



UMZIMVUBU
LOCAL MUNICIPALITY

EXTRACT of MINUTES of the Ordinary Council Meeting of Umzimvubu Local Municipality held in KwaBhaca Conference Centre on Friday, 23rd of May 2025 at 10h37.

MINUTES

ULMC: 078

10.2 BUDGET AND TREASURY DEPARTMENT

10.2.2 REPORT ON ANNUAL BUDGET FOR 2025/2026 MEDIUM TERM REVENUE EXPENDITURE FRAMEWORK

PURPOSE

The purpose of the report is to table to council the 2025/26 annual budget as required in terms of section 24 of the Municipal Finance Management Act 56 of 2003.
For Council to approve annual budget on revenue, expenditure and assets.

BACKGROUND AND REASONING

The Budget was prepared according to the Zero Based Method. In terms of the method all votes and line items were reduced to zero and every amount allocated had to be motivated. General Managers were requested to hand their requests to the Chief Financial Officer for inclusion on the budget. The information was requested to reach the Chief Financial Officer by the first week of May 2025.

As required by the Municipal Finance Management Act (MFMA) and other relevant legislations, regulations and guidelines, the municipality started the processes of budget preparation from August 2024 to 2025 as follows:

Budget process plan

On 29th August 2024, the IDP and Budget process plan as required by section 21 of the MFMA was submitted and approved by Council to ensure that municipality does not fail to prepare and approve its credible budget within the legislated time frames.

IDP review

As per the approved plan, the municipality on the 14 – 17 October 2024, conducted its public consultative meetings with all 28 wards to review IDP for 2025-2027. The reviewed IDP has been used by the municipality to inform the draft budget for 2025/26 to 2027/28 (MTREF) for consideration. The tabled draft budget will then be subjected for comments and suggestions by stakeholders and public.

In term of MFMA section 24, the Mayor of the municipality must table the annual budget at a Council meeting at least 30 days before the start of the budget year – 31 May, as per 2025/26 budget process plan the municipality will table its annual budget to the council on 23rd May 2025.

5. 2025/2026 Annual Budget

5.1 Revenue Annual Budget

Row Labels	2024/2025		2025/2026 MTREF		
	Original Budget	Final Budget	2025/2026	2026/2027	2027/2028
Revenue	- 594,559,210.00	- 629,869,233.00	- 549,255,281.00	- 530,253,542.00	- 553,873,644.00
Agency Services	- 2,900,000.00	- 2,900,000.00	- 2,900,000.00	- 3,027,600.00	- 3,160,814.00
Fines; Penalties and Forfeits	- 4,527,000.00	- 4,527,000.00	- 4,527,000.00	- 4,726,200.00	- 4,933,700.00
Interest	-	- 2,200,000.00	- 4,200,000.00	- 2,296,800.00	- 2,397,860.00
Interest; Dividend and Rent on Land	- 12,780,000.00	- 10,580,000.00	- 12,580,000.00	- 13,045,520.00	- 13,531,400.00
Licences or Permits	- 1,865,000.00	- 1,965,000.00	- 1,965,000.00	- 2,051,460.00	- 2,141,740.00
Operational Revenue	- 4,035,000.00	- 4,035,000.00	- 2,026,000.00	- 2,115,140.00	- 2,208,310.00
Property Rates by Usage	- 49,910,850.00	- 66,903,978.00	- 66,903,980.00	- 69,847,760.00	- 72,921,050.00
Rental from Fixed Assets	- 4,708,000.00	- 7,355,000.00	- 7,355,000.00	- 7,678,620.00	- 8,016,550.00
Sales of Goods and Rendering of Services	- 23,643,760.00	- 24,694,310.00	- 13,433,701.00	- 15,945,612.00	- 16,672,740.00
Service Charges	- 1,482,600.00	- 1,482,600.00	- 1,482,600.00	- 1,547,830.00	- 1,615,940.00
Transfers and Subsidies	- 486,707,000.00	- 503,226,345.00	- 431,882,000.00	- 407,971,000.00	- 426,273,540.00

Remarks:

The total approved budget amounted to R624, 937, 233 for 2024/2025 financial year.
The proposed revenue for 2025/2026 MTERF amounts to R549 255 281. The total projected revenue for the 2025/26 financial year is affected by the following factors:

- R2 million decrease in operation revenue which is caused by decrease in human settlement 3.5% admin fee caused by decrease in 2025/2026 human settlement allocation decrease;
- An additional R2 million revenue from interest on investments is projected for the 2025/26 financial year
- The municipality embarked on process of disposing land and the projected revenue amounts to R12.3 million
- R9.7 million on sales of goods and rendering of services which is due decrease in electrification programme allocation decrease plus output VAT implications;
- R66 million net decrease in transfers and subsidies caused by:
 - Decrease of R1,6 million in equitable share from R289,9 million to R288,2 million;
 - Decrease of R9,7 million in disaster recovery grant from R36,2 million to R26,48 million;
 - Decrease of R57,4 million in human settlement grant from R111 million to R53,6 million.
- Increase of R100 thousand in financial management grant from R1,7 million to R1,7 million;
- Increase of R2,9 million in municipal infrastructure grant from R54,2 million to R57,1 million.

The annual total Municipal Revenue Budget as a percentage of the total budget amounts to 21%.

MUNICIPAL TRANSFERS AND SUBSIDIES

Description	Current Year		2025/2026 Medium Term Revenue and Expenditure Framework		
	Original Budget 2024/25	Adjusted Budget	Draft 2025/26	Budget 2026/27	Budget 2027/28
Operating Transfers and Grants					
National Government	294,406,000.00	294,686,000.00	293,268,000.00	288,646,000.00	301,673,000
Local Government Equitable Share	289,930,000.00	289,930,000.00	288,295,000.00	286,246,000.00	299,173,000
Expanded Public Works Programme Integrated Grant	2,656,000.00	2,656,000.00	2,773,000.00	-	-
Local Government Financial Management Grant	1,700,000.00	1,700,000.00	1,800,000.00	2,000,000.00	2,100,000
LG SETA	120,000.00	400,000.00	400,000.00	400,000.00	400,000
Provincial Government	1,434,000.00	3,184,000.00	1,434,000.00	1,434,000.00	1,434,000
Capacity Building and other: Library Grant	1,434,000.00	3,184,000.00	1,434,000.00	1,434,000.00	1,434,000
Total Operating Transfers and Grants	295,840,000.00	297,870,000.00	294,702,000.00	290,080,000.00	303,107,000

Description	Current Year		2025/2026 Medium Term Revenue and Expenditure Framework		
	Original Budget 2024/25	Adjusted Budget	Draft 2025/26	Budget 2026/27	Budget 2027/28
Capital Transfers and Grants					
National Government	103,391,000.00	113,138,344.75	98,550,000.00	79,915,000.00	83,524,000
Intergovernmental electrification programme (INEP)	22,728,000.00	22,728,000.00	14,970,000.00	18,000,000.00	18,814,000
Municipal Infrastructure Grant (MIG)	54,199,000.00	54,199,000.00	57,096,000.00	61,915,000.00	64,710,000
Municipal Disaster Recovery Grant	26,484,000.00	36,211,344.75	26,484,000.00	-	-
Provincial Government	111,000,000.00	111,000,000.00	53,600,000.00	-	-
Human Settlement Housing Projects	111,000,000.00	111,000,000.00	53,600,000.00	-	-
Total Capital Transfers and Grants	214,391,000.00	224,138,344.75	152,150,000.00	79,915,000.00	83,524,000

5.2 Operating Expenditure Draft Budget

Row Labels	2024/2025		Outer Years	
	Original Budget	Final Budget	2025/2026	2026/2027
Expenditure	452,336,805.00	463,517,191.00	479,631,409.00	484,862,409.00
Contracted Services	122,452,262.00	126,006,696.00	112,948,000.00	111,118,000.00
Depreciation and Amortisation	93,470,000.00	93,470,000.00	116,470,000.00	113,470,000.00
Employee Related Cost	97,886,791.00	98,880,431.00	97,815,000.00	104,734,000.00
Inventory Consumed	7,393,502.00	7,830,542.00	8,687,000.00	8,687,000.00
Irrecoverable Debts Written Off	8,780,000.00	8,780,000.00	8,780,000.00	8,780,000.00
Operating Leases	698,004.00	1,167,218.00	698,004.00	698,004.00
Operational Cost	81,908,841.00	83,337,095.00	92,634,000.00	95,766,000.00
Remuneration of Councillors	24,485,405.00	24,485,405.00	24,485,405.00	24,485,405.00
Transfers and Subsidies	15,262,000.00	19,559,804.00	17,114,000.00	17,124,000.00

Remarks:

The total approved budget amounted to R458, 660, 111 for 2024/2025 financial year.

The proposed operating expenditure for 2025/2026 MTERF amounts to R479 631 409 as a result of the following

R15.6 million reduction in contracted services.

R2 million increase in operating expenditure as a result of the conveyancing fees as a result of land sales

R2.9 million reduction in depreciation and amortisation

R7.1 million increase in employee related costs.

R923 thousand decrease in inventory consumed.

R981 thousand decrease in operational cost.

R1 million increase in remuneration of councillors.

R1.8 million reduction in transfers and subsidies.

The total percentage of the Employee Related Cost amounts to 24% of the total Draft Operating Expenditure.

6.Capital Budget by funding source

6.1. Municipal Infrastructure Grant (MIG)

Ward No	MIG Projects	MIG Budget
Ward 02	Sidakeni Community Hall - MIG	R3,100,000.00
Ward 03	Thabo Access Road Phase 1 - MIG	R4,350,855.00
Ward 06	Design of Ngwekazana /Gudlintaba AR - MIG	R500,000.00
Ward 07	Sikhumbeni Community Hall - MIG	R3,000,000.00
Ward 13	Mt White AR slab - MIG	R8,400,000.00
Ward 17	Sogoni Community Hall - MIG	R3,000,000.00
Ward 18	Kwabhaca Installation of Solar Street lights Phase 1 - MIG	R2,000,000.00
Ward 18	Kwabhaca Internal Streets Surfacing Phase 8 - MIG	R12,612,358.61
Ward 19	Bhakaleni to Sekileni via Mqoma AR - MIG	R8,273,003.00
Ward 25	Osborn Community Hall - MIG	R3,100,000.00
Ward 26	Zinkawini bridge - MIG	R5,800,000.00
All	Municipal Waste Management Specialised Vehicles - MIG	R2,959,783.39
Total		57,096,000.00

Remarks:

Municipal Infrastructure Grant is expected to increase by R2,9 million from R54,1 million in the 2024/2025 to R57 million for 2025/26 MTERF, it will be used to fund the following projects:

R3,1 million Sidakeni Community Hall;
R4,3 million Thabo Access Road Phase1;
R500 thousand Design of Ngwekazana/Gudlintaba Access Road;
R3 million Sikhumbeni Community Hall;
R8,4 million Mt White Access Road Slab;
R3 million Sogoni Community Hall;
R2 million KwaBhaca Installation of Solar Street Lights;
R12,6 million KwaBhaca Internal Streets Surfacing Phase 8;
R8,2 million Bhakaleni to Sekileni via Mqoma Access Road;
R3,1 million Osborn Community Hall;
R5,8 million Zinkawini Bridge;
R2,9 million Municipal Waste Management Specialised Vehicle.

The Municipal Infrastructure Grant will be 100% spent as per the above projects in the 2025/2026 financial year.

6.2. Municipal Disaster Recovery Grant (MDRG)

Project Name	Ward	Allocated Fund	Source of Funding
Reconstruction of Mwaca Bridge	6	R7,500,000	DMRG
Extension of Silindini bridge	6	R5,200,000	DMRG
Reconstruction of Bangweni to Njijini bridge	15	R8,000,000	DMRG
Rehabilitation of Gabane concrete slab	20	R2,800,000	DMRG
Reconstruction of Lutshikini AR	11	R3,348,000	DMRG
TOTAL		R26,848,000	

Remarks:

Municipal Disaster Recovery Grant have decrease by R10 million from R36,5 in the 2024/2025 to R26,8 million for 2025/26 MTERF. It will used to fund the following projects:

R7.5 million Reconstruction of Mwaca Bridge;

R5,2 million Extension of Silindini Bridge;
R8 million Reconstruction of Bangweni to Njijini Bridge;
R2,8 million Rehabilitation of Cabane Contrete Slab;
R3,3 million Reconstruction of Lutshijini Access Road.

Intergrated National Electrification Projects – INEP:

Project Name	Ward	Number of Connections	Allocated Fund
Sogoni Phase 2 Electrification	17	150	R4,070,000.00
Sixhotyeni link line	4		R6,500,000.00
Maduna Majojweni link line	6		R4,400,000.00
TOTAL			R14,970,000.00

Remarks:

The INEP Grant has decreased from R22, 728, 000 in 2024/2025 to R14, 970, 000 in 2025/2026 MTERF. It will be used to fund the following projects:

R4m for Sogoni Phase 2 Electrification;
R6, 5m Sixhityeni Link Line;
R4, 4m for Maduna Majojweni Link Line.

6.3. Internal Funding Capital Budget by Department

6.3.1 Budget and Treasury Office

Budget and Treasury Office	
Assets - Capital	5,000,000.00
Furniture equipment Finance 200700002	3,500,000.00
Motor Vehicle200700040	1,500,000.00

Remarks:

Budget and Treasury Office have of R5 million capital budget, which is made of the following:

R3,5 million to purchase office furniture for new council chambers
R1,5 million to purchase 2 motor vehicles for political office berears.

6.3.2 Infrastructure and planning

		2026 Budget
Ward	Infrastructure and Planning	43,999,000.00
	Assets	
	Non-current Assets	
1	Sulubere AR Maintenance	1,830,000.00
4	Sigidini AR Maintenance	2,000,000.00
5	Upper Dambeni AR Maintenance	1,800,000.00
6	Mqekezweni AR Maintenance	1,900,000.00
8	Ndakeni to Malenge AR Maintenance	1,190,000.00
9	Luxwesa AR Maintenance	1,760,000.00
10	Sigundwaneni AR Maintenance	1,900,000.00
11	Sikolweni - Magontsini AR Maintenance	1,700,000.00
12	Mpoza AR Maintenance	1,024,000.00
13	Bethane via Lugolweni to Bhakaneni AR Maintenance	2,100,000.00
14	Fadeni AR Maintenance	930,000.00
15	Thwa AR Maintenance	1,440,000.00
16	Moyeni - Galati AR Maintenance	1,800,000.00
18	Construction of AR at Badibanise	-
18	Completion of Municipal Offices	6,100,000.00
19	Mtshazi KoMkhulu to Qumra	2,100,000.00
20	Dangwana AR Maintenance	2,200,000.00
21	Bislan - Mpindweni AR Maintenance	1,900,000.00
22	Good hope via Komkhulu to Archie AR Maintenance	1,800,000.00
23	Magwaca - Qwidlana Clinic AR Maintenance	1,260,000.00
24	Sivumela AR Maintenance	1,600,000.00
27	Nkangala-Nkwazini AR New	900,000.00
28	Chithwa Interna Street Maintenance	-
10	Nophoyi Cluster Sportsfield Phase 2	1,600,000.00
11	Ngxashini AR Maintenance (Rollover)	510,000.00
15	Ntenetyana - Godola AR Maintenance (Rollover)	630,000.00
22	Velem via Mthonjeni - Gamakhulu AR Maintenance (Rollover)	780,000.00
23	SDA - Magwaca AR Maintenance (Rollover)	750,000.00
19	Ezimbileni via Mtwana AR maintenance (Rollover)	495,000.00

Remarks:

Infrastructure and Planning Capital Budget funded by internal funding is R47,5 million, which is made of the following:

- R43.9 million road maintenance and refurbishment in various wards;
- R6.1 million completion of municipal offices;
- R1.6 million completion of Nophoyi sport facility;
- R800 thousand construction of Emaxesibeni Ext8 services;
- R1.4 million for Emaxesibeni hall parking area;
- R3.165 million anticipated rollover.

6.3.3 Local Economic development

	Revised 2026 Budget
Local Economic Development	
Assets	3,700,000.00
Construction of Auction pens	200,000.00
LED Projects 205700025	-
Ntenetyana camp site	400,000.00
Ntsizwa Hiking trail	3,100,000.00

Remarks:

Local Economic Development capital budget funded through internal funding is R3,7 million, which is made of the following:

R200 thousand for completion of auction pens;

R400 thousand for Ntenetyana camp site;

R3,1 million Ntsizwa hiking trail.

6.3.3 Citizen and Community Services

Public Safety	2026 Budget
Assets	9,240,000.00
Police:Construction of KwaBha	5,000,000.00
Police:EmaXesibeni Pound upg	-
Police:KwaBhaca Pound upgra	-
Security equipment 20970002	-
Shooting range Construction	4,000,000.00
Tools & equipment 209	240,000.00
Waste Management	-
Assets	3,320,000.00
Dutyini Library Contrete Slab	-
Library office Furniture	120,000.00
Construction of Mount Ayliff landfill site weighbridge	600,000.00
Construction of Chithwa Recreational park phase 2	2,000,000.00
Machinery and equipment 208	600,000.00

Remarks:

Citizen and Community Services capital budget funded through internal funding is R6,9 million, which is made of the following:

R5 million for construction of KwaBhaca vehicle pound facility

R4 million for Shooting range construction

R240 thousand tools and equipment

R600 thousand Machinery and equipment

R2 million for Chitwa recreational park

R600 thousand for Landfill site weighbridge

R120 thousand for library furniture(funded by DSRAC)

Total Budget 2025/2026 - 2027/2028

Description	Total Approved budget 2024/25	Total Annual budget 2025/26	Budget +1 2026/27	Budget +2 2027/28
Operating Budget	500,533,153.00	479,631,409.00	467,080,790.00	490,434,830.00
Capital Budget	253,596,343.00	147,204,000.00	154,564,200.00	162,292,610.00
Total Budget	754,129,496.00	626,835,409.00	621,644,990.00	652,727,440.00

There is a substantial decrease in Capital Expenditure budget due to a decline in Human Settlement allocation from R111 million to R53.6 million for the 2025/26 financial year.

OVERVIEW OF BUDGET RELATED POLICIES AND BUDGET ASSUMPTIONS

Budget Related Policies

The budget related policies have been amended as per the new circulars and inputs made during management session and these have been implemented on the draft budget.

Budget Assumptions

There are no changes to the budget assumptions proposed on the final budget.

PROPOSED TARIFF INCREASES AND BUDGET ASSUMPTIONS

Property Rates

Categories	Rate Randages /Rand Value – c/R	Ratio in relation to residential property
Residential property	1:1	0.0058
Business and commercial property	1:2	0.0140
Industrial property	1:2	0.0140
Agricultural property	1:025	0.0015
Mining property	N/A	N/A
Public service infrastructure property	1.025	0.0015
Public benefit organisations	1.025	0.0015
Vacant sites	1:2	0.0140

Exemptions, reductions and rebates

Residential Properties: For all residential properties, the municipality will not levy a rate on the first R 15 000.00 of the property's market value. The R 15 000.00 is inclusive of the R15 000 statutory impermissible rate as per section 17(1)(h) of the Municipal Property Rates Act.

Rebates in respect of a category of owners of property are as follows:

Indigent owners: 100% for all approved indigent households Child headed households: 100% rebates. The municipality further grants 25% Senior Citizens rebates and Disabled and Medically boarded property owners respectively

Budget Related Policies

Cash Management and Investment Policy final
 Credit Control and Debt Collection Policy final
 Fixed Asset Register final
 Funding and Reserves Policy final
 Indigents Policy final
 Municipal Property Rates Policy final
 Policy related to long-term financial planning final
 Policy related to the Management and Disposal of Assets final
 Policy relating to dealing with infrastructure investment and capital projects final
 Supply Chain Management Policy final
 Tariff Policy on Property Rates final
 Tariff Policy on Refuse Removal and Solid Waste final
 mSCOA Road Map final

Budget Funding

The a bunndget is cash – funded which is an indicator of a “credible” budget.

Funding levels are acceptable (inclusive of the Reserve balances), which is remarkable in these economic times, and is sufficient to cover all requirements of the funding and reserves policy.

Other Information

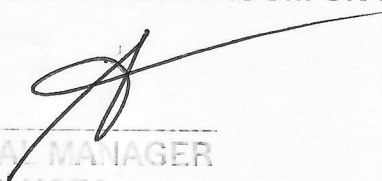
That, the Council notes that there are no changes on the tariffs for the 2025/2026 financial year.

This was carried unanimously,

COUNCIL 078/2024/2025.

NB: These Ordinary Council minutes are subject to confirmation by the Council on its next Ordinary Council Meeting scheduled for 30th of July 2025.

THIS IS CERTIFIED AS A TRUE REFLECTION AND EXACT EXTRACT FROM THE MINUTES OF THE ORDINARY COUNCIL MEETING HELD IN KWABHACA MUNICIPAL CONFERENCE BOARDROOM ON FRIDAY, THE 23RD OF MAY 2025 AT 10H37.


MUNICIPAL MANAGER
MR G.P.T. NOTA

23/05/2025
DATE

