, plant and equipment	1 135 695	1 024 579	1 077 805	1 493 649	1 133 911	1 133 911	1 089 950	1 098 244 000	1 186 103 520	1 280 991 802
Biological assets	-	-	-	-	-	-	-	-	-	-
Living and non-living resources	-	-	-	-	-	-	-	-	-	-
Heritage assets	463	463	463	463	463	463	463	463	463	463
Intangible assets	1 386	-	-	-	-	-	-	-	-	-
Trade and other receivables from exchange transactions	-	-	-	21 552	20 943	20 943	21 006	28 488	29 488	30 666
Non-current receivables from non-exchange transactions	-	-	-	-	-	-	-	-	-	-
Other non-current assets	-	-	-	-	-	-	-	-	-	-
Total non current assets	1 242 840	1 152 086	1 214 795	1 562 593	1 332 092	1 332 092	1 252 449	1 098 413 573	1 186 275 815	1 281 170 579
TOTAL ASSETS	1 501 291	1 437 226	1 589 904	1 912 228	1 667 986	1 667 986	1 771 177	1 098 822 318	1 186 646 738	1 281 525 839
LIABILITIES										
Current liabilities										
Bank overdraft	-	-	-	-	-	-	-	-	-	-
Financial liabilities	10 066	7 296	4 659	9 126	6 068	6 068	992	5 026	4 366	2 944
Consumer deposits	5 757	5 518	5 364	6 956	5 510	5 510	5 345	5 486	55 444	5 578
Trade and other payables from exchange transactions	99 475	106 801	82 522	91 652	24 472	24 472	63 387	18 242	16 588	15 112
Trade and other payables from non-exchange transactions	22 101	243	24 411	-	34 062	34 062	43 883	-	-	-
Provision	10 658	10 051	11 385	13 173	15 732	15 732	11 385	11 500	12 442	13 700
VAT	47 379	49 660	50 333	-	-	-	54 681	23 778	20 776	16 228
Other current liabilities	-	-	-	-	-	-	-	-	-	-
Total current liabilities	195 436	179 569	178 673	120 907	85 844	85 844	179 674	64 032	109 616	53 562
Non current liabilities										
Financial liabilities	6 913	2 557	11 282	38 963	24 233	24 233	15 985	19 207	14 841	-
Provision	87 650	94 179	115 097	94 228	113 390	113 390	115 097	112 112	102 886	96 886
Long term portion of trade payables	-	-	-	-	-	-	-	-	-	-
Other non-current liabilities	23 010	27 611	32 247	27 555	32 247	32 247	32 247	26 441	23 628	19 118
Total non current liabilities	117 573	124 347	158 626	160 746	169 870	169 870	163 329	157 760	141 355	116 004
TOTAL LIABILITIES	313 009	303 916	337 299	281 653	255 715	255 715	343 003	221 792	250 971	169 566
NET ASSETS	1 188 283	1 133 310	1 252 605	1 630 576	1 412 271	1 412 271	1 428 174	1 098 600 526	1 186 395 766	1 281 356 273
COMMUNITY WEALTH/EQUITY										
Accumulated surplus/(deficit)	1 188 282	1 130 883	1 252 859	1 630 576	1 412 271	1 412 271	1 407 168	1 098 600 526	1 186 395 766	1 281 356 273
Reserves and funds	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	1 188 282	1 130 883	1 252 859	1 630 576	1 412 271	1 412 271	1 407 168	1 098 600 526	1 186 395 766	1 281 356 273

Explanatory notes to Table A6 - Budgeted Financial Position

1. Table A6 is consistent with international standards of good financial management practice and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents assets less liabilities as “accounting” community wealth. The order of items within each group illustrates items in order of liquidity, i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. The municipal equivalent of equity is community wealth/equity. The justification is that ownership and the net assets of the municipality belong to the community.
4. Any movement on the budgeted financial performance or the capital budget will inevitably impact on the budgeted financial position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition, the funding compliance assessment is informed directly by forecasting the statement of financial position.
5. Table A6 is supported by an extensive table of notes that provide detailed analysis of the major components of a number of items, including:
 - Call investments deposits.
 - Consumer debtors.
 - Property, plant and equipment.
 - Trade and other payables.
 - Provisions non-current.
 - Changes in net assets; and
 - Reserves.
6. Included in trade and other payables are the following non-cash items that should not be taken into account when determining the funding position of the municipality as there are already included as part of operating expenditure (as the contra account):
 - Accrued leave pay
 - Accrued bonus
7. Additionally, retention release is taking into account under payment to suppliers and employees in the cash flow statement.

Table A7 - Budgeted Cash Flow Statement

Description	2022/23	2023/24	2024/25	Current year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
	R thousands Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2026/27	Budget Year 2027/28	Budget Year 2028/29
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates	1 165	35 212	51 045	50 923	52 243	52 243	33 607	54 175	55 963	57 754
Service charges	1 922	95 066	163 762	174 139	167 215	167 215	130 296	173 402	179 125	184 857
Other revenue	2 203	6 795	27 788	17 646	28 694	28 694	23 681	29 756	30 738	31 722
Transfers and Subsidies - Operational	378 202	343 852	390 683	381 926	402 280	402 280	297 368	385 077	376 716	399 677
Transfers and Subsidies - Capital	-	13 000	140 508	92 090	135 939	135 939	104 156	75 505	76 190	78 750
Interest	1 320	2 234	5 318	9 058	15 249	15 249	6 235	15 814	16 335	16 858
Dividends	-	-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees	(424 456)	(475 093)	(613 927)	(580 294)	(668 006)	(668 006)	(406 900)	(627 106)	(638 837)	(670 697)
Finance charges	-	-	-	(5 962)	(3 142)	(3 142)	-	(1 994)	(696)	(21)
Transfers and Subsidies	-	-	(3)	(13 645)	(11 054)	(11 054)	-	(11 445)	(11 806)	(12 168)
NET CASH FROM/(USED) OPERATING ACTIVITIES	(39 643)	21 066	165 173	125 879	119 419	119 419	188 443	93 184	83 728	86 731
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE	-	-	-	43 526	-	-	1 607	-	-	-
Decrease (increase) in non-current receivables	-	-	-	(1 360)	(1 360)	(1 360)	-	(1 410)	(1 457)	(1 503)
Decrease (increase) in non-current investments	-	-	(1 108)	-	-	-	-	-	-	-
Payments										
Capital assets	(99 203)	(97 122)	(114 733)	(89 065)	(119 486)	(119 486)	(69 164)	(70 592)	(81 303)	(83 797)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(99 203)	(97 122)	(115 840)	(46 899)	(120 846)	(120 846)	(67 558)	(72 002)	(82 760)	(85 301)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits	-	-	4	146	146	146	-	152	157	162
Payments										
Repayment of borrowing	(7 025)	(10 601)	(8 581)	(9 126)	(6 068)	(6 068)	(2 753)	(7 651)	(7 480)	(739)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(7 025)	(10 601)	(8 578)	(8 979)	(5 922)	(5 922)	(2 753)	(7 499)	(7 323)	(577)
NET INCREASE/ (DECREASE) IN CASH HELD	(145 871)	(86 658)	40 755	70 001	(7 349)	(7 349)	118 132	13 683	(6 354)	854
Cash/cash equivalents at the year begin:	14 719	33 093	22 674	20 857	64 908	64 908	67 490	57 559	71 243	64 888
Cash/cash equivalents at the year end:	(131 152)	(53 565)	63 429	90 859	57 559	57 559	185 623	71 243	64 888	65 742

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. It can be seen that the cash level of the municipality is projected to consistently increase, however the achievement of these results requires implementation of stringent credit control.
4. 2026/27 MTREF has been informed by the planning principle of ensuring adequate cash and cash equivalent over the medium-term and as a result, the cash and investment management policy is now in place.
5. Capital payment is exclusive of retention amounting to 10% of the work done.

Cash flow from operating activities

Receipts and payments are in line with the budget made under table A4. Payments to suppliers and employees exclude non-cash items relating to store issues (inventory consumed, printing and stationery) and post-employment medical aid benefits and long service leave – current service and interest charge. Mscoa eliminated store items to be non-funding and in true essences store items are not funded where department's requests items from stores. Funding is required when the municipality procures goods from service provider therefore Treasury must consider this matter during funding process.

Included in payment to suppliers and employees are other cash payment like retention release amongst others.

Payments to suppliers and employees include amounts related to the release of retention held for contractors in accordance with contract terms upon satisfactory completion of work.

Furthermore, payments to suppliers and employees excludes non-cash items for store issue in other expenditure and inventory consumed and actuarial amounts in employee related cost which do not involve direct cash outflows but are recognized as expenses in accordance with the accounting principles.

Cash flow from investing activities.

Proceeds from disposal of property plant and equipment adjustment is as a result of land to be disposed.

The budget on capital assets takes into account retention and anticipated unspent portion of conditional grant.

Cash flow from financing activities

The repayment of borrowings relates to finance lease agreement the municipality entered into.

The municipality signed a finance lease contract recently therefore the adjustment is based on the recent amortization schedule.

Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at CPI rate or slightly higher over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term. The rate of revenue collection is budgeted as a percentage of annual billings as follows: property rates 81%; Services charges electricity 97%; Services charges refuse 44%; other revenue 100%; Rental on facilities 100%; traffic fines 13% and Interest on outstanding debtors (exchange) of 30% and (non-exchange) of 50%. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

Comparing A7 Capital assets and A5 total Capex the inconsistency is due retention that will be held by the municipality and unspent conditional grant.

Cash and cash equivalent

The cash and cash equivalent at the beginning reflect the cash and cash equivalent balance as per adjusted budget.

Table A8 – Budgeted cash backed reserves/ accumulated surplus reconciliation.

Description	2022/23	2023/24	2024/25	Current year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit Outcome	Budget Year 2026/27	Budget Year 2027/28	Budget Year 2028/29
Cash and investments available										
Cash/cash equivalents at the year end	(131 152)	(53 565)	63 429	90 859	57 559	57 559	250 531	71 243	64 888	65 742
Other current investments > 90 days	164 254	76 239	1 479	-	(211)	(211)	(87 700)	-	-	-
Non current assets - Investments	1 465	1 465	2 714	-	-	-	2 572	-	-	-
Cash and investments available:	34 567	24 139	67 622	90 859	57 348	57 348	165 403	71 243	64 888	65 742
Application of cash and investments										
Unspent conditional transfers	21 278	243	24 414	-	34 062	34 062	43 886	-	-	-
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements	8 168	9 507	4 444	(20 791)	(27 854)	(27 854)	4 148	(28 885)	(29 838)	(30 793)
Other working capital requirements	98 100	34 594	(50 179)	(59 544)	(123 224)	(123 224)	(113 027)	(127 784)	(132 001)	(136 225)
Other provisions	10 658	10 051	11 385	13 173	15 732	15 732	11 385	11 500	12 442	13 700
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:	138 204	54 395	(9 937)	(67 163)	(101 285)	(101 285)	(53 608)	(145 169)	(149 397)	(153 318)
Surplus(shortfall) - Excl Non-Current Creditors Trf to Debt R	(103 637)	(30 256)	77 559	158 021	158 633	158 633	219 011	216 411	214 285	219 060
Creditors transferred to Debt Relief - Non-Current portion	-	-	-	-	-	-	-	-	-	-
Surplus(shortfall) - Incl Non-Current Creditors Trf to Debt R	(103 637)	(30 256)	77 559	158 021	158 633	158 633	219 011	216 411	214 285	219 060

Explanatory notes - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.
5. From the above table, it is clearly indicated that the municipality has surplus over MTREF.

Table A9 - Asset Management

Description	2022/23	2023/24	2024/25	Current year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year 2027/28	Budget Year 2028/29
R thousands									
CAPITAL EXPENDITURE									
Total New Assets	30 228	25 725	37 761	34 019	57 476	57 476	8 118	13 064	12 757
<i>Roads Infrastructure</i>			3 630		20 000	20 000			
<i>Storm water Infrastructure</i>				1 565	1 565	1 565	1 739	2 672	2 349
<i>Electrical Infrastructure</i>	20 293	18 535	15 256	29 932	12 650	12 650	3 935	6 087	5 382
<i>Water Supply Infrastructure</i>					20 000	20 000			
<i>Sanitation Infrastructure</i>									
<i>Solid Waste Infrastructure</i>	734	(916)	81	1 043	1 087	1 087	150	783	870
<i>Rail Infrastructure</i>									
<i>Coastal Infrastructure</i>									
<i>Information and Communication Infrastructure</i>									
Infrastructure	21 027	17 619	18 967	32 541	55 302	55 302	5 824	9 541	8 600
Community Facilities	454						-	783	870
Sport and Recreation Facilities									
Community Assets	454	-	-	-	-	-	-	783	870
Heritage Assets									
Revenue Generating									
Non-revenue Generating									
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings			1 259		435	435	652	652	1 500
Housing									
Other Assets	-	-	1 259	-	435	435	652	652	1 500
Biological or Cultivated Assets									
Servitudes									
Licences and Rights									
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	1 930	2 035	1 613	870	870	870	913	959	1 007
Furniture and Office Equipment	1 060	5 739	1 271	435	435	435	300	857	503
Machinery and Equipment	1 858	331	13 650	174	435	435	350	183	174
Transport Assets	2 824		1 001				78	90	104
Land	1 075								
Zoo's, Marine and Non-biological Animals									
Mature									
Immature									
Living Resources	-	-	-	-	-	-	-	-	-

Description	2022/23	2023/24	2024/25	Current year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year 2027/28	Budget Year 2028/29
CAPITAL EXPENDITURE									
Total Renewal of Existing Assets	33 067	7 053	3 580	12 017	26 150	26 150	1 450	200	23 200
<i>Roads Infrastructure</i>	28 097		1 806		14 026	14 026	-	-	23 000
<i>Storm water Infrastructure</i>									
<i>Electrical Infrastructure</i>									
<i>Water Supply Infrastructure</i>									
<i>Sanitation Infrastructure</i>									
<i>Solid Waste Infrastructure</i>	3 347	7 053	1 000	11 843	11 950	11 950	1 200	-	-
<i>Rail Infrastructure</i>									
<i>Coastal Infrastructure</i>									
<i>Information and Communication Infrastructure</i>									
Infrastructure	31 444	7 053	2 806	11 843	25 976	25 976	1 200	-	23 000
Community Facilities	1 376		696						
Sport and Recreation Facilities									
Community Assets	1 376	-	696	-	-	-	-	-	-
Heritage Assets									
Revenue Generating									
Non-revenue Generating									
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	247								
Housing									
Other Assets	247	-	-	-	-	-	-	-	-
Biological or Cultivated Assets									
Servitudes									
Licences and Rights									
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment									
Furniture and Office Equipment									
Machinery and Equipment			78	174	174	174	250	200	200
Transport Assets									
Land									
Zoo's, Marine and Non-biological Animals									
Mature									
Immature									
Living Resources	-	-	-	-	-	-	-	-	-

Description	2022/23	2023/24	2024/25	Current year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year 2027/28	Budget Year 2028/29
R thousands									
CAPITAL EXPENDITURE									
Total Upgrading of Existing Assets	46 452	50 396	93 205	52 793	59 030	59 030	68 867	77 073	57 151
<i>Roads Infrastructure</i>	41 712	59 643	71 710	52 793	59 030	59 030	67 650	76 190	55 586
<i>Storm water Infrastructure</i>									
<i>Electrical Infrastructure</i>			3 218						
<i>Water Supply Infrastructure</i>									
<i>Sanitation Infrastructure</i>									
<i>Solid Waste Infrastructure</i>	4 450	1 785					522	-	-
<i>Rail Infrastructure</i>									
<i>Coastal Infrastructure</i>									
<i>Information and Communication Infrastructure</i>									
Infrastructure	46 162	61 428	74 928	52 793	59 030	59 030	68 172	76 190	55 586
Community Facilities							696	783	1 565
Sport and Recreation Facilities			10 601						
Community Assets	-	-	10 601	-	-	-	696	783	1 565
Heritage Assets									
Revenue Generating		(11 032)	7 676						
Non-revenue Generating									
Investment properties	-	(11 032)	7 676	-	-	-	-	-	-
Operational Buildings							-	100	-
Housing									
Other Assets	-	-	-	-	-	-	-	100	-
Biological or Cultivated Assets									
Servitudes									
Licences and Rights									
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment									
Furniture and Office Equipment									
Machinery and Equipment	291								
Transport Assets									
Land									
Zoo's, Marine and Non-biological Animals									
Mature									
Immature									
Living Resources	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	109 747	83 174	134 546	98 829	142 656	142 656	78 435	90 337	93 108
<i>Roads Infrastructure</i>	69 808	59 643	77 146	52 793	93 056	93 056	67 650	76 190	78 586
<i>Storm water Infrastructure</i>				1 565	1 565	1 565	1 739	2 672	2 349
<i>Electrical Infrastructure</i>	20 293	18 535	18 473	29 932	12 650	12 650	3 935	6 087	5 382
<i>Water Supply Infrastructure</i>					20 000	20 000			
<i>Sanitation Infrastructure</i>									
<i>Solid Waste Infrastructure</i>	8 531	7 922	1 081	12 887	13 037	13 037	1 872	783	870
<i>Rail Infrastructure</i>									
<i>Coastal Infrastructure</i>									
<i>Information and Communication Infrastructure</i>									
Infrastructure	98 632	86 100	96 701	97 177	140 308	140 308	75 196	85 731	87 186
Community Facilities	1 830		696				696	1 565	2 435
Sport and Recreation Facilities			10 601						
Community Assets	1 830	-	11 297	-	-	-	696	1 565	2 435
Heritage Assets									
Revenue Generating		(11 032)	7 676						
Non-revenue Generating									
Investment properties	-	(11 032)	7 676	-	-	-	-	-	-
Operational Buildings	247		1 259		435	435	652	752	1 500
Housing									
Other Assets	247	-	1 259	-	435	435	652	752	1 500
Biological or Cultivated Assets									
Servitudes									
Licences and Rights									
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	1 930	2 035	1 613	870	870	870	913	959	1 007
Furniture and Office Equipment	1 060	5 739	1 271	435	435	435	300	857	503
Machinery and Equipment	2 148	331	13 728	348	609	609	600	383	374
Transport Assets	2 824		1 001				78	90	104
Land	1 075								
Zoo's, Marine and Non-biological Animals									
Mature									
Immature									
Living Resources	-	-	-	-	-	-	-	-	-

Description	2022/23	2023/24	2024/25	Current year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year 2027/28	Budget Year 2028/29
R thousands									
CAPITAL EXPENDITURE									
<u>Total Capital Expenditure</u>	109 747	83 174	134 546	98 829	142 656	142 656	81 235	90 337	93 108
<i>Roads Infrastructure</i>	69 808	59 643	77 146	52 793	93 056	93 056	67 650	76 190	78 586
<i>Storm water Infrastructure</i>				1 565	1 565	1 565	1 739	2 672	2 349
<i>Electrical Infrastructure</i>	20 293	18 535	18 473	29 932	12 650	12 650	6 735	6 087	5 382
<i>Water Supply Infrastructure</i>					20 000	20 000			
<i>Sanitation Infrastructure</i>									
<i>Solid Waste Infrastructure</i>	8 531	7 922	1 081	12 887	13 037	13 037	1 872	783	870
<i>Rail Infrastructure</i>									
<i>Coastal Infrastructure</i>									
<i>Information and Communication Infrastructure</i>									
Infrastructure	98 632	86 100	96 701	97 177	140 308	140 308	77 996	85 731	87 186
Community Facilities	1 830		696				696	1 565	2 435
Sport and Recreation Facilities			10 601						
Community Assets	1 830	-	11 297	-	-	-	696	1 565	2 435
Heritage Assets									
Revenue Generating		(11 032)	7 676						
Non-revenue Generating									
Investment properties	-	(11 032)	7 676	-	-	-	-	-	-
Operational Buildings	247		1 259		435	435	652	752	1 500
Housing									
Other Assets	247	-	1 259	-	435	435	652	752	1 500
Biological or Cultivated Assets									
Servitudes									
Licences and Rights									
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	1 930	2 035	1 613	870	870	870	913	959	1 007
Furniture and Office Equipment	1 060	5 739	1 271	435	435	435	300	857	503
Machinery and Equipment	2 148	331	13 728	348	609	609	600	383	374
Transport Assets	2 824		1 001				78	90	104
Land	1 075								
Zoo's, Marine and Non-biological Animals									
Mature									
Immature									
Living Resources	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset Class	109 747	83 174	134 546	98 829	142 656	142 656	78 435	90 337	93 108

Description	2022/23	2023/24	2024/25	Current year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year 2027/28	Budget Year 2028/29
R thousands									
CAPITAL EXPENDITURE									
ASSET REGISTER SUMMARY - PPE (WDV)	1 068 982	1 008 936	994 139	1 188 027	1 058 963	1 058 963	1 680 251	1 770 542	1 863 823
<i>Roads Infrastructure</i>	563 646	504 463	472 931	1 158 413	1 160 750	1 160 750	962 294	1 038 484	1 117 070
<i>Storm water Infrastructure</i>									
<i>Electrical Infrastructure</i>	67 159	65 531	62 603	(3 736)	(5 342)	(5 342)	120 347	126 434	131 815
<i>Water Supply Infrastructure</i>									
<i>Sanitation Infrastructure</i>									
<i>Solid Waste Infrastructure</i>	39 873	33 340	43 536	(2 430)	(3 469)	(3 469)	50 847	51 630	52 499
<i>Rail Infrastructure</i>									
<i>Coastal Infrastructure</i>									
<i>Information and Communication Infrastructure</i>									
Infrastructure	670 679	603 334	579 071	1 152 247	1 151 939	1 151 939	1 133 488	1 216 547	1 301 384
Community Assets	15 401	9 827	11 566	(2 195)	(2 071)	(2 071)	29 314	29 314	29 314
Heritage Assets	463	463	463	463	463	463	463	463	463
Investment properties	103 831	125 579	133 813	46 928	176 775	176 775	178 844	181 766	183 775
Other Assets	56 317	39 461	38 334	(5 223)	(3 802)	(3 802)	49 330	50 888	55 242
Biological or Cultivated Assets									
Intangible Assets	1 386						-	-	-
Computer Equipment	3 334	3 936	4 570	477	(297)	(297)	9 428	10 341	11 300
Furniture and Office Equipment	3 093	8 940	7 665	(4 436)	(4 436)	(4 436)	16 638	17 494	17 868
Machinery and Equipment	19 158	21 618	30 517	(11 518)	(273 146)	(273 146)	34 347	34 947	35 321
Transport Assets	21 485	18 182	10 549	54 810	57 063	57 063	50 802	51 185	51 559
Land	173 835	177 597	177 592	(43 526)	(43 526)	(43 526)	177 597	177 597	177 597
Zoo's, Marine and Non-biological Animals									
Living Resources									
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	1 068 982	1 008 936	994 139	1 188 027	1 058 963	1 058 963	1 680 251	1 770 542	1 863 823

Description	2022/23	2023/24	2024/25	Current year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year 2027/28	Budget Year 2028/29
R thousands									
CAPITAL EXPENDITURE									
EXPENDITURE OTHER ITEMS									
<u>Depreciation</u>	60 957	58 573	58 775	63 492	61 739	61 739	62 024	64 070	66 121
<u>Repairs and Maintenance by Asset Class</u>	37 457	36 818	34 711	40 688	44 819	44 819	44 120	29 788	22 896
<i>Roads Infrastructure</i>	20 456	13 024	7 900	7 629	7 850	7 850	4 048	3 314	1 693
<i>Storm water Infrastructure</i>									
<i>Electrical Infrastructure</i>	4 566	4 551	2 747	5 809	6 921	6 921	8 568	9 035	5 144
<i>Water Supply Infrastructure</i>									
<i>Sanitation Infrastructure</i>									
<i>Solid Waste Infrastructure</i>		2 100	2 841	3 125	3 125	3 125	3 200	-	-
<i>Rail Infrastructure</i>									
<i>Coastal Infrastructure</i>									
<i>Information and Communication Infrastructure</i>									
Infrastructure	25 023	19 675	13 488	16 562	17 895	17 895	15 815	12 349	6 836
Community Facilities	537	448	6 023	7 025	8 540	8 540	1 800	1 200	1 200
Sport and Recreation Facilities									
Community Assets	537	448	6 023	7 025	8 540	8 540	1 800	1 200	1 200
Heritage Assets									
Revenue Generating									
Non-revenue Generating									
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings			39	1 400	1 787	1 787	3 868	4 621	2 754
Housing									
Other Assets	-	-	39	1 400	1 787	1 787	3 868	4 621	2 754
Biological or Cultivated Assets									
Servitudes									
Licences and Rights									
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment							3 558	85	89
Furniture and Office Equipment			396	580	580	580	609	639	671
Machinery and Equipment	11 898	16 695	12 768	13 299	13 894	13 894	15 087	7 454	7 845
Transport Assets			1 996	1 822	2 123	2 123	3 382	3 440	3 500
Land									
Zoo's, Marine and Non-biological Animals									
Mature									
Immature									
Living Resources	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS	98 414	95 391	93 486	104 179	106 558	106 558	106 143	93 858	89 017
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	72.5%	69.1%	71.9%	65.6%	59.7%	59.7%	89.7%	85.5%	86.3%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	130.5%	98.1%	164.7%	102.1%	138.0%	138.0%	113.4%	120.6%	121.5%
<i>R&M as a % of PPE & Investment Property</i>	3.5%	3.7%	3.5%	3.4%	4.2%	4.2%	2.6%	1.7%	1.2%
<i>Renewal and upgrading and R&M as a % of PPE and Investm</i>	11.0%	9.3%	13.2%	8.9%	12.3%	12.3%	6.8%	6.0%	5.5%

Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to construct and/procure new assets, renewal, and upgrading of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal and upgrading of existing assets, and allocations to repairs and maintenance should be 8 per cent of property plant and equipment. The municipality allocated 89,7% of the capital budget to the renewal and upgrading of existing assets which is considered to be an achievement.
3. The renewal and upgrading of existing assets target have been met throughout the MTEF period, however, the achievement of repairs and maintenance target remains a challenge.

2 PART 2 – SUPPORTING DOCUMENTATION

2.1 Overview of the annual budget process

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

The Budget Steering Committee consists of the Municipal Manager, councillors responsible for financial matters, chief financial officer, senior managers responsible for at least the three largest votes in the municipality, manager responsible for budgeting, manager responsible for planning and any technical experts on infrastructure.

The primary aim of the Budget Steering Committee is to ensure:

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

2.1 Overview of budget related-policies

The municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

2.1.1 Review of credit control and debt collection procedures/policies

The credit control and debt collection policy as approved by Council in the past is currently under review. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money, there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition, emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2026/27 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 85 per cent on current billings. In addition, the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

2.1.2 Asset Management, Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the municipality's revenue base. Within the framework, the need for asset renewal was considered a

priority and hence the capital programme was determined based on renewal of current assets versus new asset construction.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

2.1.3 Budget Policy

The budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the municipality continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified and funds redirected to performing functions.

2.1.4 Supply Chain Management Policy

The Supply Chain Management policy was adopted by Council in September 2007 and the policy has been getting reviewed on annual basis and the changes made now are incorporated and presented in the resolutions paragraph.

2.1.5 Virement Policy

The virement policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the municipality's system of delegations. The Virement policy was approved by Council in the past and is getting reviewed every financial year in respect of both Operating and Capital Budget Fund Transfers.

2.1.6 Cash Management and Investment Policy

The aim of the policy is to ensure that the municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalent required at any point in time and introduces time frames to achieve certain benchmarks.

2.1.7 Tariff Policies

The municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation.

All the above policies are available on the municipality's website, as well as the following budget related policies:

- Indigent
- Petty Cash
- Property rates
- Borrowing
- Cost containment
- Insurance management

2.2 Overview of budget assumptions

External factors

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the municipality's finances.

General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2026/27 MTREF:

- National Government macro-economic targets.
- The general inflationary outlook and the impact on municipality's residents and businesses.
- The impact of municipal cost drivers.
- The increase in prices for bulk electricity; and
- The increase in the cost of remuneration.

Collection rate for revenue services

The base assumption is that tariff and rating decreases will decrease at a rate CPI rate or slightly lower over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term. The rate of revenue collection is budgeted as a percentage of annual billings as follows: property rates 81%; Services charges electricity 97%; Services charges refuse 44%; other revenue 100%; Traffic fines 6%. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

Growth or decline in tax base of the municipality.

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the municipality, household formation growth rate and the poor household change rate. In addition, the following are some of the assumptions that have direct impact on debtors and collection rate as well revenue generation:

- Property rates – 81%
- Service charge electricity - 97%
- Service charge refuse removal - 44%
- Rental on facilities - 100%
- Other revenue – 100%
- Interest on outstanding debtors (exchange) - 23%
- Interest on outstanding debtors (non-exchange) - 33%
- Traffic fines – 6%

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition, the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

Salary increases

MFMA circular 129 did not stipulate the salary increase projection and as a result, the proposal on salary and wage collective agreement was used. The proposed salary increases to be as follows:

- 2026/27 – CPI 3,4%
- 2026/27 – CPI 3,3%
- 2027/28 – CPI 3,2%

Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and, in this regard, various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 95% will be achieved on operating expenditure and 100% on the capital programme for the 2026/27 MTREF of which performance has been factored into the cash flow budget.

2.3 Overview of budget funding

2.3.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term and presents operating surplus of R9, 499 million in 2026/27 that is relatively not adequate.

Figure 5 Breakdown of operating revenue over the 2026/27 MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as electricity and solid waste removal, property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

The revenue strategy is a function of key components such as:

- Growth in the municipality and economic development.
- Revenue management and enhancement.
- Achievement of 85 per cent annual collection rate for consumer revenue.
- National Treasury guidelines.
- Electricity tariff increases within the National Electricity Regulator of South Africa (NERSA) approval.
- Achievement of full cost recovery of specific user charges.
- Determining tariff escalation rate by establishing/calculating revenue requirements.
- The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), and
- And the ability to extend new services and obtain cost recovery levels.

The above principles guide the annual increase in the tariffs charged to the consumers and the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2026/27 MTREF on the different revenue categories are:

- Property rates
- Refuse removal
- Electricity
- Other

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity. The MTREF therefore provides for a budgeted operating surplus of R8, 3 million, R27,6 million and R40, 5 million in each of the financial years respectively. This surplus is not entirely intended to fund capital expenditure from own sources.

THE IDP REVIEW PROCESS PLAN

Section 21 (1)(b) of the MFMA prescribes that the Mayor of a Municipality must at least 10 months before the start of a financial year, table in Council a time schedule outlining key deadlines for the preparation, tabling and approval of the annual budget and the review of the Integrated Development Plan.

The municipality hopes to conclude the review process for the 2026/27 IDP by the end of May 2026. The process plan will be implemented from July 2026 to June 2027 financial year. Below is the timetable for the IDP/ budget process for 2025/26 Municipal fiscal year.

IDP and Budget Process Plan for the 2025/2026 financial year

MONTH	ACTIVITY	TARGET DATE
PREPARATORY PHASE		
July 2024	<ul style="list-style-type: none"> ❖ Review of previous year's IDP/Budget process with MTEF included. ❖ EXCO provides political guidance over the budget process and priorities that must inform preparations of the budget. ❖ Tabling of the draft 2025-2026 IDP and Budget process plan to IDP steering committee/technical committee for comments and inputs. ❖ Tabling of the 2025-2026 IDP and Budget process plan to council structures for approval 	1-31 July 2025 1-31 July 2025 15 July 2025 30 August 2025
August 2024	<ul style="list-style-type: none"> ❖ Ward-to-Ward based analysis data collection ❖ 4th Quarter Performance Lekgotla ❖ Submit AFS (Annual Financial Statements) for 2022/23 to AG. ❖ Submit 2023/24 cumulative Performance Report to AG & Council Structures. 	10 August - 30 September 2025 28 August 2025 31 August 2025 31 August 2025
ANALYSIS PHASE		

MONTH	ACTIVITY	TARGET DATE
September 2024	<ul style="list-style-type: none"> ❖ Council determines strategic objectives for service delivery through IDP review processes and the development of the next 3-year budget (including review of sector departments plans). ❖ Determine revenue projections, propose tariffs, and draft initial allocations per function and department for 2024-2025 financial year. ❖ Electronic Consultations with provincial and national sector departments on sector specific programmes for alignment (schools, libraries, clinics, water, electricity, roads, etc.). ❖ Finalize ward based data compilation for verification in December 2024 	01 September 2025- December 2025
STRATEGIES PHASE		
October 2024	<ul style="list-style-type: none"> ❖ Quarterly (1st) review of 2024/25 budget, related policies, amendments (if necessary), any related consultative process. ❖ Collate information from ward-based data. ❖ Begin preliminary preparations on proposed budget for 2026/27 financial year with consideration being given to partial performance of 2024/25 ❖ 1ST Quarter Performance Lekgotla (2024/25) 	28 October 2025 1-31 October 2025 1-31 October 2025 25 October 2025
PROJECTS PHASE		
November 2024	<ul style="list-style-type: none"> ❖ Confirm IDP projects with district and sector departments. 	1-30 November 2025

MONTH	ACTIVITY	TARGET DATE
	<ul style="list-style-type: none"> ❖ Engage with sector departments' strategic sessions to test feasibility of attendance to planned sessions. ❖ Review and effect changes on initial IDP draft. 	
INTEGRATION PHASE		
December 2024	<ul style="list-style-type: none"> ❖ Consolidated Analysis Phase report in place ❖ IDP Steering/technical Committee meeting to present the analysis phase data ❖ IDP Representative Forum to present the analysis report 	04 December 2025 05 December 2025 12 December 2025
January 2025	<ul style="list-style-type: none"> ❖ Review budget performance and prepare for adjustment ❖ Pre – strategic planning session for councillors ❖ Table Draft 2022/23 Annual Report to Council. ❖ Submit Draft Annual Report to AG, Provincial Treasury and COGHSTA. ❖ Publish Draft Annual Report in the municipal jurisdiction (website etc.). ❖ Prepare Oversight Report for the 2022/23 financial year. ❖ Mid-Year Performance Lekgotla/Review/Strategic Planning Session, (review of IDP/Budget, related policies and consultative process 	07-14 January 2026 15 January 2026 23 January 2026 16-17 January 2026

MONTH	ACTIVITY	TARGET DATE
February 2025	<ul style="list-style-type: none"> ❖ Table the Budget Adjustment to council. ❖ Submission of Draft IDP/Budget for 2025-2026 to Management. ❖ Submission of Draft 2025-2026 IDP/Budget and sector plans to Portfolio Committees. ❖ Submission of 2024/25 Adjustment Budget to Budget Steering Committee ❖ Submission of 2025-2026 Draft IDP and Budget to EXCO ❖ Adjusted budget/IDP/SDBIP 2023/2024 	<p>28 February 2026</p> <p>05 February 2026</p> <p>08-09 February 2026</p> <p>19-21 February 2026</p> <p>20 February 2026</p> <p>28 February 2026</p>
March 2025	<ul style="list-style-type: none"> ❖ Submission of 2025-2026 Draft Budget to Budget Steering Committee ❖ Council considers the 2025-2026 Draft IDP and Budget. ❖ Publish the 2024-2025 Draft IDP and Budget for public comments. ❖ Adoption of Oversight Report for 2023-2024. 	<p>26 March 2026</p> <p>31 March 2026</p> <p>31 March 2026</p>
APPROVAL PHASE		

MONTH	ACTIVITY	TARGET DATE
April 2025	<ul style="list-style-type: none"> ❖ Submit 2025-2026 Draft IDP and Budget to the National Treasury, Provincial Treasury and COGHSTA in both printed & electronic formats. ❖ Quarterly (3rd) review of 2024-2025 budget/IDP and related policies' amendment (if necessary) and related consultative process. ❖ IDP Technical committee to consider the draft 2025-2026 IDP and Budget ❖ IDP Representative Forum meeting to present the draft 2025-2026 IDP to various stakeholders ❖ Consultation with National and Provincial Treasury, community participation and stakeholder consultation on the draft 2025-2026 IDP. 	<p>14 April 2026</p> <p>26 April 2026</p> <p>09 April 2026</p> <p>11 April 2026</p> <p>12 April 2026 - 17 May 2026</p>
May 2025	<ul style="list-style-type: none"> ❖ 3rd Quarter Performance Lekgotla (2023/24) ❖ Submission of 2025-2026 Final Budget to Budget Steering Committee ❖ Final Draft Budget/IDP/SDBIP 2025/2026 ❖ Submission of Final Draft IDP/Budget for 2026/27 to council for Approval. ❖ Finalize SDBIP for 2025-2026. ❖ Develop Performance Agreements (Performance Plans) of MM, Senior Managers, Middle Managers and all employees for 2025-2026 performance year. 	<p>02 May 2026</p> <p>15 May 2026</p> <p>30 May 2026</p> <p>30 July 2026</p>
June 2025	<ul style="list-style-type: none"> ❖ Submission of the SDBIP to the Mayor and MPAC. ❖ Submission of 2025-2026 Performance Agreements to the Mayor. 	<p>24 June 2026</p> <p>31 July 2026</p>

MONTH	ACTIVITY	TARGET DATE

The development of the integrated development plan which is a five-year plan of the municipality which is developed in accordance with Section 25(1) of the Municipal Systems Act, each municipal council must adopt an IDP after the start of its elected term within a prescribed period. An election represents the start of a 5-year IDP development process. Section 25 (3) does allow the municipal council to adopt the IDP of the preceding council. However, this needs to be done in accordance with the process prescribed.

In terms of the MSA No.32 of 2000, section 34, a municipal council

- (a) **Must review** its integrated development plan.
 - (i) **Annually** in accordance with an assessment of its performance measurements in terms of section 41 (1); and
 - (ii) To the extent that changing circumstances so demand; and
- (b) **May amend** its integrated development plan in accordance with a prescribed process.”

The **annual review** process thus relates to the assessment of the Municipality’s performance against organizational objectives as well as service delivery, taking cognisance of internal / external circumstances that might have arisen subsequent to the adoption of the previous IDP. The review and amendment process must also adhere to the requirements for public participation as articulated in Chapter 4 of the MSA (2000).

During this annual review process, we need to collate a lot of information to guide us. It is therefore evident that we need to adopt a **structured approach** to ensure that we translate all this data and information in a cohesive manner that will ensure that we establish **strategic priorities / objectives** that will address the prevailing challenges and implement appropriate strategies and projects to address these problems.

The process undertaken to review the comprises of five (5) phases namely.

- **Phase 1: Analysis**
- **Phase 2: Strategies**
- **Phase 3: Project Identification**
- **Phase 4: Integration**
- **Phase 5: Approval**

Phase 1: Analysis phase (Research, information and analysis)

The analysis phase deals with the existing situation and encompasses an assessment of the existing level of development. It is important during this phase that the municipality understands not only the symptoms, but also the **root cause of the challenges** in order to make **informed decisions** on appropriate solutions. The importance of a comprehensive evaluation of the previous year's **Annual Report is critical**, as it articulates what was achieved in the **previous IDP cycle** and the challenges that contributed to areas of underperformance. This provides a credible benchmark/reference for the current review process. It is important to determine the priority issues because the municipality will not have sufficient resources to address all the issues identified by different segments of the community.

Phase 2: Strategies (Vision, Objectives and strategies)

During this phase, the municipality works on finding solutions to the problems assessed in the Analysis phase. In terms of its mandate the municipality may employ various methodologies such as a **SWOT analysis** to determine its strengths and weaknesses to leverage these factors to ensure the achievement of the **developed strategic objectives**.

Phase 3: Projects (Development of projects and programmes)

Once strategies are formulated, they result in the identification of projects. The municipality must make sure that the projects identified have a direct linkage to the priority issues and the objectives that were identified.

Phase 4: Integration and consolidation

Once the projects are identified, the municipality must make sure that they are in line with the municipality's objectives and strategies, and also with the resource framework. Furthermore, this phase is an opportunity for the municipality to harmonize the projects in terms of contents, location and timing in order to arrive at consolidated and integrated programme e.g. a local economic development. A very critical phase of the IDP is to link planning to the municipal budget (i.e. allocation of internal or external funding to the identified projects) because this will ensure that implementation of projects and hence development is directed by the IDP.

Phase 5: Approval and Adoption

Once the IDP has been completed, it has to be submitted to the municipal council for consideration and approval. The council must look at whether the IDP identifies the issues (problems) that affect the area and the extent to which the strategies and projects will contribute to addressing the problems. The council must also ensure that the IDP complies with relevant legislative requirements before it is approved. Furthermore, before the approval of the IDP, the municipality must give an opportunity to the public to comment on the draft. Once the IDP is amended according to the input from the public, the council considers it for approval.

One of the main features of the planning process is the involvement of community and stakeholder organizations in the process. Participation of affected and interested parties assures that the IDP addresses the real issues that are experienced by the citizens of a municipality.

2.6.2 Medium-term outlook: capital revenue

Sources of capital revenue over the MTREF

The above table is graphically represented as follows for the 2026/27 financial year.

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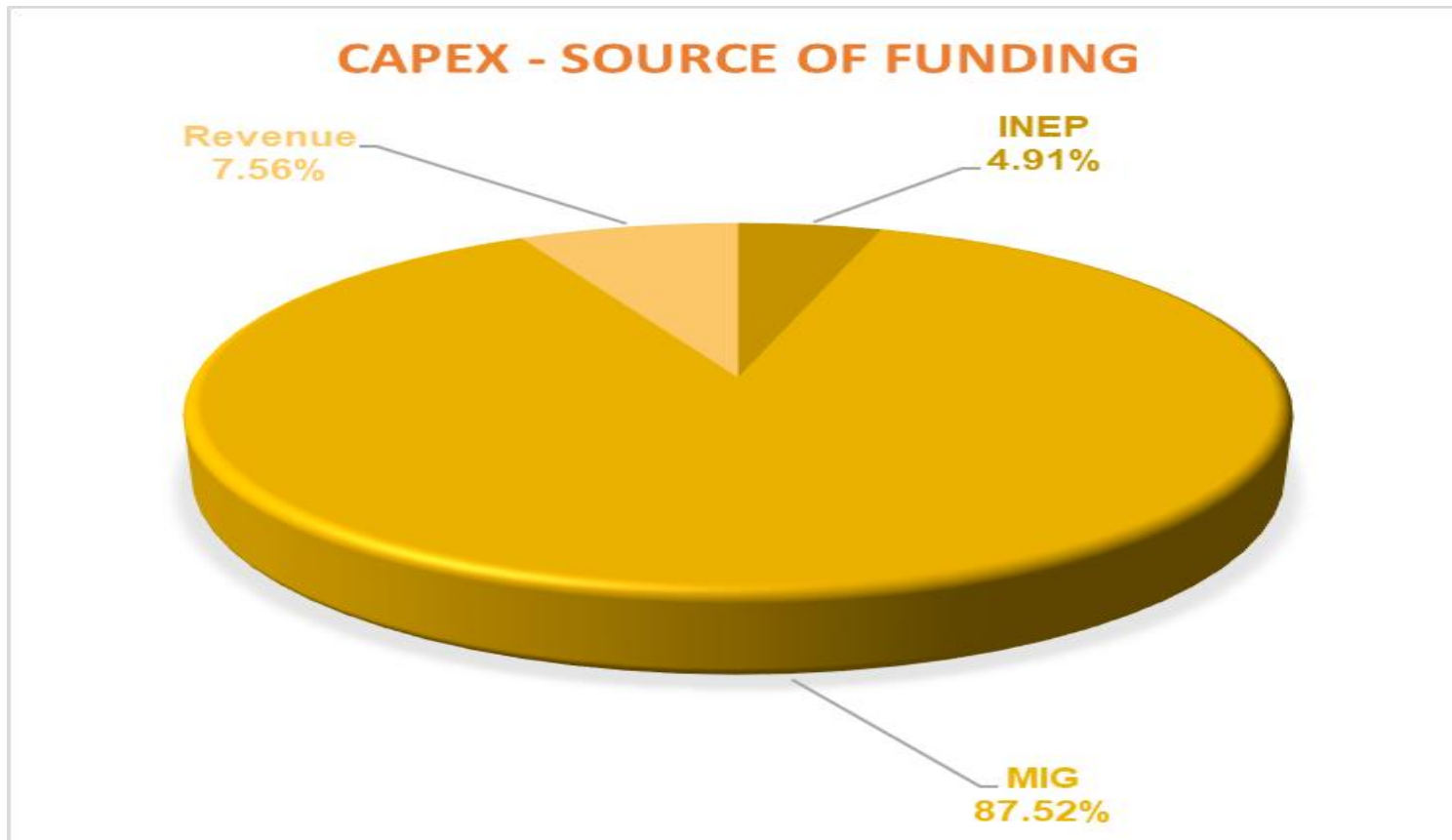


Figure 6 Breakdown of the source of funding for 2026/27 MTREF

Capital grants and receipts equate to 92,4% of the total funding source which represents R75,5 million for the 2026/27 financial year and increases to R76, 1 million and R78, 7 million in 2026/27 and 2027/28 financial years respectively. Only 7,6% of capital budgets is funded from internally generated revenue.

2.7 Expenditure on grants and reconciliation of unspent funds

Table SA18 - Transfers and Grants Receipts

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Description	2022/23	2023/24	2024/25	Current year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year 2027/28	Budget Year 2028/29
R thousands									
RECEIPTS									
Operating									
National Government									
Equitable Share	334 260	358 519	377 690	375 888	375 888	375 888	352 474	348 614	375 006
Expanded Public Works Programme Integrated Grant	1 796	2 243	2 609	2 862	2 862	2 862	2 771	-	-
Integrated National Electrification Programme [Schedule 5B]					20 283	20 283	18 430	9 209	5 445
Local Government Financial Management Grant	2 850	2 850	2 800	2 800	2 800	2 800	2 800	2 900	2 900
Total Operating/National Government	338 906	363 612	383 099	381 550	401 833	401 833	376 475	360 723	383 351
Other Grant Providers									
Education, Training and Development Practices SETA		968		376	376	376	-	-	-
Total Operating/Other Grant Providers	-	968	-	376	376	376	-	-	-
Total Operating	338 906	364 580	383 099	381 926	402 208	402 208	376 475	360 723	383 351
Capital									
National Government									
Energy Efficiency and Demand Side Management Grant			4 000	4 000	4 000	4 000	-	-	-
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]	17 000	14 400	17 544	20 283	(1)	(1)	-	-	-
Municipal Disaster Recovery Grant			3 488		44 132	44 132	-	-	-
Municipal Infrastructure Grant	73 896	66 747	88 792	67 807	67 807	67 807	68 650	76 190	78 586
Total Capital/National Government	90 896	81 147	113 824	92 090	115 938	115 938	68 650	76 190	78 586
District Municipalities									
Infrastructure	-	-	-	-	20 000	20 000	-	-	-
Total Capital/District Municipalities	-	-	-	-	20 000	20 000	-	-	-
Other Grant Providers									
Education, Training and Development Practices SETA	-	-	350	-	-	-	-	-	-
Total Capital/Other Grant Providers	-	-	350	-	-	-	-	-	-
Total Capital	90 896	81 147	114 174	92 090	135 938	135 938	68 650	76 190	78 586
TOTAL	429 802	445 727	497 273	474 016	538 147	538 147	445 125	436 913	461 937

Table SA36–Capital project list

Function	Project Description	Type	Asset Class	Asset Sub-Class	2026/27 Medium Term Revenue & Expenditure Framework		
					Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Technical Services	Airconditioners	New	Machinery and Equipment	Machinery and Equipment	80 000	-	-
Technical Services	Electrification of Masakaneng	New	Electrical Infrastructure	MV Networks	3 855 000	-	-
Technical Services	Electrification of Masakaneng Game Farm	New	Electrical Infrastructure	MV Networks	3 000 000	-	-
Technical Services	Electrification of Roosenekal - Designs	New	Electrical Infrastructure	MV Networks	-	-	164 112
Technical Services	Groblersdal Lanfillsite	New	Solid Waste Infrastructure	Landfill Sites	1 000 000	-	-
Technical Services	Groblersdal Stormwater	New	Roads Infrastructure	Storm water Conveyance	1 739 130	2 671 739	2 348 804
Technical Services	Installation of Engineering Services at Game Farm	New	Electrical Infrastructure	Power Plant	-	4 347 826	4 347 826
Technical Services	Installation of Solar Panels at Main Office	New	Electrical Infrastructure	Power Plant	-	1 739 130	869 565
Technical Services	Machinery and Equipment	New	Machinery and Equipment	Machinery and Equipment	250 000	200 000	200 000
Technical Services	Municipal Impound	Upgrading	Operational Buildings	Municipal Offices	652 174	652 174	1 500 000
Technical Services	Renewal of Hlogotlou to Bopanang Internal Streets	Renewal	Roads Infrastructure	Roads	-	-	23 000 000
Technical Services	Stompo Bus Road	Upgrading	Roads Infrastructure	Roads	-	-	40 000 000
Technical Services	Tambo/Elansdoorn Sport Stadium	Upgrading	Community Facilities	Stadium	12 463 000	28 942 184	-
Technical Services	Upgrading of Tafelkop Bapeding Bus route	Upgrading	Roads Infrastructure	Roads	21 749 114	18 430 000	-
Technical Services	Upgrading of Talane Bus route	Upgrading	Roads Infrastructure	Roads	-	-	15 586 000
Technical Services	Upgrading of Waalkral Bus route	Upgrading	Roads Infrastructure	Roads	33 437 886	28 817 816	-
Information Technology	Computer Equipment	New	Computer Equipment	Computer Equipment	913 044	958 696	1 006 631
Human Resources	Furniture and Office Equipment	New	Furniture and Office Equipment	Furniture and Office Equipment	300 000	856 523	503 316
Community Services	Ablution Facility Groblersdal Landfill Site	New	Solid Waste Infrastructure	Landfill Sites	25 000	-	-
Community Services	Ablution Facility Roosenekal	New	Solid Waste Infrastructure	Landfill Sites	25 000	-	-
Community Services	Blue lights Siren and Insignia	New	Machinery and Equipment	Machinery and Equipment	78 261	90 000	103 500
Community Services	Extension of Disaster Offices	New	Operational Buildings	Municipal Offices	-	100 000	-
Community Services	FENCING OF GROBLERSDAL CEMETRY	New	Community Facilities	Cemeteries/Crematoria	695 652	782 609	1 565 217
Community Services	Fencing of Luckau Cemetery	New	Community Facilities	Cemeteries/Crematoria	-	782 609	869 565
Community Services	Fencing of Roosenekal Landfill Site: WIP	New	Solid Waste Infrastructure	Landfill Sites	521 739	-	-
Community Services	Fencing of Tafelkop Cemetery	New	Community Facilities	Cemeteries/Crematoria	-	782 609	869 565
Community Services	Landfill site - Notice boards	Upgrading	Solid Waste Infrastructure	Landfill Sites	100 000	-	-
Community Services	Procurement of Skip bins	Upgrading	Solid Waste Infrastructure	Landfill Sites	200 000	-	-
Community Services	Cutters	Renewal	Machinery and Equipment	Machinery and Equipment	150 000	182 609	173 914
Community Services	Weighbridge Groblersdal Landfill Site	New	Solid Waste Infrastructure	Landfill Sites	-	-	-
					81 235 000	90 336 524	93 108 016

QUALITY CERTIFICATE

I, **NAMUDI REGINAH MAHLAKWANE**, the Municipal Manager of **ELIAS MOTSOLEDI LOCAL MUNICIPALITY**, hereby certify that the 2026/27 annual budget and supporting documentations 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.

Signature

Date

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