

67 Church Street, EmaXesibeni, 4735  
Tel: +27 (0)39 254 6000  
Fax: +27 (0) 39 255 0167  
Web : [www.umzimvubu.gov.za](http://www.umzimvubu.gov.za)



Dabula Street, Sophia, KwaBhaca  
P/ Bag 9020, KwaBhaca, 5090  
Tel: +27 (0)39 255 8500  
Fax: +27 (0) 39 255 0167

# 2026/2027 DRAFT BUDGET DOCUMENT 31 MARCH 2025

# TABLE OF CONTENTS

	PAGE
Glossary	3
Legislative Framework	4
<b>SECTION 1</b>	
Mayoral Report	4-10
Resolution	10-13
Executive summary	13-25
Budget Tables	25-32
<b>SECTION 2</b>	32-39

**GLOSSARY**

**Annual Budget** – Prescribed in section 16 of the MFMA - the formal means by which a Municipality approve official budget for the next three years.

**Adjustment Budget** – Prescribed in section 28 of the MFMA – the formal means by which a Municipality may revise its annual budget during the year.

**Capital Expenditure** - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet and must be included in the asset register.

**Cash Flow Statement** – A statement showing when actual cash will be received and spent by the Municipality. Payments do not always coincide with budgeted expenditure timings – for example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

**DORA** – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government (see Allocations / Transfers).

**Equitable Share** – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.

**GRAP** – Generally Recognised Accounting Practice. The new standard for municipal accounting.

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

**MBRR** – Local Government: Municipal Finance Management Act (56/2003): Municipal Budget and Reporting Regulations dated April 2009.

**MFMA** – The Municipal Finance Management Act – Act No. 56 of 2003. The principal piece of legislation relating to municipal financial management.

**mSCOA** – Municipal Standard Chart of Accounts.

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

**Vote** – One of the main segments into which a budget is divided.

## LEGISLATIVE FRAMEWORK

This report has been prepared in terms of the following enabling legislation:

- The municipal Finance Management Act No. 56 of 2003
- Municipal budget and reporting regulations
- Municipal budget circulars as issued by the National Treasury

### 1.1 Mayoral Report

## **MAYOR'S REMARKS DURING THE 7<sup>TH</sup> ORDINARY COUNCIL MEETING HELD ON 25<sup>TH</sup> MARCH 2026, VIRTUALLY ON MS TEAMS.**

Honourable Speaker of Council,

Chief Whip,

Executive Committee Members,

MPAC Chairperson,

All Councillors,

Traditional Leaders in Council,

All Senior Managers as led by the Municipal Manager,

The Sound Governance Secretariat Team,

Ladies and Gentlemen.

Let me greet you all this morning in the name of our Lord Jesus Christ and in the name of development.

**Honourable Speaker,**

It is my honour to address this 7th Ordinary Council Meeting as we find ourselves in the third quarter of the financial year, a period that demands both reflection and focus as we move towards the final stretch of our financial year.

As we reflect on this month, we cannot ignore the community protests that took place in some parts of our municipality. These protests are a clear expression of the frustrations and expectations of our people. While we acknowledge the constitutional right of our communities to voice their concerns, we must also take these matters seriously and respond with urgency, transparency, and accountability. We remain committed to strengthening communication, accelerating service delivery, and ensuring that the voices of our residents guide our priorities.

March is also Human Rights Month, a time that reminds us of our responsibility to uphold the dignity and rights of all our people. In this regard, we are proud of the meaningful activities undertaken within our municipality. We began the month by restoring dignity to a vulnerable family through the handover of a house at Mpoza village, in Ward 12, an

initiative that speaks directly to our commitment to improving the lives of our most destitute residents. The Rasmeni family now has a proper decent shelter.

Furthermore, we held a successful Human Rights commemoration programme at Bhetshwana in Ward 4 on Friday last week. This gathering served not only as a reminder of our country's history and sacrifices but also as a platform to reaffirm our dedication to equality, justice, and inclusive development within our communities, where government services were rendered to that community.

### **Management,**

As we wrap up the third quarter, we must now intensify our efforts in preparation for the final quarter of the financial year, the busiest and most critical period in local government, where implementation, expenditure, and delivery must be looked at. I urge all departments and councillors to remain focused, disciplined, and results driven. Let us ensure that we meet our targets, accelerate projects, and deliver tangible outcomes to our communities.

We are also approaching the important process of the EXCO IDP and Budget Community Outreach programmes. These engagements are key as they allow our communities to participate directly in shaping the developmental agenda of our municipality. I call upon all those who are deployed in Teams to work with unity, dedication, and professionalism. Your role is crucial in ensuring that our communities are well-informed and actively involved.

In particular, I want to emphasise the importance of punctuality and preparedness. These outreach programmes must reflect the seriousness with which we take participatory governance.

In addition, we will soon be conducting the State of the Municipality Address in May. This will be another important platform for direct engagement with our communities. I therefore urge all stakeholders to approach this programme in the true spirit of cooperative governance. We must go out to our communities as one government, working together with all government departments operating within our jurisdiction. Through this unified approach, we will be able to respond more effectively to the needs of our people and strengthen public confidence in government.

Honourable Speaker, allow me to present the following Executive Committee report with items that are to be considered by this Council for approval.

ITEM No	ITEM	COMMENTS/INPUTS FROM EXCO	RESOLVED TO RECOMMEND TO COUNCIL
<b>REPORTS FROM EXCO FOR APPROVAL BY COUNCIL</b>			
<b>10.1 REPORTS FROM THE OFFICE OF THE MUNICIPAL MANAGER</b>			
10.1.1	TO TABLE TO COUNCIL FOR ADOPTION, THE ANNUAL REPORT		<b>APPROVAL</b>

	2024/2025FY: OFFICE OF THE MUNICIPAL MANAGER		
10.1.2	PROGRESS REPORT ON THE DEVELOPMENT OF THE AMENDED IDP, BUDGET & PMS PROCESS PLAN FOR 2026-2027FY: OFFICE OF THE MUNICIPAL MANAGER		<b>APPROVAL</b>
10.1.3	OFFICE OF THE MUNICIPAL MANAGER: APPOINTMENT OF THE ACTING MUNICIPAL MANAGER		<b>APPROVAL</b>
<b>10.2 INFRASTRUCTURE AND PLANNING</b>			
10.2.1	INFRASTRUCTURE AND PLANNING DEPARTMENT: REQUEST TO COUNCIL FOR THE ADOPTION OF THE TWO-YEAR CONTRACT		<b>APPROVAL</b>

	EMPLOYMENT OF TWO BUILDING CONSTRUCTION TECHNICIANS FOR MANAGEMENT OF HUMAN SETTLEMENT PROJECTS		
<b>10.3 CORPORATE SERVICES DEPARTMENT</b>			
10.3.1	CORPORATE SERVICES DEPARTMENT: OCCUPATIONAL HEALTHY AND SAFETY MONTHLY REPORT FOR FEBRUARY 2026		<b>APPROVAL</b>
10.3.2	CORPORATE SERVICES DEPARTMENT: PROPOSED AMENDMENTS IN THE MUNICIPAL ORGANISATIONAL STRUCTURE		<b>APPROVAL</b>
10.3.3	CORPORATE SERVICES DEPARTMENT - REPORT ON THE REVIEWED UMZIMVUBU		<b>APPROVAL</b>

	LOCAL MUNICIPALITY DELEGATION OF POWERS		
--	-----------------------------------------------	--	--

In conclusion, Honourable Members, let us move forward with a shared sense of purpose. Let us respond to challenges with urgency, celebrate our achievements with humility, and remain steadfast in our mission to serve the people of Umzimvubu with integrity and excellence.

I thank you.

## 1.2 RESOLUTIONS

- 1 It is recommended;
  1. That, the council note the tabling of 2026/27 draft budget, in terms of section 16 of the MFMA for Umzimvubu Local Municipality; and indicative for the two projected years 2027/2028 and 2028/2029, as set-out in the schedules, be noted and approved by Council;
  2. That, the Council notes and approves the tabled draft revenue budget of R512.2 million for 2026/2027 MTERF;
  3. That, the Council notes and approves the tabled draft operating expenditure budget of R504.7 for 2026/2027 MTERF;
  4. That, the Council notes and approves the tabled draft capital expenditure budget of R109,8 million for 2026/2027 MTERF;

5. That, the Council notes and approves the MIG projects as detailed below:

Project	Ward	2027 Draft Budget
Upper Brooksnek Community Hall	1	3,700,000.00
Ziqungwini to Nqabeni AR - MIG	2	4,800,000.00
Ngonyameni Community Hall	4	3,200,000.00
Colana Community Hall	10	3,200,000.00
Magontsini Community Hall	11	3,200,000.00
Marwaqa AR and Bridge	15	8,900,000.00
Njijini komkhulu Community Hall	22	3,200,000.00
Ncome Springs Community Hall	24	3,200,000.00
Osborn Bridge	25	6,333,000.00
Zinkawini bridge - MIG - Multi Year Project	26	3,000,000.00
Installation of street lights	28	2,063,000.00
Planning of Sinamva via Singqushweni - Mfesane Ac	24	500,000.00
Municipal Waste Management Specialised Vehicles -	18 & 28	4,000,000.00
Ngwekazana/Gudlintaba Access Road	11	8,500,000.00
<b>Grand Total</b>		<b>57,796,000.00</b>

2

6. That, the Council notes and approves the INEP projects as detailed below:

Project	Ward	2027 Draft Budget
Sigidini Electrification	4	2,024,228.00
Mahamane Electrification	20	1,305,000.00
Ngojini Electrification	25	1,216,337.00
Magxeni Electrification	23	1,007,635.00
Qhaqhazelani Electrification	8	1,549,800.00
Sivumela Electrification	24	1,333,000.00
<b>3 Grand Total</b>		<b>8,436,000.00</b>

7. That, the Council notes and approves the Human Settlements as detailed below:

Project	Ward	2027 Draft Budget
Human Settlement Housing Project-Qadu	5	10,750,000.00
Human Settlement Housing Project-Xhameni	12	4,000,000.00
Human Settlement Housing Project-Nkungwini	13	5,000,000.00
Human Settlement Housing Project-Nguse	12	13,200,000.00
Human Settlement Housing Project-Dundee	3	4,300,000.00
Human Settlement Housing Project-Cabazana A&B	26	3,300,000.00
Human Settlement Housing Project-Cancele	23	6,600,000.00
<b>4 Grand Total</b>		<b>47,150,000.00</b>

8. That, the Council notes and approves the budget all changes to budget related policies, tariffs and assumptions.

### 1.3 EXECUTIVE SUMMARY

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. Senior 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 March 2026.

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 2025 to March 2026 as follows:

**Budget process plan**

On 29th August 2025, 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 2025, conducted its public consultative meetings with all 28 wards to review IDP for 2026-2028. The reviewed IDP has been used by the municipality to inform the draft budget for 2026/2 to 2028/29 (MTREF) for consideration. The tabled draft budget and IDP will then be subjected for comments and suggestions by stakeholders and public in the month of April 2026.

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 31<sup>st</sup> of May 2026.

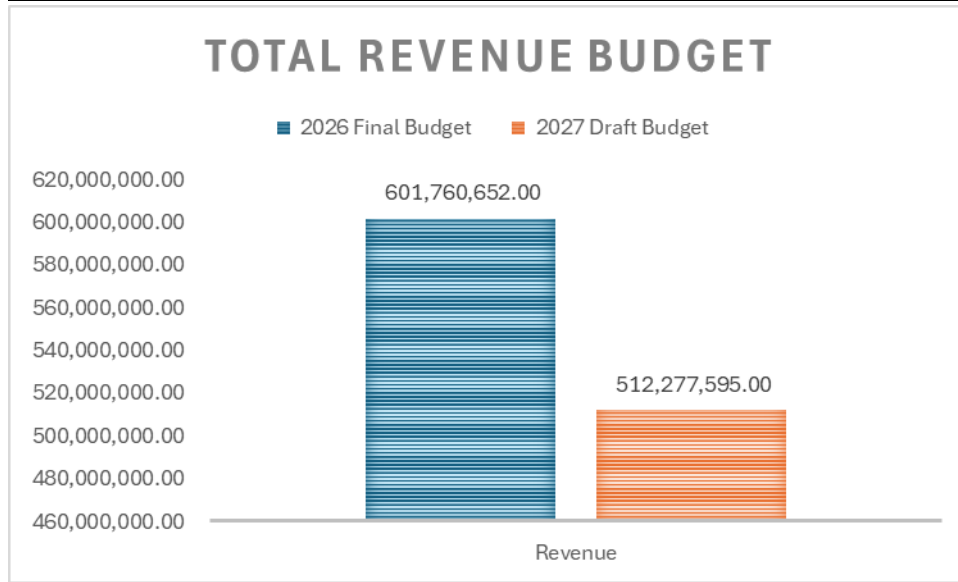
Budget Steering Committee:

The committee set on two occasions where Departments, led by HOD's, submitted their proposals based on need analysis as guided by the IDP. Upon review and available resources, the following is the proposed draft budget for 2026/2027 MTREF:

**5. 2026/2027 Draft Budget**

**5.1 Revenue Draft Budget**

Description	2026 Final Budget	2027 Draft Budget	Percentage of Total Budget	Increase/(decrease) %	2028 Draft Budget	2029 Draft Budget
<b>Revenue</b>	<b>- 601,760,652.00</b>	<b>- 512,277,595.00</b>	<b>100%</b>	<b>-15%</b>	<b>- 472,499,479.88</b>	<b>- 497,409,658.67</b>
Agency Services	- 2,900,000.00	- 3,001,500.00	1%	4%	- 3,106,550.00	- 3,215,300.00
Fines; Penalties and Forfeits	- 2,527,000.00	- 2,618,200.00	1%	4%	- 2,710,800.00	- 2,805,000.00
Interest	- 7,200,000.00	- 7,452,000.00	1%	4%	- 7,712,820.00	- 7,982,800.00
Interest; Dividend and Rent on Land	- 11,280,000.00	- 11,674,800.00	2%	4%	- 12,058,550.00	- 12,455,178.75
Licences or Permits	- 2,565,000.00	- 2,654,800.00	1%	4%	- 2,747,500.00	- 2,842,000.00
Operational Revenue	- 4,414,000.00	- 3,800,250.00	1%	-14%	- 150,000.00	- 150,000.00
Property Rates by Usage	- 72,174,980.00	- 72,175,000.00	14%	0%	- 72,175,000.00	- 72,175,000.00
Rental from Fixed Assets	- 7,455,000.00	- 5,023,200.00	1%	-33%	- 5,197,210.25	- 5,377,303.26
Sales of Goods and Rendering of Services	- 841,310.00	- 848,045.00	0%	1%	- 875,089.63	- 890,016.66
Construction Contract Revenue	- 76,825,342.00	- 55,589,000.00	11%	-28%	- 18,814,000.00	- 19,664,000.00
Service Charges	- 1,487,600.00	- 1,487,800.00	0%	0%	- 1,487,960.00	- 1,488,060.00
Transfers and Subsidies	- 412,090,420.00	- 345,953,000.00	68%	-16%	- 345,464,000.00	- 368,365,000.00



**Remarks:**

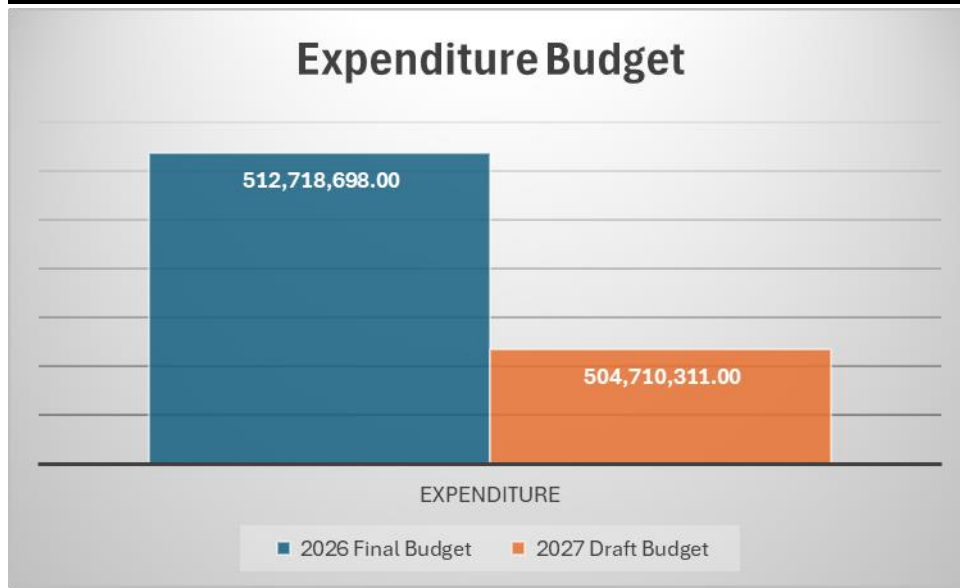
- Draft Revenue budget has decreased by R88,8 million from previous fiscal year, which is decrease from R601,7 million to R512.2 million. Overall net decrease of 15% is as result of:
- ❖ R66,1 million (16%) decrease in transfers and subsidies which due to the following reduction in government grants allocation R57.2 million in disaster recovery grant, R6.6 million in equitable share, and R2.3 million in EPWP related grants.
  - ❖ R21,2 million (28%) decrease construction contract revenue which is due to R14,7 million decrease is human settlement contract and R6,7 million decrease INEP grant allocation.
  - ❖ There is also decrease on commission revenue due to decrease in human settlement 3.5% commission.
  - ❖ Other revenue has increase by inflation rate of 4%.
  - ❖ The annual total Municipal Revenue Budget as a percentage of the total budget amounts to 22%.

**The following table best illustrates the comparative years:**

Description	2026 Final Budget	2027 Draft Budget	Variance
Equitable Share	288,295,000.00	281,659,000.00	- 6,636,000.00
Financial management grant 200105030	1,800,000.00	2,000,000.00	200,000.00
LG Seta 201105040	400,000.00	400,000.00	-
Library Subsidies 208105042	1,794,518.00	1,473,000.00	- 321,518.00
EPWP Grant 208105099	2,773,000.00	2,625,000.00	- 148,000.00
EPWP-Incentive Grant Fund	2,743,902.00	-	- 2,743,902.00
Municipal Infrastructure Grant	57,096,000.00	57,796,000.00	700,000.00
Disaster Grant	57,188,000.00	-	- 57,188,000.00
Human Settlement	61,800,000.00	47,150,000.00	- 14,650,000.00
INEP	15,025,342.00	8,439,000.00	- 6,586,342.00
<b>Total</b>	<b>488,915,762.00</b>	<b>401,542,000.00</b>	<b>- 87,373,762.00</b>

**5.2 Operational Expenditure**

Description	2026/2027				Outer Years	
	2026 Final Budget	2027 Draft Budget	Percentage of Total Budget	Increase/(decrease) %	2028 Draft Budget	2029 Draft Budget
<b>Expenditure</b>	<b>512,718,698.00</b>	<b>504,710,311.00</b>	<b>100%</b>	<b>-2%</b>	<b>461,764,628.09</b>	<b>418,536,193.25</b>
Contracted Services	177,810,854.00	160,300,796.00	32%	-10%	105,078,681.00	64,898,548.08
Depreciation and Amortisation	89,550,000.00	89,653,000.00	18%	0%	91,372,500.00	93,249,675.00
Employee Related Cost	106,493,809.00	111,552,510.00	22%	5%	116,577,510.00	122,111,510.00
Inventory Consumed	11,315,502.00	11,347,500.00	2%	0%	12,101,875.00	7,241,350.00
Operating Leases	1,667,220.00	1,699,220.00	0%	2%	1,699,220.00	1,699,220.00
Operational Cost	83,310,657.00	87,425,285.00	17%	5%	90,151,342.09	84,338,890.18
Remuneration of Councillors	25,088,238.00	26,279,000.00	5%	5%	27,504,000.00	28,810,000.00
Transfers and Subsidies	17,482,418.00	16,453,000.00	3%	-6%	17,279,500.00	16,187,000.00



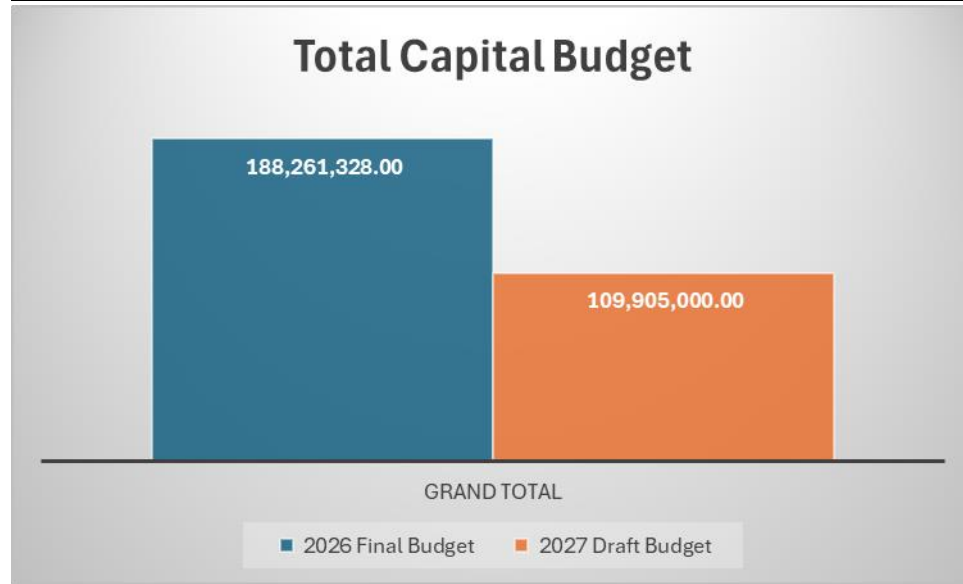
**Remarks**

- Draft operating budget is R504.7 million which is a decrease of R8 million (2%) from previous fiscal year of R512,7 million in prior year final adjustment budget. Decrease is as result of:
  - A net decrease of R17.5 million in contracted services as results of R21.2 million decrease in INEP and human settlement construction contract expenditure and an increase of R5.4 million in maintenance of municipal operational assets.
  - An increase of R5 million in employee related cost which is due to expected July salary increase.

- A net decrease of R1 million in transfers and subsidies.
- An inflation rate increases in other operating expenditure.
- An increase of R1.2 million in remuneration of councillors.
- Contracted services included the following operating projects:
  - Security Services – R27,5 million;
  - Repairs and Maintenance –R22,3 million;
  - Ad hoc Plant hire for Repairs and Maintenance–R6.5 million;
  - Electrification projects– R8,4 million;
  - Human settlement – R47,1 million;
  - Venerable housing projects – R1,2 million;
  - EPWP and Umzimvubu Community Hands Programme – R11,8 million;
  - Legal cost – R4,5 million.
  
- Operational costs included the following projects:
  - Public participation and special programmes events – R10,8 million;
  - External audit fees– R6 million;
  - Career Expo – R1,96 million;
  - Wellness and Bursary fees – R2.5 million;
  - Free Basic Services – R7.7 million.
  
- Transfers and subsidies included the following projects:
  - Ploughing projects – R7,5 million;
  - SMME development– R1.5 million;
  - School IT development – R1,3 million;
  - Livestock development program – R980 thousand;
  - Youth and elderly subsidies – R1 million.
- The total percentage of the Employee Related Cost amounts to 27% of the total Draft Operating Expenditure.

**5.3 Capital Expenditure Per Department**

Department	2026/2027				Outer Years	
	2026 Final Budget	2027 Draft Budget	Percentage of Total Budget	Increase/(decrease) %	2028 Draft Budget	2029 Draft Budget
Budget and Treasury Office	5,000,000.00	2,900,000.00	3%	-42%	830,000.00	600,000.00
Citizen & Community Services	29,084,246.00	33,775,000.00	31%	16%	1,349,850.00	-
Corporate Services	3,751,000.00	3,200,000.00	3%	-15%	3,870,000.00	3,910,000.00
Infrastructure and Planning	146,726,082.00	66,130,000.00	60%	-55%	-	-
Local Economic Development	3,500,000.00	3,500,000.00	3%	0%	4,600,000.00	4,600,000.00
Special Programmes & Communi	200,000.00	400,000.00	0%	100%	200,000.00	200,000.00
<b>Grand Total</b>	<b>188,261,328.00</b>	<b>109,905,000.00</b>	<b>100%</b>	<b>-42%</b>	<b>10,849,850.00</b>	<b>9,310,000.00</b>



**Remarks**

- Overall capital budget in 2026/27 has decrease by R78,3 million from 2025/26 budget of R188,2 million this due 100% decrease in disaster recovery allocation and a reduction in internal funded projects.

The following are capital projects per department for 2026/2027 tabled budget.

### **5.3.1 Budget and Treasury Office**

Department	Source of Funding	2027 Draft Budget	2028 Draft Budget	2029 Draft Budget
<b>Budget and Treasury Office</b>		<b>2,900,000.00</b>	<b>830,000.00</b>	<b>600,000.00</b>
Computer Equipment 200700010	Own Reserves	400,000.00	400,000.00	400,000.00
Computer Equipment-FMG	Financial Management Grant	200,000.00	200,000.00	200,000.00
Furniture equipment Finance 200700002	Own Reserves	200,000.00	230,000.00	
Motor Vehicle 200700040	Own Reserves	2,100,000.00		

### **Remarks**

- Budget and treasury office capital budget for 2026/27 is R2,9 million as compared to the allocated R5m of the 2025/2026 financial year. This represents a decrease for the new financial year.

### **5.3.2 Corporate Services**

Department	Source of Funding	2027 Draft Budget	2028 Draft Budget	2029 Draft Budget
<b>Corporate Services</b>		<b>3,200,000.00</b>	<b>3,870,000.00</b>	<b>3,910,000.00</b>
Computer equipment ICT 201700000	Own Reserves	2,000,000.00	2,650,000.00	2,650,000.00
Furniture equipment Corporate 201700002	Own Reserves	500,000.00	500,000.00	500,000.00
ICT PROGRAMMES software 201700005	Own Reserves	700,000.00	720,000.00	760,000.00

### **Remarks**

- Corporate services capital budget for 2026/27 is R3,2 million as compared to the allocated R3,7 million of the 2025/2026. This represents a decrease for the new financial year.

### **5.3.3 Citizen and Community Services**

Department	Source of Funding	2027 Draft Budget	2028 Draft Budget	2029 Draft Budget
<b>Citizen &amp; Community Services</b>		<b>33,775,000.00</b>	<b>1,349,850.00</b>	-
Furniture and office equipment 208700002	Own Reserves	450,000.00	-	-
Machinery and equipment 208700036	Own Reserves	975,000.00	975,000.00	-
Police: EmaXesibeni Pound upgrading first phase	Own Reserves	4,000,000.00	-	-
Security equipment 209700023	Own Reserves	250,000.00	110,250.00	-
Shooting range Construction	Own Reserves	4,200,000.00	-	-
Tools & equipment 209	Own Reserves	200,000.00	264,600.00	-
Magontsini Community Hall	Municipal Infrastructure Grant	3,200,000.00	-	-
Colana Community Hall	Municipal Infrastructure Grant	3,200,000.00	-	-
Ncome Springs Community hall	Municipal Infrastructure Grant	3,200,000.00	-	-
Ngonyameni Community Hall	Municipal Infrastructure Grant	3,200,000.00	-	-
Njijini komkhulu Community Hall	Municipal Infrastructure Grant	3,200,000.00	-	-
Specialised Waste Management Vehicles	Municipal Infrastructure Grant	4,000,000.00	-	-
Upper Brooksnek Community Hall	Municipal Infrastructure Grant	3,700,000.00	-	-

### **Remarks**

- Citizen and community services capital budget for 2026/27 is R33,8 million as compared to the allocated R29 million in the 2025/2026 financial year. This represents an increase in the new financial year.

#### 5.3.4 Infrastructure and Planning

Department	2027 Draft Budget	2028 Draft Budget	2029 Draft Budget
<b>Infrastructure and Planning</b>	<b>66,130,000.00</b>	-	-
Baphathe AR Maintenance	1,300,000.00	-	-
Baquqeni streets Maintenance	1,080,000.00	-	-
Bhakaleni to Sekileni via Shinta to Boss AR maintenance	2,900,000.00	-	-
Completion of Osborn Bridge	6,333,000.00	-	-
Construction of Access Roads at Badibanise	1,170,000.00	-	-
Ehlane - Extension of road and Hlane AR Maintenance	1,960,000.00	-	-
Installation of street lights	2,063,000.00	-	-
Magcakini to Majuba AR Maintenance	2,200,000.00	-	-
Malenge AR Maintenance	1,900,000.00	-	-
Manxiweni Slabs	1,085,000.00	-	-
Marwaqa AR and Bridge	8,900,000.00	-	-
Matyakhlophe via Huba Deskspan AR maintenance	1,890,000.00	-	-
Mgungundlovu AR Maintenance	1,950,000.00	-	-
Mhlanganisweni AR Maintenance	1,980,000.00	-	-
Mpungutyana to Bhaletyeni AR Maintenance	2,500,000.00	-	-
Ngwekazana AR Maintenance	1,950,000.00	-	-
Ngwekazana/Gudlintaba Access Road	8,500,000.00	-	-
Niyona AR Maintenance	2,050,000.00	-	-
Qadu AR Maintenance	935,000.00	-	-
Shayamoya to Hlehle via komkhulu eZixhobo to Siqhingeni Prir	2,060,000.00	-	-
Sinamva - Sigqushweni Mfeseni AR	500,000.00	-	-
Sugarbush AR Maintenance	2,500,000.00	-	-
Tela - Dundee AR Maintenance	624,000.00	-	-
Upgrading of Zinkawini Bridge	3,000,000.00	-	-
Ziqungwini to Nqabeni AR	4,800,000.00	-	-

### **Remarks**

- Infrastructure and planning capital budget for 2026/27 is R66,1 million as compared to the allocated R146 million in the current financial year. This represents a decrease in the new financial year.  
Construction contract projects MIG, INEP and Human Settlement:

Project	Ward	2027 Draft Budget
Upper Brooksnek Community Hall	1	3,700,000.00
Ziqungwini to Nqabeni AR - MIG	2	4,800,000.00
Ngonyameni Community Hall	4	3,200,000.00
Colana Community Hall	10	3,200,000.00
Magontsini Community Hall	11	3,200,000.00
Marwaqa AR and Bridge	15	8,900,000.00
Njijini komkhulu Community Hall	22	3,200,000.00
Ncome Springs Community Hall	24	3,200,000.00
Osborn Bridge	25	6,333,000.00
Zinkawini bridge - MIG - Multi Year Project	26	3,000,000.00
Installation of street lights	28	2,063,000.00
Planning of Sinamva via Singqushweni - Mfesaneni Ac	24	500,000.00
Municipal Waste Management Specialised Vehicles -	18 & 28	4,000,000.00
Ngwekazana/Gudlintaba Access Road	11	8,500,000.00
<b>Grand Total</b>		<b>57,796,000.00</b>

**INEP**

Department	Ward	2027 Draft Budget
Sigidini Electrification	4	2,024,228.00
Mahamane Electrification	20	1,305,000.00
Ngojini Electrification	25	1,216,337.00
Magxeni Electrification	23	1,007,635.00
Qhaqhazelani Electrification	8	1,549,800.00
Sivumela Electrification	24	1,333,000.00
<b>Grand Total</b>		<b>8,436,000.00</b>

**Human Settlement**

Project	Ward	2027 Draft Budget
Human Settlement Housing Project-Qadu	5	10,750,000.00
Human Settlement Housing Project-Xhameni	12	4,000,000.00
Human Settlement Housing Project-Nkungwini	13	5,000,000.00
Human Settlement Housing Project-Nguse	12	13,200,000.00
Human Settlement Housing Project-Dundee	3	4,300,000.00
Human Settlement Housing Project-Cabazana A&B	26	3,300,000.00
Human Settlement Housing Project-Cancele	23	6,600,000.00
<b>Grand Total</b>		<b>47,150,000.00</b>

### **Remarks**

- Municipal Infrastructure Grant tabled budget for 2026/27 is R57.7 million, electrification tabled budget for 2026/27 is R8,4 million and Housing project budget for 2026/27 is R47,1 million.

### **5.3.5 Local Economic Development**

Department	Source of Funding	2027 Draft Budget	2028 Draft Budget	2029 Draft Budget
<b>Local Economic Development</b>		<b>3,500,000.00</b>	<b>4,600,000.00</b>	<b>4,600,000.00</b>
Ntenetyana camp site	Own Reserves	1,000,000.00	1,500,000.00	1,500,000.00
Ntsizwa Hiking trail	Own Reserves	2,500,000.00	3,100,000.00	3,100,000.00

### **Remarks**

- Local economic development capital budget for 2026/27 is R3,5 million which is the same with current year allocated budget of R3.5 million.

### **5.3.6 Special Programmes and Communication**

Department	Source of Funding	2027 Draft Budget	2028 Draft Budget	2029 Draft Budget
<b>Special Programmes &amp; Communication</b>		<b>400,000.00</b>	<b>200,000.00</b>	<b>200,000.00</b>
Welcome Signs	Own Reserves	200,000.00	200,000.00	200,000.00
Live Streaming Equipment	Own Reserves	200,000.00	-	-

### **Remarks**

- Special programmes and communication capital for 2026/27 is R400 thousand as compared to the allocated R200 thousand in the 2025/26. This represents an increase in the new financial year.  
Capital Funding Source Analysis:

Description	2026 Final Budget	2027 Draft Budget	Variance
Municipal Infrastructure Grant	57,096,000.00	57,796,000.00	- 700,000.00
Own Reserves	73,686,667.00	51,909,000.00	21,777,667.00
Disaster Grant	57,188,000.00	-	57,188,000.00
Lbrary grant	290,000.00		290,000.00
Financial management grant	0	200,000.00	- 200,000.00
<b>Total</b>	<b>188,260,667.00</b>	<b>109,905,000.00</b>	<b>78,355,667.00</b>

### **6 TOTAL DRAFT BUDGET 2026/2027 MTERF**

Description	2026/2027			Outer Years	
	2026 Final Budget	2027 Draft Budget	Increase/(decrease)	2028 Draft Budget	2029 Draft Budget
Revenue	- 601,760,652.00	- 512,277,595.00	-17%	- 472,499,479.88	- 497,409,658.67
Operating Expenditure	512,718,698.00	504,710,311.00	-2%	461,764,628.09	418,536,193.25
Capital Expenditure	188,261,328.00	109,905,000.00	-71%	10,849,850.00	9,310,000.00

## 1.4 Annual Budget Tables

### 1.4.1 Table A1 Budget Summary

EC442 Umzimvubu - Table A1 Budget Summary										
Description R thousands	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
	Audited	Audited	Audited	Original	Adjusted	Full Year	Pre-audit	Budget Year	Budget Year	Budget Year
<b>Financial Performance</b>	46,982	46,522	64,665	66,904	72,175	72,175	67,103	72,175	72,175	72,175
Property rates Service charges Investment revenue	1,263	1,297	1,360	1,483	1,488	1,488	974	1,488	1,488	1,488
Transfer and subsidies - Operational	9,241	10,126	10,508	10,580	10,580	10,580	6,038	10,950	11,334	11,730
Other own revenue	283,558	284,562	298,217	297,276	297,806	297,806	294,879	288,157	281,414	302,328
	19,766	56,489	78,840	34,694	105,441	105,441	40,758	81,724	42,052	43,664
<b>Total Revenue (excluding capital transfers and contributions)</b>	360,810	398,995	453,591	410,936	487,490	487,490	409,751	454,495	408,462	431,386
Employee costs Remuneration of councillors	89,977	91,909	98,667	106,006	106,494	106,494	63,943	111,553	116,578	122,112
Depreciation, amortisation and impairment Interest,	22,743	23,558	24,539	25,563	25,088	25,088	15,814	26,279	27,504	28,810
Dividends and Rent on Land Inventory consumed and bulk purchases Transfers and subsidies	77,500	110,314	82,239	89,550	89,550	89,550	59,407	89,653	91,372	93,250
Other expenditure	1,038	2,310	2,119	-	-	-	-	-	-	-
<b>Total Expenditure Surplus/(Deficit)</b>	10,016	6,501	6,472	10,494	11,316	11,316	4,718	11,347	12,102	7,241
Transfers and subsidies - capital (monetary allocations)	25,007	18,700	22,455	17,096	17,482	17,482	12,662	16,453	17,279	16,187
Transfers and subsidies - capital (in-kind)	176,053	236,243	220,610	204,113	268,207	268,207	124,668	256,585	196,929	150,937
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	402,334	489,536	457,101	452,823	518,137	518,137	281,212	511,870	461,765	418,536
Share of Surplus/Deficit attributable to Associate	(41,524)	(90,541)	(3,510)	(41,886)	(30,648)	(30,648)	128,539	(57,375)	(53,302)	12,849
<b>Surplus/(Deficit) for the year</b>	73,109	77,434	90,774	145,744	114,284	114,284	(45,793)	57,796	64,050	66,037
	-	12,560	-	-	-	-	-	-	-	-
	31,586	(547)	87,264	103,858	83,636	83,636	82,746	421	10,748	78,886
	-	-	-	-	-	-	-	-	-	-
	31,586	(547)	87,264	103,858	83,636	83,636	82,746	421	10,748	78,886
<b>Capital expenditure &amp; funds sources</b>	107,779	117,752	126,342	215,003	188,261	188,261	84,242	109,905	10,850	9,310
Capital expenditure	76,340	67,671	80,451	145,864	114,575	114,575	47,304	57,996	200	200
Transfers recognised - capital	-	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	31,180	48,211	45,532	69,139	73,687	73,687	36,937	51,909	10,650	9,110
<b>Total sources of capital funds</b>	107,519	115,883	125,983	215,003	188,261	188,261	84,242	109,905	10,850	9,310
<b>Financial position</b>	134,660	120,205	157,657	155,046	142,843	142,843	325,727	177,265	285,222	458,659
Total current assets Total non current liabilities	1,007,823	1,054,723	1,088,077	1,347,271	1,188,379	1,188,379	1,112,913	1,352,592	1,272,070	1,188,130
Total non current liabilities	76,155	109,794	92,504	102,366	92,765	92,765	111,078	47,254	47,241	47,228
Community wealth/Equity	8,531	11,654	12,430	11,654	12,430	12,430	12,430	12,430	12,430	12,430
	1,057,176	1,053,480	1,132,629	1,388,297	1,226,026	1,226,026	1,249,017	1,470,173	1,497,621	1,587,131
<b>Cash flows</b>	142,051	(163,930)	(201,081)	237,749	211,755	211,755	211,755	119,152	110,900	174,570
Net cash from (used) operating Net cash from (used) investing Net cash from (used) financing	(122,639)	(179,265)	(151,250)	(215,003)	(188,261)	(188,261)	(188,261)	(109,905)	(10,850)	(9,310)
<b>Cash/cash equivalents at the year end:</b>	122,958	(264,089)	(286,118)	143,710	114,685	114,685	114,685	123,932	223,982	389,242
<b>Cash backing/surplus reconciliation</b>	122,958	(264,089)	(286,118)	143,710	114,685	114,685	114,685	123,932	223,982	389,242
Cash and investments available Application of cash and investments	101,210	136,096	124,494	167,247	154,014	154,014	20,802	54,252	76,621	77,761
<b>Balance - surplus (shortfall)</b>	21,748	(400,186)	(410,612)	(23,537)	(39,329)	(39,329)	93,883	69,679	147,361	311,480
<b>Asset management</b>	805,545	1,714,329	687,851	585,950	615,764	615,764	-	1,256,962	1,171,840	1,083,300
Asset register summary (WDV) Depreciation	71,893	77,989	74,272	89,550	89,550	89,550	-	89,550	91,372	93,250
Renewal and Upgrading of Existing Assets Repairs and Maintenance	59,924	59,202	38,522	77,077	104,889	104,889	-	65,862	3,380	3,150
	20,112	21,081	16,686	25,750	27,329	27,329	-	31,775	29,073	23,040
<b>Free services</b>	-	-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	(169)	-	(1)	-	-	-	-	-	-	-
<b>Households below minimum service level</b>	-	-	-	-	-	-	-	-	-	-
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

**1.4.2 Table A2 Budget–Financial Performance (Revenue and Expenditure by Functional Classification)**

EC442 Umzimvubu - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)										
Functional Classification Description R thousand	## # 1	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 +1	Budget Year +2
<b>Revenue - Functional</b>										
<b>Governance and administration</b>		339,756	343,037	378,947	377,609	387,894	387,894	379,540	377,705	399,457
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		339,756	343,037	378,947	377,609	387,894	387,894	379,540	377,705	399,457
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		6,812	8,106	7,195	9,407	8,122	8,122	8,409	8,704	9,008
Community and social services		175	181	294	210	310	310	321	332	344
Sport and recreation		8	2	4	5	5	5	5	5	5
Public safety		6,629	7,924	6,897	9,192	7,807	7,807	8,083	8,367	8,659
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		76,387	132,889	150,648	161,401	196,259	196,259	109,593	65,076	67,081
Planning and development		55,953	106,840	114,073	134,553	139,071	139,071	109,593	65,076	67,081
Road transport		20,434	26,050	36,575	26,848	57,188	57,188	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		10,965	4,956	7,575	8,264	9,499	9,499	14,749	21,027	21,877
Energy sources		-	-	-	-	-	-	8,439	18,814	19,664
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		10,965	4,956	7,575	8,264	9,499	9,499	6,310	2,213	2,213
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	433,919	488,990	544,365	556,680	601,774	601,774	512,291	472,512	497,423
<b>Expenditure - Functional</b>										
<b>Governance and administration</b>		181,288	282,694	204,363	194,532	196,853	196,853	202,530	203,653	208,568
Executive and council		48,835	52,067	50,724	59,614	58,932	58,932	62,527	66,021	68,427
Finance and administration		127,186	224,775	147,533	127,532	130,807	130,807	132,796	130,112	132,307
Internal audit		5,267	5,852	6,106	7,386	7,114	7,114	7,207	7,520	7,834
<b>Community and public safety</b>		40,575	46,465	49,226	56,592	53,958	53,958	64,699	62,090	28,693
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		0	20	18	0	0	0	0	0	0
Public safety		40,575	46,446	49,209	56,591	53,958	53,958	64,699	62,090	28,693
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		67,317	98,923	81,183	142,450	204,262	204,262	172,731	130,589	134,420
Planning and development		51,901	79,929	93,276	57,107	117,618	117,618	88,026	43,340	44,552
Road transport		15,416	18,994	(12,093)	85,343	86,645	86,645	84,706	87,249	89,868
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		113,154	61,454	122,329	59,249	63,063	63,063	71,909	65,433	46,855
Energy sources		-	-	-	-	1,933	1,933	8,436	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		113,154	61,454	122,329	59,249	61,130	61,130	63,473	65,433	46,855
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	3	402,334	489,536	457,101	452,823	518,137	518,137	511,870	461,765	418,536
<b>Surplus/(Deficit) for the year</b>		31,586	(547)	87,264	103,858	83,636	83,636	421	10,748	78,886

**References**

1. Government Finance Statistics Functions and Sub-functions are standardised to assist the compilation of national and international accounts for comparison purposes
2. Total Revenue by functional classification must reconcile to Total Operating Revenue shown in Budgeted Financial Performance (revenue and expenditure)
3. Total Expenditure by Functional Classification must reconcile to Total Operating Expenditure shown in Budgeted Financial Performance (revenue and expenditure)
4. All amounts must be classified under a functional classification. The GFS function 'Other' is only for Abattoirs, Air Transport, Forestry, Licensing and Regulation, Markets and Tourism - and if used must be supported by footnotes. Nothing else may be placed under 'Other'. Assign associate share to relevant classification.

**1.4.3 A3 Budget –Financial Performance (revenue and expenditure by municipal vote)**

<b>EC442 Umzimvubu - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)</b>										
Vote Description	## #	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
		Audited	Audited	Audited	Original	Adjusted	Full Year	Budget Year	Budget Year	Budget Year
<b>R thousand</b>										
<b>Revenue by Vote</b>	1									
Vote 1- Executive and Council		–	–	39	160	60	60	62	64	66
Vote 2- Budget and Treasury		338,522	342,784	378,576	377,034	387,318	387,318	379,062	377,224	398,974
Vote 3 - Corporate Services		1,235	253	333	415	516	516	416	416	417
Vote 4 - Infrastructure and Planning Department		76,188	120,076	150,275	161,201	196,059	196,059	109,386	64,862	66,861
Vote 5 - Community Services		183	183	298	215	315	315	326	337	349
Vote 6 - Local Economic Development		199	12,813	373	200	200	200	207	214	220
Vote 7 - Public Safety		6,629	7,924	6,897	9,192	7,807	7,807	8,083	8,367	8,659
Vote 8 - Waste Management		10,965	4,956	7,575	8,264	9,499	9,499	6,310	2,213	2,213
Vote 9 -		–	–	–	–	–	–	–	–	–
Vote 10 -		–	–	–	–	–	–	–	–	–
Vote 11 -		–	–	–	–	–	–	–	–	–
Vote 12 -		–	–	–	–	–	–	–	–	–
Vote 13 -		–	–	–	–	–	–	–	–	–
Vote 14 -		–	–	–	–	–	–	–	–	–
Vote 15 -		–	–	–	–	–	–	–	–	–
<b>Total Revenue by Vote</b>	2	<b>433,919</b>	<b>488,990</b>	<b>544,365</b>	<b>556,680</b>	<b>601,774</b>	<b>601,774</b>	<b>503,852</b>	<b>453,698</b>	<b>477,759</b>
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1- Executive and Council		76,198	80,705	77,664	88,756	89,016	89,016	88,772	93,285	96,641
Vote 2 - Budget and Treasury		72,885	173,923	99,866	68,816	69,983	69,983	71,946	66,766	67,950
Vote 3 - Corporate Services		32,206	28,066	26,833	36,961	37,854	37,854	41,812	43,602	43,977
Vote 4 - Infrastructure and Planning Department		43,325	74,942	59,872	119,812	181,809	181,809	151,130	107,297	110,754
Vote 5 - Community Services		0	20	18	0	0	0	0	0	0
Vote 6 - Local Economic Development		23,992	23,981	21,311	22,638	22,454	22,454	21,601	23,292	23,665
Vote 7 - Public Safety		40,575	46,446	49,209	56,591	53,958	53,958	64,699	62,090	28,693
Vote 8 - Waste Management		113,154	61,454	122,329	59,249	61,130	61,130	63,473	65,433	46,855
Vote 9 -		–	–	–	–	–	–	–	–	–
Vote 10 -		–	–	–	–	–	–	–	–	–
Vote 11 -		–	–	–	–	–	–	–	–	–
Vote 12 -		–	–	–	–	–	–	–	–	–
Vote 13 -		–	–	–	–	–	–	–	–	–
Vote 14 -		–	–	–	–	–	–	–	–	–
Vote 15 -		–	–	–	–	–	–	–	–	–
<b>Total Expenditure by Vote</b>	2	<b>402,334</b>	<b>489,536</b>	<b>457,101</b>	<b>452,823</b>	<b>516,204</b>	<b>516,204</b>	<b>503,434</b>	<b>461,765</b>	<b>418,536</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>31,586</b>	<b>(547)</b>	<b>87,264</b>	<b>103,858</b>	<b>85,569</b>	<b>85,569</b>	<b>418</b>	<b>(8,066)</b>	<b>59,222</b>
<b>References</b>										
1. Insert 'Vote'; e.g. department, if different to functional classification structure										
2. Must reconcile to Budgeted Financial Performance (revenue and expenditure)										
3. Assign share in 'associate' to relevant Vote										

**1.4.4 A4 Budget –Financial Performance (revenue and Expenditure)**

EC442 Umzimvubu - 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 +1 2027/28	Budget Year +2 2028/29
<b>R thousand</b>	1										
<b>Revenue</b>											
<b>Exchange Revenue</b>											
Service charges - Electricity	2	-	-	-	-	-	-	-	-	-	-
Service charges - Water	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Management	2	1263	1297	1360	1483	1488	1488	974	1488	1488	1488
Sale of Goods and Rendering of Services	2	1037	249	389	416	841	841	483	848	875	890
Agency services	2	2,066	2,360	2,364	2,900	2,900	2,900	1762	3,002	3,07	3,215
Interest	-	-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables	2	587	600	539	-	700	700	459	-	725	725
Interest earned from Current and Non Current Assets	2	9,241	10,26	10,508	10,580	10,580	10,580	6,038	10,950	11,334	11,730
Dividends	2	-	-	-	-	-	-	-	-	-	-
Rent on Land	2	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets	2	6,357	5,140	5,426	7,355	7,455	7,455	1985	5,023	5,197	5,377
Licence and permits	2	1760	1921	2,164	1765	2,365	2,365	1711	2,448	2,533	2,622
Special rating levies	2	-	-	-	-	-	-	-	-	-	-
Construction Contract Revenue	2	2,046	38,093	46,281	13,017	76,825	76,825	26,949	55,589	18,814	19,664
Development Charges	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	382	998	1,127	2,313	4,414	4,414	688	3,800	150	150
<b>Non-Exchange Revenue</b>											
Property rates	2	46,982	46,522	64,665	66,904	72,175	72,175	67,103	72,175	72,175	72,175
Surcharges and Taxes	2	0	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	2	3,315	3,642	2,359	4,527	2,527	2,527	147	2,618	2,711	2,805
Licences or permits	2	198	158	223	200	200	200	173	207	214	220
Transfer and subsidies - Operational	2	283,558	284,562	298,217	297,276	297,806	297,806	294,879	288,157	281,414	302,328
Interest	2	2,019	2,114	4,696	2,200	7,200	7,200	5,132	7,452	7,713	7,983
Fuel Levy	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	-	-	-	-	-	-	-	-	-	-
Gains on disposal of Fixed and Intangible Assets	2	-	-	12,538	-	-	-	-	-	-	-
Other Gains	2	-	1212	733	-	13	13	-	13	13	13
Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>360,810</b>	<b>398,995</b>	<b>453,591</b>	<b>410,936</b>	<b>487,490</b>	<b>487,490</b>	<b>409,751</b>	<b>454,495</b>	<b>408,462</b>	<b>431,386</b>
<b>Expenditure</b>											
Employee related costs	2	89,977	91,909	98,667	106,006	106,494	106,494	63,943	111,553	116,578	122,112
Remuneration of councillors	2	22,743	23,558	24,539	25,563	25,088	25,088	15,814	26,279	27,504	28,810
Bulk purchases - electricity	2	-	-	-	-	-	-	-	-	-	-
Inventory consumed	2,8	10,016	6,501	6,472	10,494	11316	11316	4,718	11,347	12,102	7,241
Debt impairment	2,3	5,159	9,660	10,025	5,419	5,419	5,419	-	7,366	-	-
Depreciation, amortisation and impairment	2	77,500	10,314	82,239	89,550	89,550	89,550	59,407	89,653	91,372	93,250
Interest, Dividends and Rent on Land	2	1038	2,310	2,118	-	-	-	-	-	-	-
Contracted services	2	94,143	131,187	130,618	116,420	177,811	177,811	85,739	110,250	105,079	64,899
Transfers and subsidies	2	25,007	18,700	22,455	17,096	17,482	17,482	12,662	16,453	17,279	16,187
Irrecoverable debts written off	2	-	0	-	-	-	-	-	-	-	-
Operational costs	2	79,362	76,814	68,134	83,275	84,978	84,978	38,929	88,969	91,851	86,038
Disposal of Fixed and Intangible Assets	2	(2,631)	18,582	11,773	-	-	-	-	-	-	-
Other Losses	2	19	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>402,334</b>	<b>489,536</b>	<b>457,101</b>	<b>452,823</b>	<b>518,137</b>	<b>518,137</b>	<b>281,212</b>	<b>511,870</b>	<b>461,765</b>	<b>418,536</b>
<b>Surplus/(Deficit)</b>		<b>(41,524)</b>	<b>(90,541)</b>	<b>(3,510)</b>	<b>(41,886)</b>	<b>(30,648)</b>	<b>(30,648)</b>	<b>128,539</b>	<b>(57,375)</b>	<b>(53,302)</b>	<b>12,849</b>
Transfers and subsidies - capital (monetary allocations)	6	73,019	77,434	90,774	145,744	114,284	114,284	(45,793)	57,796	64,050	66,037
Transfers and subsidies - capital (in-kind)	6	-	12,560	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>31,586</b>	<b>(547)</b>	<b>87,264</b>	<b>103,858</b>	<b>83,636</b>	<b>83,636</b>	<b>82,746</b>	<b>421</b>	<b>10,748</b>	<b>78,886</b>
Income Tax	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after income tax</b>		<b>31,586</b>	<b>(547)</b>	<b>87,264</b>	<b>103,858</b>	<b>83,636</b>	<b>83,636</b>	<b>82,746</b>	<b>421</b>	<b>10,748</b>	<b>78,886</b>
Share of Surplus/Deficit attributable to Joint Venture	-	-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>31,586</b>	<b>(547)</b>	<b>87,264</b>	<b>103,858</b>	<b>83,636</b>	<b>83,636</b>	<b>82,746</b>	<b>421</b>	<b>10,748</b>	<b>78,886</b>
Share of Surplus/Deficit attributable to Associate	7	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	1	<b>31,586</b>	<b>(547)</b>	<b>87,264</b>	<b>103,858</b>	<b>83,636</b>	<b>83,636</b>	<b>82,746</b>	<b>421</b>	<b>10,748</b>	<b>78,886</b>

1. Classifications are revenue sources and expenditure type  
 2. Detail to be provided in Table SA 1  
 3. Debt impairment includes Impairment and Reversal of Impairment Losses  
 4. Expenditure type components previously shown under repairs and maintenance should be allocated back to the originating expenditure group/item; e.g. employee costs  
 5. Repairs & maintenance detailed in Table A9 and Table SA34c  
 6. Contributions are funds provided by external organisations to assist with infrastructure development; e.g. developer contributions (detail to be provided in Table SA 1)  
 7. Equity method (includes Joint Ventures)  
 8. All materials consumed including water consumed and materials used in operations.

1.4.5 A6 Budgeted Financial Position

EC442 Umzimvubu - 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	Budget Year	Budget Year +1	Budget Year +2
<b>R thousand</b>											
<b>ASSETS</b>											
<b>Current assets</b>											
Cash and cash equivalents	1	79,105	66,310	91,190	143,710	114,685	114,685	192,691	123,932	223,982	389,242
Short term Investments	2	-	-	-	-	-	-	-	-	-	-
Trade and other receivables from exchange transactions	3	4,850	8,394	8,551	21,830	16,140	16,140	5,599	5,495	5,495	5,495
Receivables from non-exchange transactions	3	22,380	14,759	14,208	9,807	19,271	19,271	67,364	26,723	34,436	42,419
Current portion of non-current receivables	4	-	-	-	-	-	-	-	-	-	-
Inventory	5	2,869	3,899	15,630	3,899	15,630	15,630	16,621	15,630	15,630	15,630
VAT Receivable	6	6,982	5,636	4,260	(47,371)	(46,700)	(46,700)	19,635	4,963	5,157	5,351
Other current assets	7	18,474	21,206	23,818	23,171	23,818	23,818	23,818	523	523	523
<b>Total current assets</b>		<b>134,660</b>	<b>120,205</b>	<b>157,657</b>	<b>155,046</b>	<b>142,843</b>	<b>142,843</b>	<b>325,727</b>	<b>177,265</b>	<b>285,222</b>	<b>458,659</b>
<b>Non current assets</b>											
Investments	8	-	-	-	-	-	-	-	-	-	-
Investment property	9	25,298	26,105	26,825	26,105	26,825	26,825	26,825	26,825	26,825	26,825
Property, plant and equipment	10	981,911	1,028,305	1,061,022	1,319,058	1,160,353	1,160,353	1,085,513	1,307,751	1,226,808	1,142,409
Biological assets	11	-	-	-	-	-	-	-	-	-	-
Living resources	12	-	-	-	-	-	-	-	-	-	-
Heritage assets	13	18	18	18	18	18	18	18	17,719	17,719	17,719
Intangible assets	14	595	296	213	2,090	1,184	1,184	557	297	717	1,177
Trade and other receivables from exchange transactions	15	-	-	-	-	-	-	-	-	-	-
Non-current receivables from non-exchange transactions	15	-	-	-	-	-	-	-	-	-	-
Other non-current assets	16	-	-	-	-	-	-	-	-	-	-
<b>Total non current assets</b>		<b>1,007,823</b>	<b>1,054,723</b>	<b>1,088,077</b>	<b>1,347,271</b>	<b>1,188,379</b>	<b>1,188,379</b>	<b>1,112,913</b>	<b>1,352,592</b>	<b>1,272,070</b>	<b>1,188,130</b>
<b>TOTAL ASSETS</b>		<b>1,142,483</b>	<b>1,174,928</b>	<b>1,245,734</b>	<b>1,502,317</b>	<b>1,331,222</b>	<b>1,331,222</b>	<b>1,438,640</b>	<b>1,529,857</b>	<b>1,557,292</b>	<b>1,646,789</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	17	-	-	-	-	-	-	-	-	-	-
Financial liabilities	18	-	-	-	-	-	-	-	-	-	-
Consumer deposits	19	162	176	217	176	217	217	254	217	217	217
Trade and other payables from exchange transactions	20	68,434	79,146	69,757	87,521	69,674	69,674	29,470	42,162	41,761	41,360
Trade and other payables from non-exchange transactions	21	3,699	11,485	491	10,621	791	791	64,430	0	0	0
Provision	22	3,007	3,357	3,978	3,376	3,978	3,978	(863)	4,448	4,448	4,448
VAT Payable	23	140	15,185	17,591	207	17,636	17,636	17,610	426	815	1,203
Other current liabilities	24	713	446	470	466	470	470	177	-	-	-
<b>Total current liabilities</b>		<b>76,155</b>	<b>109,794</b>	<b>92,504</b>	<b>102,386</b>	<b>92,765</b>	<b>92,765</b>	<b>111,078</b>	<b>47,254</b>	<b>47,241</b>	<b>47,228</b>
<b>Non current liabilities</b>											
Financial liabilities	25	-	-	-	-	-	-	-	-	-	-
Provision	26	6,338	9,177	9,549	9,177	9,549	9,549	9,549	12,430	12,430	12,430
Long term portion of trade payables	27	-	-	-	-	-	-	-	-	-	-
Other non-current liabilities	28	2,193	2,477	2,881	2,477	2,881	2,881	2,881	-	-	-
<b>Total non current liabilities</b>		<b>8,531</b>	<b>11,654</b>	<b>12,430</b>	<b>11,654</b>	<b>12,430</b>	<b>12,430</b>	<b>12,430</b>	<b>12,430</b>	<b>12,430</b>	<b>12,430</b>
<b>TOTAL LIABILITIES</b>		<b>84,686</b>	<b>121,449</b>	<b>104,935</b>	<b>114,040</b>	<b>105,196</b>	<b>105,196</b>	<b>123,509</b>	<b>59,684</b>	<b>59,671</b>	<b>59,658</b>
<b>NET ASSETS</b>		<b>1,057,797</b>	<b>1,053,480</b>	<b>1,140,799</b>	<b>1,388,297</b>	<b>1,226,026</b>	<b>1,226,026</b>	<b>1,315,131</b>	<b>1,470,173</b>	<b>1,497,621</b>	<b>1,587,131</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated surplus/(deficit)	29	1,023,163	1,016,727	1,092,269	1,351,544	1,185,666	1,185,666	1,208,657	1,429,100	1,456,548	1,546,058
Reserves and funds	30	34,013	36,753	40,360	36,753	40,360	40,360	40,360	4,1073	4,1073	4,1073
Other	31	-	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	32	<b>1,057,176</b>	<b>1,053,480</b>	<b>1,132,629</b>	<b>1,388,297</b>	<b>1,226,026</b>	<b>1,226,026</b>	<b>1,249,017</b>	<b>1,470,173</b>	<b>1,497,621</b>	<b>1,587,131</b>

1.4.6 A7 Budgeted Cashflow Statement

EC442 Umzimvubu - Table A7 Budgeted Cash Flows											
Description R thousand	## #	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 +1	Budget Year +2
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>									64,958	72,175	72,175
<b>Receipts</b> Property rates Service charges Other revenue									1,340	1,488	1,488
Transfers and Subsidies - Operational Transfers and Subsidies - Capital Interest		36,927	-	-	61,552	66,813	66,813	66,813	110,078	50,107	45,373
Dividends		306	-	-	1,364	1,369	1,369	1,369	288,157	281,414	302,328
<b>Payments</b>		13,944	-	-	76,888	141,820	141,820	141,820	57,796	64,050	66,037
Suppliers and employees Finance charges Transfers and Subsidies	1	314,790	-	-	297,276	297,806	297,806	297,806	11,675	12,059	12,455
	1	15,677	32,835	-	145,744	114,284	114,284	114,284	-	-	-
	1	6,630	-	-	12,780	12,780	12,780	12,780	(398,398)	(353,113)	(309,100)
		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	(16,453)	(17,279)	(16,187)
		(246,224)	(196,765)	(201,081)	(340,757)	(405,935)	(405,935)	(405,935)			
		-	-	-	-	-	-	-			
		-	-	-	(17,097)	(17,182)	(17,182)	(17,182)			
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>142,051</b>	<b>(163,930)</b>	<b>(201,081)</b>	<b>237,749</b>	<b>211,755</b>	<b>211,755</b>	<b>211,755</b>	<b>119,152</b>	<b>110,900</b>	<b>174,570</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE											
Decrease (increase) in non-current receivables Decrease (increase) in non-current investments Insurance Refund - Capital											
Interest on Short Term Investment (Greater than 90 days) and Long Term Investments									(109,905)	(10,850)	(9,310)
<b>Payments</b>											
Capital assets Retention (Capital)											
		(122,639)	(179,265)	(151,250)	(215,003)	(188,261)	(188,261)	(188,261)			
		-	-	-	-	-	-	-			
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(122,639)</b>	<b>(179,265)</b>	<b>(151,250)</b>	<b>(215,003)</b>	<b>(188,261)</b>	<b>(188,261)</b>	<b>(188,261)</b>	<b>(109,905)</b>	<b>(10,850)</b>	<b>(9,310)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans											
Borrowing long term/refinancing											
Increase (decrease) in consumer deposits											
<b>Payments</b>											
Repayment of borrowing											
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>19,412</b>	<b>(343,194)</b>	<b>(352,331)</b>	<b>22,746</b>	<b>23,494</b>	<b>23,494</b>	<b>23,494</b>	<b>9,247</b>	<b>100,050</b>	<b>165,260</b>
Cash/cash equivalents at the year begin: Cash/cash equivalents at the year end:	2								114,685	123,932	223,982
	2	103,546	79,105	66,213	120,964	91,190	91,190	91,190	123,932	223,982	389,242
		<b>122,958</b>	<b>(264,089)</b>	<b>(286,118)</b>	<b>143,710</b>	<b>114,685</b>	<b>114,685</b>	<b>114,685</b>			

**Part 2**

**2.1 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 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 Assumptions**

Umzimvubu Local municipality is rural municipality with majority of its road infrastructure being gravel road as results majority of its maintenance work get capitalised due the nature of work that is done. In 2026/27 draft budget the municipality has set aside R19.8 million for road infrastructure maintenance of which it included in capital budget, hence the maintenance budget is less than 8% of total non-current asset balance sheet value.

## 1. The South African economy and inflation targets:

South Africa’s economy is expected to grow by 1.2 per cent in 2025/26, down from the 1.4 per cent estimated in the 2025/26 budget. Real GDP growth is forecast to strengthen, averaging 1.8 per cent over the medium-term, supported by a revival in investment as new infrastructure allocations take effect and reform implementation builds.

The following macro-economic forecasts must be considered when preparing the 2026/27 MTREF municipal budgets.

**Table 1: Macroeconomic performance and projections, 2023 – 2029**

Fiscal year	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	Actual	Actual	Actual	Estimate	Forecast		
CPI Inflation	6.9%	5.9%	4.4%	3.3%	3.7%	3.3%	3.2%

Source: National Treasury Budget Review 2025.

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

Headline inflation declined to 4.4 per cent in the fourth quarter of 2024/25, resulting in average inflation of 4.4 per cent for the year. Consumer inflation is projected to average 3.3 per cent in 2025/26 and 3.7 per cent in 2026/27. In the short term, reducing the inflation target to 3 per cent will result in more cuts in interest rates than would be the case under a 4.5 per cent target. Over time, a lower target will decrease inflation and inflation expectations, creating the space for permanently lower interest rates, which will support household spending and investment – boosting economic growth and job creation.

The lower inflation will support higher levels of real economic growth. South Africa’s inflation target will be more in line with its trading partners and peer economies, making the economy more competitive. Household spending and private investment will rise due to higher real disposable income and lower borrowing costs.

**PROPOSED TARIFF INCREASES AND**

**BUDGET ASSUMPTIONS**

**Property Rates**

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

#### **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 Funding**

The budget is cash backed – 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**

Status of Audit Outcome:

- The municipality received an Unqualified Audit Opinion with no material findings – Clean Audit.

Submission of Annual Financial Statements:

- The municipality submitted the Annual Financial Statements on the 31<sup>st</sup> August 2025.

Functionality of Audit Committee:

- The Audit Committee is fully functional and is seating on a regular basis as per the MFMA requirements.

Indigent Policy Implementation:

- The indigent management policy is being implemented with 6684 beneficiaries.
- The Free Basic Services will be coordinated with the district municipality with regards to services that are provided by it.

Increase more than the CPI

- The municipality assessed its performance in the implementation of the 2025/26 budget where there were shortfalls that necessitated an upwards adjustment budget and the impact thereof was the increase in the 2026-27 budget which exceeds the CPI of 3.7%
- Filling of critical positions as well as the proposed increment by SALGA also affected the increase in employee related costs.
- Determination of upper limits for Councillors necessitated the increase in the budget for Councillors' allowances.

**UNICIPAL MANAGER'S QUALITY CERTIFICATE**

<b>QUALITY CERTIFICATE</b>
----------------------------

I, **Tobela Nota**, the Municipal Manager of Umzimvubu Local Municipality do hereby certify that-

The mid-term budget statement (Section 72 Report) on the implementation of the budget and financial state of affairs of the municipality for the first six months ended 31 December 2025 has been prepared in accordance with the Municipal Finance Management Act 2003 and Regulations made under that Act.

**Print Name: Tobela Nota**

**Municipal Manager of Umzimvubu Local Municipality**

**Signature:** \_\_\_\_\_

**Date:** \_\_\_\_\_



---