

UMZIMVUBU LOCAL MUNICIPALITY



UMZIMVUBU
— LOCAL MUNICIPALITY —

2026/2027 FINAL BUDGET DOCUMENT **31 MAY 2026**

TABLE OF CONTENTS

	PAGE
Glossary	3
Legislative Framework	4
SECTION 1	
Mayoral Report	4-27
Resolution	28-31
Executive summary	31-45
Budget Tables	46-53
SECTION 2	54-60

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 9TH ORDINARY COUNCIL MEETING HELD ON 29TH MAY 2026, MUNICIPAL COUNCIL CHAMBERS AT KWABHACA

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,

Members of the Media,

To everyone listening to us on Alfred Nzo Community Radio.

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 an honour to be in this 9th Sitting of Council following what can only be described as a productive and successful Strategic Planning Session of our municipality. This important engagement was preceded by the Communication Action Plan Review Workshop, which laid a solid foundation for the communication strategies that the municipality will be using in the coming months.

These engagements demonstrated our collective commitment to strengthening governance, improving communication, and ensuring that the work of this municipality remains responsive to the needs of our communities. I would like to sincerely acknowledge and appreciate the full participation and valuable contributions made by all councillors, officials, and stakeholders who attended both sessions. Your dedication and active involvement continue to strengthen the work of this institution.

Honourable Councillors,

Since the previous Council meeting, the municipality has continued to implement a number of important programmes aimed at improving service delivery, accountability, and community engagement in our space.

Among these was the Annual Risk Assessment Workshop, which enabled the municipality to identify potential risks and strengthen mitigation measures in order to improve institutional performance and safeguard the interests of our communities.

We also embarked on the IDP and Budget Outreach Programme, where we engaged directly with communities across wards with the exception of three wards for reasons now known to all of us here. These outreach sessions remain an important platform for ensuring that the voices of our people are heard and that the developmental priorities reflected in our plans and budget are aligned with the real needs of our residents.

We also attended the Africa's Travel Indaba in Durban with members of the Local Economic Development Standing Committee. By attending these sessions it is our commitment to advancing tourism development and positioning Umzimvubu as a destination of choice rich in culture, heritage, nature and investment opportunities. We were not alone but we brought together our tourism stakeholders from 2nd World Guest House and Intsizwa Guest House who are Tourism and Hospitality product owners.

As we continue strengthening participatory governance, I would also like to remind Council and the public about the upcoming Imbizo scheduled to take place at Ward 26 tomorrow. This Imbizo will provide another valuable opportunity for direct interaction between us and communities. I therefore urge all ward councillors, community leaders, stakeholders, and everyone involved to mobilise communities fully to ensure the success of this important engagement. Our last Imbizo as this Council.

Honourable Members,

We are also encouraged by the visible progress taking place within our municipality, particularly the work currently being undertaken at the bypass behind Shoprite and next to the old Standard Bank building in KwaBhaca. This work is commendable and demonstrates our continued commitment towards improving infrastructure, accessibility, and the overall appearance and functionality of our town. These developments form part of our broader agenda to invest in durable and sustainable infrastructure that improves mobility, enhances safety and restores the appearance of the

town. As we move forward, let us continue working together guided by our shared responsibility to serve the people of Umzimvubu with integrity, dedication, and accountability.

We must approach these programmes with preparedness, and responsiveness. Communities expect solutions, progress, and leadership that listens. The Service Delivery Imbizos must therefore become meaningful platforms of engagement and problem-solving.

As we gather here today, we also do so at a very important stage of the municipal financial calendar. We are now in the final quarter of the 2025 / 2026 financial year.

This period requires heightened focus, discipline, urgency, and accountability from both political leadership and administration.

We must ensure that all outstanding programmes and projects are implemented effectively and concluded thoroughly within the required timeframes. Financial discipline and compliance must remain a priority as we prepare for the audit processes ahead.

I therefore would like to encourage all departments, managers, and officials to remain fully committed to achieving our targets, strengthening governance processes, improving record management, and ensuring compliance with all financial and administrative requirements.

The audit process is not simply about compliance; it reflects the credibility, effectiveness, and integrity of our institution. We must all play our part in ensuring that the municipality concludes the financial year strongly and responsibly.

Somlomo and the Council at large,

Communities are looking to us for hope, direction, and leadership.

They expect us to rise above divisions and focus on improving their lives.

They expect us to govern responsibly.

And they expect us to deliver to our promise.

As I am about to table the 2026–2027 Budget, which will be my final Budget Speech in this current Council Term, I would like to extend my sincere appreciation to my party, the African National Congress, for entrusting me with the responsibility to lead this institution from 2021. The confidence and support bestowed upon me throughout this journey have been both humbling and inspiring. Serving in this capacity has been a profound honour, and I remain grateful for the guidance, encouragement, and collective commitment demonstrated by the movement during my tenure as the Mayor of this institution.

I also wish to express my heartfelt gratitude to the Council, fellow councillors, municipal officials, traditional leaders, stakeholders, and the broader community for their unwavering support and cooperation over the years. Together, we

have worked tirelessly to advance service delivery, strengthen governance, and improve the lives of our people despite the many challenges we encountered along the way. The achievements we celebrate today are a result of collective effort, unity of purpose, and a shared vision for a better future for our municipality and all its residents.

Honourable Speaker,

I further wish to specially acknowledge and appreciate the dedicated work of the Budget and Treasury Office team, under the leadership of Portfolio Head Cllr Nkula, for the commitment and resilience they displayed in preparing the 2026–2027 Budget. This process was not an easy one, particularly in the context of a significantly reduced budget allocation, yet the team remained focused and professional in ensuring that a credible and responsible budget was prepared to meet the needs of our communities.

Honourable members,

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.

Lastly, Hon. Councillors I would like to present the below EXCO report with seven (07) items that require council approval and the rest for noting.

ITEM NO.	DESCRIPTION
10	BUSINESS OF THE DAY
	REPORTS FROM THE EXECUTIVE COMMITTEE FOR APPROVAL BY THE COUNCIL
10.1	OFFICE OF THE MUNICIPAL MANAGER
10.1.1	PROGRESS REPORT ON THE DEVELOPMENT OF THE IDP REVIEW FOR 2026-2027 FY: OFFICE OF THE MUNICIPAL MANAGER
10.2	CORPORATE SERVICES DEPARTMENT
10.2.1	CORPORATE SERVICES DEPARTMENT: APPROVAL OF FINAL ORGANISATIONAL STRUCTURE
10.2.2	NON-SITTING OF THE OCCUPATIONAL HEALTH AND SAFETY (OHS) COMMITTEE AND APPOINTMENT OF CHAIRPERSON OF THE OCCUPATIONAL HEALTHY AND SAFETY
10.3	CITIZEN AND COMMUNITY SERVICES DEPARTMENT
11.3.1	CITIZEN AND COMMUNITY SERVICES DEPARTMENT: COMMUNITY SAFETY SECTION: REQUEST FOR APPROVAL FOR THE AMENDMENT OF DISASTER AND SOCIAL RELIEF OF THE DISTRESS POLICY (APRIL 2026)
10.4	BUDGET AND TREASURY DEPARTMENT
10.4.1	REPORT ON DRAFT BUDGET FOR 2026/2027 MEDIUM TERM REVENUE EXPENDITURE FRAMEWORK
10.5	LOCAL ECONOMIC DEVELOPMENT DEPARTMENT

- 10.5.1 LOCAL ECONOMIC DEVELOPMENT DEPARTMENT:
PROGRES REPORT ON EFFECTS OF ROAD
CONSTRUCTION NEAR PHUTI HAKWERS FOR THE
MONTH OF APRIL 2026

10.6. INFRASTRUCTURE AND PLANNING DEPARTMENT

- 10.6.1 INFRASTRUCTURE DEVELOPMENT AND
PLANNING DEPARTMENT: DINANA AND
NCINIBA ELECTRIFICATION SMART METERS

**11. REPORTS FROM EXECUTIVE COMMITTEE FOR
NOTING BY COUNCIL**

11.1 CORPORATE SERVICES DEPARTMENT

- 11.1.1 CORPORATE SERVICES DEPARTMENT: HUMAN RESOURCES
DIVISION: PERSONNEL MANAGEMENT MONTHLY REPORT
FOR THE PERIOD OF APRIL 2026
- 11.1.2 HUMAN RESOURCES DIVISION: TRAINING DEVELOPMENT
MONTHLY REPORT FOR APRIL 2026
- 11.1.3 CORPORATE SERVICES DEPARTMENT: HUMAN RESOURCES
DIVISION: EMPLOYMENT EQUITY MONTHLY REPORT FOR
APRIL 2026
- 11.1.4 CORPORATE SERVICES DEPARTMENT: MONTHLY
EMPLOYEE REPORT FOR APRIL 2026

- 11.1.5 CORPORATE SERVICES DEPARTMENT: HUMAN RESOURCES DIVISION: PERFORMANCE MANAGEMENT SECTION MONTHLY REPORT FROM APRIL 2026
- 11.1.6 CORPORATE SERVICES DEPARTMENT: OCCUPATIONAL HEALTHY AND SAFETY MONTHLY REPORT FOR APRIL 2026
- 11.1.7 CORPORATE SERVICES DEPARTMENT: SOUND GOVERNANCE DIVISION: RECORDS MANAGEMENT SECTION PRINTING AND PHOTOCOPYING MACHINES MONTHLY REPORT FOR APRIL 2026.
- 11.1.8 INFORMATION MIGRATION PROGRAMME AND UPLOADING OF INFORMATION TO EDMS SECTION MONTHLY REPORT FOR APRIL 2026.
- 11.1.9 CORPORATE SERVICES DEPARTMENT: REPORT ON AUXILIARY SERVICES ACTIVITIES FOR THE MONTH OF APRIL 2026
- 11.1.10 CORPORATE SERVICES DEPARTMENT: REPORT ON CUSTOMER CARE ACTIVITIES FOR THE MONTH OF APRIL 2026
- 11.1.11 CORPORATE SERVICES DEPARTMENT: SOUND GOVERNANCE DIVISION: SECRETARIAT REPORT ON THE COUNCILLOR SITTINGS IN COUNCIL AND COUNCIL COMMITTEE MEETINGS FOR THE MONTH OF APRIL 2026
- 11.1.12 CORPORATE SERVICES DEPARTMENT: INFORMATION COMMUNICATION & TECHNOLOGY (ICT) MONTHLY REPORTS FOR APRIL 2026

11.2 BUDGET AND TREASURY DEPARTMENT

- 11.2.1 S71 MONTHLY BUDGET STATEMENT AS AT 30 APRIL 2026
- STATEMENT OF FINANCIAL PERFORMANCE, POSITION AND THE IMPLEMENTATION OF THE 2025/26 BUDGET (MFMA SECTION 71)

FOR THE PERIOD ENDED 30 APRIL 2026

11.3 CITIZEN AND COMMUNITY SERVICES DEPARTMENT

- 11.3.1 CITIZEN AND COMMUNITY SERVICES: ALIEN INVASIVE SPECIES MANAGEMENT PLAN
- 11.3.2 CITIZEN AND COMMUNITY SERVICES DEPARTMENT: COMMUNITY SERVICES DIVISION: INTEGRATED SOLID WASTE MANAGEMENT REPORT FOR MONTH OF APRIL 2026
- 11.3.3 CITIZEN AND COMMUNITY SERVICES DEPARTMENT: COMMUNITY SERVICES DIVISION: GENERAL HORTICULTURAL MAINTENANCE REPORT FOR THE MONTH OF APRIL 2026
- 11.3.4 CITIZEN AND COUNITY SERVICES DEPARTMENT: COMMUNITY SERVICES DIVISION: BY LAW ENFORCEMENT FOR THE MONTH OF APRIL 2026
- 11.3.5 CITIZEN AND COMMUNITY SERVICES DEPARTMENT: COMMUNITY SERVICES DIVISION: ART AND CULTURAL SERVICES: LIBRARIES REPORT FOR THE MONTH OF APRIL 2026
- 11.3.6 CITIZEN & COMMUNITY SERVICES DEPARTMENT: COMMUNITY SERVICES DIVISION: EPWP REPORT FOR THE MONTH OF APRIL 2026.
- 11.3.7 CITIZEN AND COMMUNITY SERVICES DEPARTMENT: COMMUNITY SAFETY SECTION: TRAFFIC LAW ENFORCEMENT: DRIVER FITNESS REPORTS FOR APRIL 2026
- 11.3.8 CITIZEN AND COMMUNITY SERVICES DEPARTMENT: COMMUNITY SAFETY SECTION: LAW ENFORCEMENT UNIT REPORTS ON PUBLIC TRANSPORT ENFORCEMENT FOR APRIL 2026

- 11.9.9 CITIZEN AND COMMUNITY SERVICES DEPARTMENT:
COMMUNITY SAFETY SECTION: TRAFFIC LAW
ENFORCEMENT: CO-ORDINATION OF COMMON OPERATIONS
WITH OTHER LAW ENFORCEMENT AGENCIES REPORT FOR
APRIL 2026.
- 11.3.10 CITIZEN AND COMMUNITY SERVICES DEPARTMENT:
COMMUNITY SAFETY SECTION: TRAFFIC LAW
ENFORCEMENT: DETECTION AND PROSECUTION OF ROAD
TRAFFIC OFFENCES REPORT FOR APRIL 2026
- 11.3.11 CITIZEN AND COMMUNITY SERVICES DEPARTMENT:
COMMUNITY SAFETY SECTION: BYLAW ENFORCEMENT
REPORT FOR APRIL 2026. (LAW ENFORCEMENT UNIT)
- 11.3.12 CITIZEN AND COMMUNITY SERVICES DEPARTMENT:
COMMUNITY SAFETY SECTION: BY-LAW ENFORCEMENT
REPORTS FOR APRIL 2026. (POUND UNIT)
- 11.3.13 CITIZEN AND COMMUNITY SERVICES DEPARTMENT:
COMMUNITY SAFETY SECTION: ROAD TRAFFIC SIGNS AND
MARKINGS MAINTENANCE FOR APRIL 2026.
- 11.3.14 CITIZEN AND COMMUNITY SERVICES DEPARTMENT:
COMMUNITY SAFETY SECTION: PROTECTION OF MUNICIPAL
ASSETS REPORT FOR APRIL 2026
- 11.3.15 CITIZEN AND COMMUNITY SERVICES DEPARTMENT:
COMMUNITY SAFETY SECTION: REGISTERING AUTHORITY:
VEHICLE REGISTRATION & LICENSING REPORT FOR APRIL
2026
- 11.3.16 CITIZEN AND COMMUNITY SERVICES DEPARTMENT:
COMMUNITY SAFETY SECTION: DRIVING LICENCE TESTING
CENTRE: LEARNERS AND DRIVING LICENCE TESTING
REPORT FOR APRIL 2026
- 11.3.17 CITIZEN AND COMMUNITY SERVICES DEPARTMENT:
COMMUNITY SAFETY SECTION: DRIVING LICENCE TESTING
CENTRE: ISSUING OF DRIVING LICENCES AND PRDP

APPLICATIONS FOR APRIL 2026.

- 11.3.18 CITIZEN AND COMMUNITY SERVICES DEPARTMENT:
COMMUNITY SAFETY SECTION: VEHICLE TESTING STATION
ACTIVITIES FOR APRIL 2026.
- 11.3.19 CITIZEN AND COMMUNITY SERVICES DEPARTMENT:
COMMUNITY SAFETY SECTION: SOCIAL CRIME PREVENTION
& SOCIAL FACILITATION REPORT FOR APRIL 2026.
- 11.3.20 CITIZEN AND COMMUNITY SERVICES DEPARTMENT:
COMMUNITY SAFETY SECTION: DISASTER MANAGEMENT
REPORT FOR APRIL 2026.
- 11.3.21 CITIZEN AND COMMUNITY SERVICES DEPARTMENT:
COMMUNITY SAFETY SECTION: HIV AND AIDS REPORT FOR
APRIL 2026.

SPECIAL PROGRAMMES AND COMMUNICATIONS DEPARTMENT

- 11.4.1 SPECIAL PROGRAMMES AND COMMUNICATIONS
DEPARTMENT: PUBLIC PARTICIPATION UNIT: REPORT ON
PRESIDENTIAL HOTLINE HELD DURING APRIL 2026
- 11.4.2 SPECIAL PROGRAMMES AND COMMUNICATIONS: PUBLIC
PARTICIPATION UNIT: STAKEHOLDER ENGAGEMENT
REPORT FOR THE MONTH OF APRIL 2026
- 11.4.3 SPECIAL PROGRAMMES AND COMMUNICATIONS: PUBLIC
PARTICIPATION UNIT: PROJECT HANDOVERS REPORT FOR
APRIL 2026
- 11.4.4 SPECIAL PROGRAMMES AND COMMUNICATIONS: PUBLIC
PARTICIPATION UNIT: PETITIONS AND COMPLAINTS
MANAGEMENT FOR APRIL 2026.
- 11.4.5 SPECIAL PROGRAMMES AND COMMUNICATIONS: PUBLIC
PARTICIPATION UNIT: CDWS, WARD CLERKS AND WARD
COMMITTEE MONITORING FOR THE MONTH OF APRIL 2026.

- 11.4.6 SPECIAL PROGRAMMES & COMMUNICATIONS DEPARTMENT: COMMUNICATION AND PUBLIC RELATIONS UNIT: REPORT ON COMMUNICATIONS UNIT'S PROGRAMMES HELD AND IMPLEMENTED DURING THE MONTH OF APRIL 2026
- 11.4.7 SPECIAL PROGRAMMES & COMMUNICATIONS DEPARTMENT: REPORT FOR SPECIAL PROGRAMMES UNIT HELD DURING THE MONTH OF APRIL 2026
- 11.4.8 SPECIAL PROGRAMMES & COMMUNICATIONS DEPARTMENT: REPORT FOR SPECIAL PROGRAMMES UNIT HELD DURING THE MONTH OF APRIL 2026
- 11.4.9 SPECIAL PROGRAMMES & COMMUNICATIONS DEPARTMENT: REPORT FOR SPECIAL PROGRAMMES UNIT HELD DURING THE MONTH OF APRIL 2026
- 11.4.10 SPECIAL PROGRAMMES & COMMUNICATIONS DEPARTMENT: REPORT FOR SPECIAL PROGRAMMES UNIT HELD DURING THE MONTH OF APRIL 2026

INFRASTRUCTURE AND PLANNING DEPARTMENT

11.5

- 11.5.1 INFRASTRUCTURE AND PLANNING DEPARTMENT: PROGRESS REPORT ON IMPLEMENTATION OF VISION 2030 KWABHACA AND EMAXESIBENI
- 11.5.2 INFRASTRUCTURE AND PLANNING DEPARTMENT: SCRUTINIZING AND PROCESSING OF LAND USE AND LAND DEVELOPMENT APPLICATIONS
- 11.5.3 INFRASTRUCTURE AND PLANNING DEPARTMENT: TOWN PLANNING ENFORCEMENT AND LAND INVASION
- 11.5.4 INFRASTRUCTURE AND PLANNING DEPARTMENT: SCRUTINIZING BUILDING PLANS

- 11.5.5 INFRASTRUCTURE AND PLANNING DEPARTMENT: PROGRESS REPORT ON THE UMZIMVUBU LOCAL MUNICIPALITY SURVEY (AD HOC SURVEYS)
- 11.5.6 INFRASTRUCTURE AND PLANNING DEPARTMENT: GIS CAPITAL PROJECTS, CAPTURING OF ASSETS AND DATA MANAGEMENT
- 11.5.7 INFRASTRUCTURE AND PLANNING DEPARTMENT: MONTHLY REPORT ON THE BUILDING PLAN APPROVALS FOR THE MONTH OF APRIL 2026
- 11.5.8 INFRASTRUCTURE & PLANNING DEPARTMENT: MONTHLY REPORT ON THE BUILDING CONTROL ENFORCEMENTS FOR THE MONTH OF APRIL 2026
- 11.5.9 INFRASTRUCTURE AND PLANNING DEPARTMENT APRIL 2026; CO-ORDINATION OF RURAL HOUSING PROGRAMME FOR 2025/26 FY
- 11.5.10 INFRASTRUCTURE AND PLANNING DEPARTMENT APRIL 2026; REPORT ON HOUSING INITIATIVE FOR VULNERABLE GROUPS
- 11.5.11 INFRASTRUCTURE AND PLANNING DEPARTMENT MARCH 2026; HUMAN SETTLEMENT PROJECTS OF R152 million IMPLEMENTED BY UMZIMVUBU LM
- 11.5.12 INFRASTRUCTURE AND PLANNING DEPARTMENT APRIL 2026: UMZIMVUBU LOCAL MUNICIPALITY OFFICES
- 11.5.13 INFRASTRUCTURE AND PLANNING DEPARTMENT APRIL 2026: CONSTRUCTION OF COMMUNITY HALLS FOR 2025/2026 FY
- 11.5.14 INFRASTRUCTURE AND PLANNING DEPARTMENT APRIL 2026: ASSISTANCE TO OTHER DEPARTMENTS ON INFRASTRUCTURAL PROGRAMME
- 11.5.15 INFRASTRUCTURE DEVELOPMENT AND PLANNING DEPARTMENT: 2025/26 MUNICIPAL INFRASTRUCTURE

- 11.5.16 GRANT ALLOCATION (MIG)
INFRASTRUCTURE DEVELOPMENT AND PLANNING DEPARTMENT: 2025/26 FY INFRASTRUCTURE PROJECTS
- 11.5.17 INFRASTRUCTURE DEVELOPMENT AND PLANNING DEPARTMENT: 2025/26 FY ELECTRIFICATION PROGRAMME
- 11.5.18 ALLOCATION OF R 14 970 000,00
INFRASTRUCTURE AND PLANNING DEPARTMENT: MONTHLY PROGRESS REPORT ON REPAIRS AND MAINTENANCE OF MUNICIPAL BUILDINGS
- 11.5.19 INFRASTRUCTURE AND PLANNING DEPARTMENT: MONTHLY PROGRESS REPORT ON REPAIR AND MAINTENANCE OF STREETS
- 11.5.20 INFRASTRUCTURE AND PLANNING DEPARTMENT: MONTHLY PROGRESS REPORT ON REPAIR AND MAINTENANCE OF STREETLIGHTS
- 11.5.21 INFRASTRUCTURE AND PLANNING DEPARTMENT: MONTHLY PROGRESS REPORT ON REPAIR AND MAINTENANCE OF MUNICIPAL VEHICLE AND PLANT
- 11.5.22 INFRASTRUCTURE AND PLANNING DEPARTMENT: MONTHLY PROGRESS REPORT ON MUNICIPAL DISASTER RESPONSE GRANT
- 11.5.23 INFRASTRUCTURE AND PLANNING DEPARTMENT: MONTHLY PROGRESS REPORT ON R6.5m DISASTER INTERNAL FUNDED PROJECTS

11.6 LOCAL ECONOMIC DEVELOPMENT DEPARTMENT

- 11.6.1 LOCAL ECONOMIC DEVELOPMENT DEPARTMENT: PROGRESS REPORT ON THE PLOUGHING PROGRAMME FOR THE MONTH OF APRIL 2026.
- 11.6.2. LOCAL ECONOMIC DEVELOPMENT DEPARTMENT: PROGRESS REPORT ON FARMER MENTORSHIP PROGRAMME THAT TOOK PLACE FOR THE MONTH OF APRIL

2026

- 11.6.3 LOCAL ECONOMIC DEVELOPMENT DEPARTMENT:
PROGRESS REPORT ON THE FODDER PROGRAMME FOR
THE MONTH OF APRIL 2026.
- 11.6.5 LOCAL ECONOMIC DEVELOPMENT DEPARTMENT:
PROGRESS REPORT ON THE SHEEP SHEARING PROGRAM
FOR THE MONTH OF APRIL 2026.
- 11.6.6 LOCAL ECONOMIC DEVELOPMENT DEPARTMENT:
PROGRESS REPORT ON THE WOOL VALUE ADDITION
PROGRAMME FOR THE MONTH OF APRIL 2026
- 11.6.7 LOCAL ECONOMIC DEVELOPMENT DEPARTMENT:
PROGRESS REPORT ON THE 13TH AGRICULTURAL SHOW &
TRADE FAIR EVENT FOR THE MONTH OF APRIL 2025.
- 11.6.8 LOCAL ECONOMIC DEVELOPMENT DEPARTMENT: REPORT
PROGRESS ALOE VALUE ADDITION FOR THE MONTH OF
APRIL 2026
- 11.6.9 LOCAL ECONOMIC DEVELOPMENT DEPARTMENT:
PROGRESS REPORT ON CONSUMER PROTECTION & LAW
ENFORCEMENT THAT TOOK PLACE FOR THE MONTH OF
APRIL 2026
- 11.6.10 LOCAL ECONOMIC DEVELOPMENT DEPARTMENT:
PROGRESS REPORT ON REVENUE GENERATED FOR THE
MONTH OF APRIL 2026
- 11.6.11 LOCAL ECONOMIC DEVELOPMENT DEPARTMENT:
PROGRESS REPORT ON SMME DEVELOPMENT FOR THE
MONTH OF APRIL 2026
- 11.6.12 LOCAL ECONOMIC DEVELOPMENT DEPARTMENT:
PROGRESS REPORT ON TOURISM DEVELOPMENT FOR THE
MONTH OF APRIL 2026

- 11.6.13 LOCAL ECONOMIC DEVELOPMENT DEPARTMENT: REPORT ON RAINWATER HARVESTING FOR THE MONTH OF APRIL 2026.
- 11.6.14 LOCAL ECONOMIC DEVELOPMENT DEPARTMENT: REPORT ON CLIMATE CHANGE FOR THE MONTH OF APRIL 2026.
- 11.6.15 LOCAL ECONOMIC DEVELOPMENT DEPARTMENT: DONGA REHABILITATION FOR THE MONTH OF APRIL 2026

OFFICE OF THE MUNICIPAL MANAGER

- 11.7.1 OFFICE OF THE MUNICIPAL MANAGER: CIRCULAR 88 THIRD QUARTER PERFORMANCE REPORT FOR 2025/2026FY
- 11.7.2 OFFICE OF THE MUNICIPAL MANAGER: COMPLIANCE MANAGEMENT REPORT FOR APRIL 2026
- 11.7.3 AUDIT & PERFORMANCE COMMITTEE – THIRD QUARTER REPORT FOR 2025/2026 TO COUNCIL
- 11.7.4 PROGRESS REPORT ON THE DEVELOPMENT OF THE SDBIP FOR 2026/2027FY: OFFICE OF THE MUNICIPAL MANAGER

Honourable Speaker,

Allow me to table the budget for the 2026 / 2027 Financial Year and projects we will be implementing.

Revenue budget has increased by R12,8 million from tabled budget, which is an increase from R512,2 million to R525 million. Overall increase of 2% as result of:

R13,9 million increase in transfers and subsidies which is due to R11,6 million rollover on disaster recovery grant and R2.3 million in green corridor for climate change.

We have R2 million increase interest from investments.

There is also net decrease of R3.1 million on property rates due tariff decreases on residential, business, vacant land properties.

Ndifuna ukucacisa ukuba iEquitable share allocation yehlile by R6.5 million from R293 million to R281.1 million.

Overall capital budget in 2026/27 has decreased by R56,8 million as compared to 2025/26 financial year of R188,2 million this is due to 100% decrease in disaster recovery allocation and a reduction in internal funded projects.

The INEP Grant will be: **R8.4 million** for projects such as Ngojini electrification in ward 25, Shayamoya phase 2 in ward 27, Sigidini electrification in ward 4, nezinye.

Municipal Infrastructure Grant is R57.7 million to undertake the following projects:

- Osborn Bridge in ward 25,
- Marwaqa access road and bridge in ward 15,
- Ngwekazana / Gudlintaba access road in ward 11,
- Ncome Springs Community Hall in ward 24,
- Njijini Komkhulu Community Hall in ward 22
- Ngonyameni Community Hall in ward 4 nezinye.

THE TOTAL BUDGET FOR 2026 / 2027 FINANCIAL YEAR IS AS FOLLOWS:

Revenue: R 525 million

Operational Expenditure: R507, 9 million

Capital Expenditure: R131, 3 million

Honourable Speaker,

The following table best illustrates the comparative years:

Description	Current Year		2025/2026 Medium Term Revenue and Expenditure Framework		
	Original Budget 2025/26	Adjusted Budget	Draft 2026/27	Budget 2027/28	Budget 2028/29
Operating Transfers and Grants					
National Government	293,268,000.00	293,268,000.00	286,684,000.00	281,414,000.00	301,878,000
Local Government Equitable Share	288,295,000.00	288,295,000.00	281,659,000.00	278,914,000.00	299,278,000
Expanded Public Works Programme integrated Grant	2,773,000.00	2,773,000.00	2,625,000.00	-	-
Local Government Financial Management Grant	1,800,000.00	1,800,000.00	2,000,000.00	2,100,000.00	2,200,000
LG SETA	400,000.00	400,000.00	400,000.00	400,000.00	400,000
Provincial Government	4,008,000.00	4,866,000.00	3,801,000.00	1,434,000.00	1,434,000.00
Capacity Building and other: Library Grant	1,434,000.00	1,473,000.00	1,473,000.00	1,434,000.00	1,434,000
Incentive Grant Fund	2,574,000.00	2,743,902.00	2,328,000.00	-	-
Total Operating Transfers and Grants	297,276,000.00	298,134,000.00	290,485,000.00	282,848,000.00	303,312,000
Capital Transfers and Grants	Original Budget 2025/26	Adjusted Budget	Draft 2026/27	Budget 2027/28	Budget 2028/29
National Government	98,550,000.00	129,254,000.00	77,835,000.00	82,864,000.00	85,701,000
Integra national electrification programme (INEP)	14,970,000.00	14,970,000.00	8,439,000.00	18,814,000.00	19,664,000
Municipal Infrastructure Grant (MIG)	57,096,000.00	57,096,000.00	57,796,000.00	64,050,000.00	66,037,000
Municipal Disaster Recovery Grant	26,484,000.00	57,188,000.00	11,600,000.00	-	-
Provincial Government	53,600,000.00	53,600,000.00	47,150,000.00	-	-
Human Settlement Housing Projects	53,600,000.00	53,600,000.00	47,150,000.00	-	-
Total Capital Transfers and Grants	152,150,000.00	182,854,000.00	124,985,000.00	82,864,000.00	85,701,000

Operating expenditure budget has increase by R3.4 million from tabled budget, which is increase from R504,5 million to R507.9 million. Overall increase as result of:

- Net increase of R1.47 million in contracted services.
- Net increase of R185 thousand in inventory consumed
- Net increase of R2.25 million in Operational cost and
- Net decrease of R500 thousand in transfers and subsidies.

Contracted services included the following operating projects:

- Security Services – R24 million;
- Repairs and Maintenance –R23 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;
 - Umzimvubu Community Hands Programme, EPWP grant and Green Corridor for climate change – R16,4 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 Operating Expenditure.

Capital Expenditure Per Department

Department	2026/2027		Outer Years	
	2026 Final Budget	2027 Draft Budget	2028 Draft Budget	2029 Draft Budget
Budget and Treasury Office	5,000,000.00	2,900,000.00	830,000.00	600,000.00
Citizen & Community Services	29,084,246.00	11,303,000.00	1,349,850.00	-
Corporate Services	3,751,000.00	3,200,000.00	3,870,000.00	3,910,000.00
Infrastructure and Planning	146,726,082.00	109,922,670.00	68,010,000.00	-
Local Economic Development	3,500,000.00	3,500,000.00	4,600,000.00	4,600,000.00
Special Programmes & Communication	200,000.00	550,000.00	200,000.00	200,000.00
Grand Total	188,261,328.00	131,375,670.00	78,859,850.00	9,310,000.00

Budget and Treasury Office

Department	Source of Funding	2027 Draft Budget	2028 Draft Budget	2029 Draft Budget
Budget and Treasury Office		2,900,000.00	830,000.00	600,000.00
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		

Corporate Services

Department	Source of Funding	2027 Draft Budget	2028 Draft Budget	2029 Draft Budget
Corporate Services		3,200,000.00	3,870,000.00	3,910,000.00
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.

Citizen and Community Services

Department	Source of Funding	2027 Draft Budget	2028 Draft Budget	2029 Draft Budget
Citizen & Community Services		11,303,000.00	1,349,850.00	-
Chithwa Recreational Park	Own Reserves	1,600,000.00	-	-
Weighbridge Concrete slab	Own Reserves	700,000.00	975,000.00	-
Fencing of landfill site	Own Reserves	300,000.00	-	-
Community Amenities	Own Reserves	400,000.00	110,250.00	-
Tools and Equipment	Green Corridor	228,000.00	-	-
Furniture and office equipment 208700002	Own Reserves	450,000.00	264,600.00	-
Machinery and equipment 208700036	Own Reserves	975,000.00	-	-
Tools & equipment 209	Own Reserves	200,000.00	-	-
Police: EmaYesibeni Pound upgrading first phase	Own Reserves	2,000,000.00	-	-
Shooting range Construction	Own Reserves	4,200,000.00	-	-
Security equipment 209700023	Own Reserves	250,000.00	-	-

Remarks

- Citizen and Community Services capital budget for 2026/27 is R11,3 million as compared to the allocated R10.4 million in the 2025/2026 financial year. This represents an increase in the new financial year.

Thank you.

1.2 RESOLUTIONS

It is recommended;

1. That, the council note and approves 2026/27 original budget, in terms of section 24 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 original revenue budget of R525 million for 2026/2027 MTERF;
3. That, the Council notes and approves the original operating expenditure budget of R507.9 for 2026/2027 MTERF;
4. That, the Council notes and approves the tabled original capital expenditure budget of R131,3 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 - Mfesaneeni 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
Grand Total		57,796,000.00

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

PROJECT	WARD	BUDGET
Sivumela Electrification	24	150 000,00
Ntlavini Electrification	2	150 000,00
Skhumbeni Electrification	8	189 870,00
Powulini Electrification	8	150 000,00
Tyeni Electrification	12	150 000,00
Ntlabeni Electrification	13	150 000,00
Mndini Electrification	14	1 819 300,00
Papanana Electrification	16	150 000,00
Bislani Electrification	21	150 000,00
Zigadini Electrification	24	150 000,00
Ngojini Electrification	25	1 339 800,00
Shayamoya Phase Electrification	26	1 129 000,00
Mahamane Electrification	20	228 030,00
Qhaqhazelani Electrification	8	150 000,00
Magxeni Electrification	23	150 000,00
Sigidini Electrification	4	2 233 000,00
TOTAL		8 439 000,00

below

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
Grand Total		47,150,000.00

2

8. That, the Council notes and approves the disaster recovery rollover as detailed below:

Segment Name	Funding Source	Ward	Amount
Reconstruction of Bangweni to Njijini bridge	MDRG	Ward 22	1,500,000.00
Extension of Silindini bridge\	MDRG	Ward 6	2,800,000.00
Reconstruction of Mwaca Bridge	MDRG	Ward 6	2,000,000.00
Gubhuzi Access Road & Concrete Slab	MDRG	Ward 13	1,600,000.00
Reconstruction of Ilitha Bridge and Concrete Slab	MDRG	Ward 16	700,000.00
Rehabilitation of Phuka to Hlathini AR and Bridge	MDRG	Ward 26	3,000,000.00
			11,600,000.00

3

9. That, the Council notes and approves the budget and all changes to annual reviewed 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 31st of May 2026.

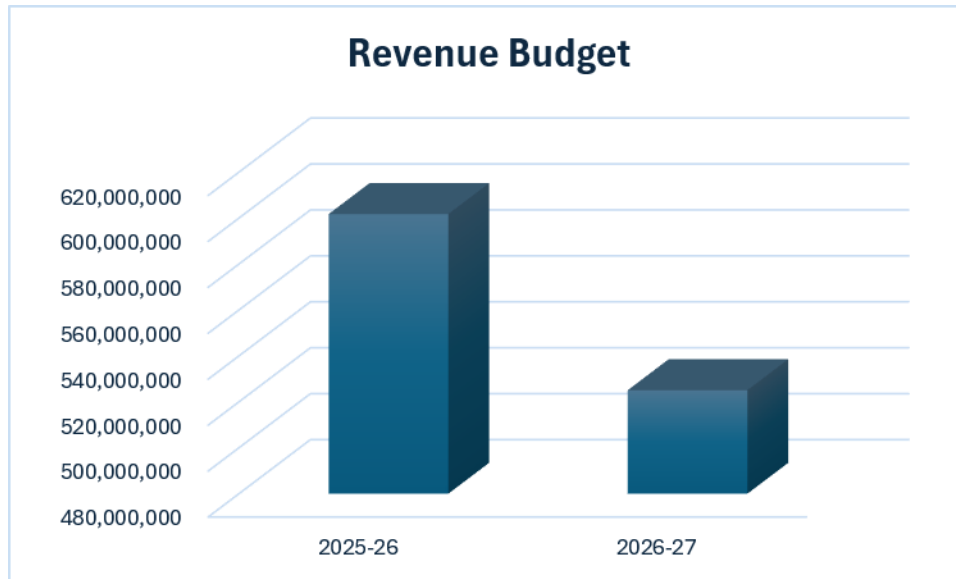
Budget Steering Committee:

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 Original Budget

5.1 Revenue Budget

Description	2026/2027				Outer Years		
	Current Year	2027 Draft Budget	Proposed Adjustm	2027 Final Budget	Percentage of Total Budget	2028 Draft Budget	2029 Draft Budget
Revenue	- 601,760,652.00	- 512,277,595.00	- 12,802,200.00	- 525,079,795.00	100%	- 472,499,479.88	- 497,409,658.67
Agency Services	- 2,900,000.00	- 3,001,500.00	-	- 3,001,500.00	1%	- 3,106,550.00	- 3,215,300.00
Fines; Penalties and Forfeits	- 2,527,000.00	- 2,618,200.00	-	- 2,618,200.00	1%	- 2,710,800.00	- 2,805,000.00
Interest	- 7,200,000.00	- 7,452,000.00	-	- 7,452,000.00	1%	- 7,712,820.00	- 7,982,800.00
Interest; Dividend and Rent on Land	- 11,280,000.00	- 11,674,800.00	- 2,000,000.00	- 13,674,800.00	2%	- 12,058,550.00	- 12,455,178.75
Licences or Permits	- 2,565,000.00	- 2,654,800.00	-	- 2,654,800.00	1%	- 2,747,500.00	- 2,842,000.00
Operational Revenue	- 4,414,000.00	- 3,800,250.00	-	- 3,800,250.00	1%	- 150,000.00	- 150,000.00
Property Rates by Usage	- 72,174,980.00	- 72,175,000.00	3,125,800.00	- 69,049,200.00	14%	- 72,175,000.00	- 72,175,000.00
Rental from Fixed Assets	- 7,455,000.00	- 5,023,200.00	-	- 5,023,200.00	1%	- 5,197,210.25	- 5,377,303.26
Sales of Goods and Rendering of Services	- 841,310.00	- 848,045.00	-	- 848,045.00	0%	- 875,089.63	- 890,016.66
Construction Contract Revenue	- 76,825,342.00	- 55,589,000.00	-	- 55,589,000.00	11%	- 18,814,000.00	- 19,664,000.00
Service Charges	- 1,487,600.00	- 1,487,800.00	-	- 1,487,800.00	0%	- 1,487,960.00	- 1,488,060.00
Transfers and Subsidies	- 412,090,420.00	- 345,953,000.00	- 13,928,000.00	- 359,881,000.00	68%	- 345,464,000.00	- 368,365,000.00

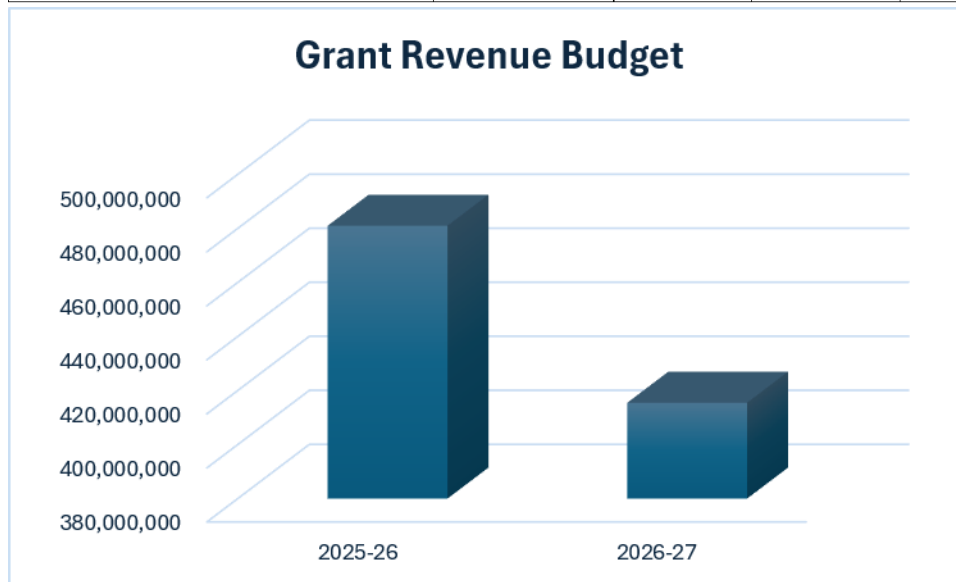


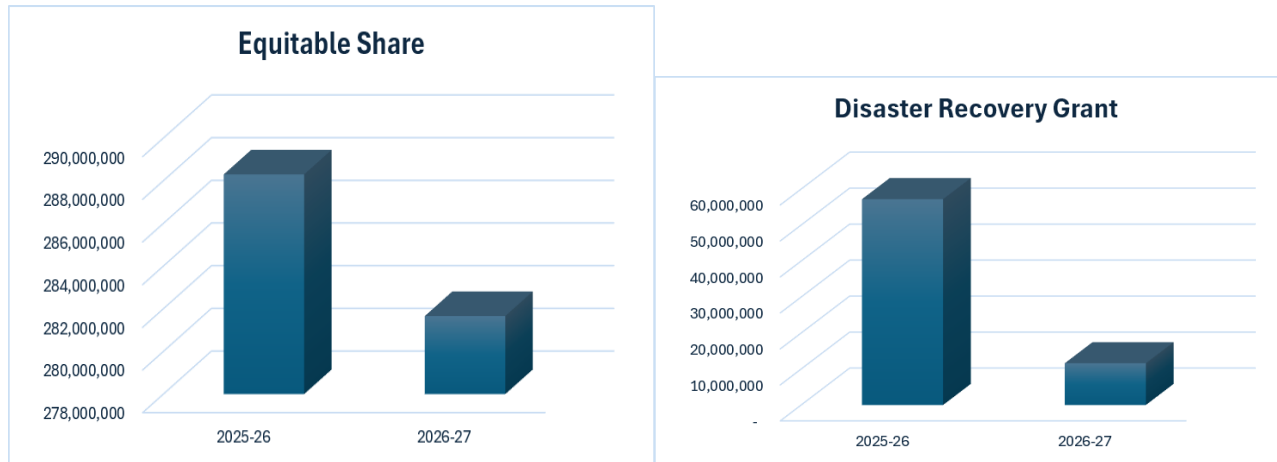
Remarks:

- Revenue budget has increase by R12,8 million from tabled budget, which is increase from R512,2 million to R525 million. Overall increase of 2% as result of:
 - ❖ R13,9 million increase in transfers and subsidies which due to R11,6 million rollover on disaster recovery grant and R2.3 million in green corridor for climate change.
 - ❖ R2 million increase interest from investments.
 - ❖ There is also net decrease of R3.1 million on property rates due tariff decreases on residential, business, vacant land properties.

The following table best illustrates the comparative years:

Description	Current Year		2025/2026 Medium Term Revenue and Expenditure Framework		
	Original Budget 2025/26	Adjusted Budget	Draft 2026/27	Budget 2027/28	Budget 2028/29
Operating Transfers and Grants					
National Government	293,268,000.00	293,268,000.00	286,684,000.00	281,414,000.00	301,878,000
Local Government Equitable Share	288,295,000.00	288,295,000.00	281,659,000.00	278,914,000.00	299,278,000
Expanded Public Works Programme integrated Grant	2,773,000.00	2,773,000.00	2,625,000.00	-	-
Local Government Financial Management Grant	1,800,000.00	1,800,000.00	2,000,000.00	2,100,000.00	2,200,000
LG SETA	400,000.00	400,000.00	400,000.00	400,000.00	400,000
Provincial Government	4,008,000.00	4,866,000.00	3,801,000.00	1,434,000.00	1,434,000.00
Capacity Building and other: Library Grant	1,434,000.00	1,473,000.00	1,473,000.00	1,434,000.00	1,434,000
Incentive Grant Fund	2,574,000.00	2,743,902.00	2,328,000.00	-	-
Total Operating Transfers and Grants	297,276,000.00	298,134,000.00	290,485,000.00	282,848,000.00	303,312,000
Capital Transfers and Grants					
National Government	98,550,000.00	129,254,000.00	77,835,000.00	82,864,000.00	85,701,000
Integra national electrification programme (INEP)	14,970,000.00	14,970,000.00	8,439,000.00	18,814,000.00	19,664,000
Municipal Infrastructure Grant (MIG)	57,096,000.00	57,096,000.00	57,796,000.00	64,050,000.00	66,037,000
Municipal Disaster Recovery Grant	26,484,000.00	57,188,000.00	11,600,000.00	-	-
Provincial Government	53,600,000.00	53,600,000.00	47,150,000.00	-	-
Human Settlement Housing Projects	53,600,000.00	53,600,000.00	47,150,000.00	-	-
Total Capital Transfers and Grants	152,150,000.00	182,854,000.00	124,985,000.00	82,864,000.00	85,701,000



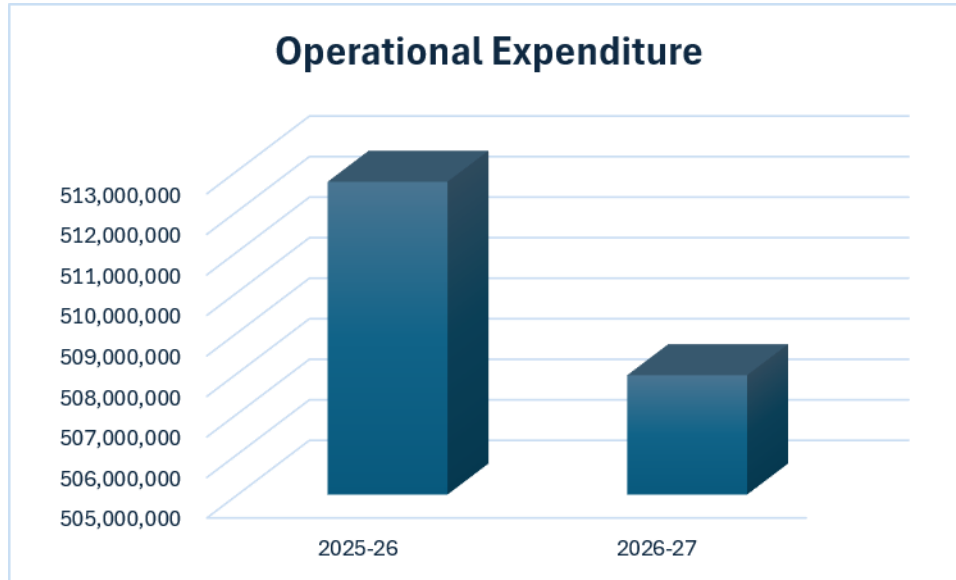


Remarks

- Equitable share allocation 2026/2027 has decrease by R6.5 million from 293 million to R281.1 million.
- Disaster recovery grant allocation has decrease by 100%, the R11.6 million is for rollover projects.

5.2 Operational Expenditure

Description	2026/2027				Outer Years		
	Current Year	2027 Draft Budget	Proposed Adjustm	2027 Final Budget	Percentage of Total Budget	2028 Draft Budget	2029 Draft Budget
Expenditure	512,718,698.00	504,504,268.00	3,441,773.97	507,946,041.97	100%	461,764,628.09	418,536,193.25
Contracted Services	177,810,854.00	160,249,776.00	1,471,300.36	161,721,076.36	32%	105,078,681.00	64,898,548.08
Depreciation and Amortisation	89,550,000.00	89,652,996.00	-	89,652,996.00	18%	91,372,500.00	93,249,675.00
Employee Related Cost	106,493,809.00	111,552,540.00	-	111,552,540.00	22%	116,577,510.00	122,111,510.00
Inventory Consumed	11,315,502.00	11,347,488.00	185,425.00	11,532,913.00	2%	12,101,875.00	7,241,350.00
Operating Leases	1,667,220.00	1,699,224.00	-	1,699,224.00	0%	1,699,220.00	1,699,220.00
Operational Cost	83,310,657.00	87,270,264.00	2,285,048.61	89,555,312.61	17%	90,151,342.09	84,338,890.18
Remuneration of Councillors	25,088,238.00	26,278,980.00	-	26,278,980.00	5%	27,504,000.00	28,810,000.00
Transfers and Subsidies	17,482,418.00	16,453,000.00	- 500,000.00	15,953,000.00	3%	17,279,500.00	16,187,000.00



Remarks

Operating expenditure budget has increase by R3.4 million from tabled budget, which is increase from R504,5 million to R507.9 million. Overall increase as result of:

- Net increase of R1.47 million in contracted services.
- Net increase of R185 thousand in inventory consumed
- Net increase of R2.25 million in Operational cost and
- Net decrease of R500 thousand in transfers and subsidies.

Contracted services included the following operating projects:

- Security Services – R24 million;
 - Repairs and Maintenance –R23 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;
 - Umzimvubu Community Hands Programme, EPWP grant and Green Corridor for climate change – R16,4 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 Operating Expenditure.

5.3 Capital Expenditure Per Department

Department	2026/2027		Outer Years	
	2026 Final Budget	2027 Draft Budget	2028 Draft Budget	2029 Draft Budget
Budget and Treasury Office	5,000,000.00	2,900,000.00	830,000.00	600,000.00
Citizen & Community Services	29,084,246.00	11,303,000.00	1,349,850.00	-
Corporate Services	3,751,000.00	3,200,000.00	3,870,000.00	3,910,000.00
Infrastructure and Planning	146,726,082.00	109,922,670.00	68,010,000.00	-
Local Economic Development	3,500,000.00	3,500,000.00	4,600,000.00	4,600,000.00
Special Programmes & Communication	200,000.00	550,000.00	200,000.00	200,000.00
Grand Total	188,261,328.00	131,375,670.00	78,859,850.00	9,310,000.00

Remarks

- Overall capital budget in 2026/27 has decrease by R56,8 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
Budget and Treasury Office		2,900,000.00	830,000.00	600,000.00
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
Corporate Services		3,200,000.00	3,870,000.00	3,910,000.00
Computer equipment ICT201700000	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
ICTPROGRAMMESsoftware201700005	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
Citizen & Community Services		11,303,000.00	1,349,850.00	-
Chithwa Recreational Park	Own Reserves	1,600,000.00	-	-
WeighBrigde Concrete slab	Own Reserves	700,000.00	975,000.00	-
Fencing of landfill site	Own Reserves	300,000.00	-	-
Community Amenities	Own Reserves	400,000.00	110,250.00	-
Tools and Equipment	Green Corridor	228,000.00	-	-
Furniture and office equipment 208700002	Own Reserves	450,000.00	264,600.00	-
Machinery and equipment 208700036	Own Reserves	975,000.00	-	-
Tools & equipment 209	Own Reserves	200,000.00	-	-
Police: EmaXesibeni Pound upgrading first phase	Own Reserves	2,000,000.00	-	-
Shooting range Construction	Own Reserves	4,200,000.00	-	-
Security equipment 209700023	Own Reserves	250,000.00	-	-

Remarks

- Citizen and community services capital budget for 2026/27 is R11,3 million as compared to the allocated R10.4 million in the 2025/2026 financial year. This represents an increase in the new financial year.

5.3.4 Infrastructure and Planning

Remarks

- Infrastructure and planning capital budget for 2026/27 is R109,9 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, Own Reserves and Human Settlement:

MIG

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
Grand Total		57,796,000.00

INEP

Segment Name	Funding	Ward	Amount
Sgidini Electrification - 70 h/h	INEP	4	2,233,000.00
Powulini Pre-engineering	INEP	8	150,000.00
Qhaq hazelani Pre-engineering	INEP	8	150,000.00
Tyeni Pre-engineering	INEP	12	150,000.00
Zigadini Pre-engineering	INEP	24	150,000.00
Sivumela Pre-engineering	INEP	24	150,000.00
Mgxeni Pre-engineering	INEP	23	150,000.00
Bislan Pre-engineering	INEP	21	150,000.00
Mahamane Pre-engineering	INEP	20	228,030.00
Papanana Pre-engineering	INEP	16	150,000.00
Ntlabeni Pre-engineering	INEP	13	150,000.00
Sikhumbeni Pre-engineering	INEP	7	189,870.00
Ntlavini Pre-engineering	INEP	3	150,000.00
Mndini Electrification - 57 h/h	INEP	14	1,819,300.00
Ngojini Electrification - 42 h/h	INEP	25	1,339,800.00
Shayamoya Phase 2 - 27 h/h	INEP	27	1,129,000.00
			8,439,000.00

Own Reserves

PROJECT	WARD	BUDGET
Malenge AR Maintenance	2	1 983 485,50
Tela - Dundee AR Maintenance	3	1 750 000,00
Qadu AR Maintenance	5	1 574 120,58
Baquqeni streets Maintenance	7	1 290 607,05
Ngwekazana AR Maintenance	8	1 663 649,80
Sugarbush AR Maintenance	9	1 900 000,00
Mgungundlovu AR Maintenance	12	1 640 760,55
Mpungutyana to Bhaletyeni AR Maintenance	13	3 415 963,22
Niyonal AR Maintenance	14	2 292 190,98
Baphathe AR Maintenance	16	1 592 922,50
Ehlane - Extension of road and Hlane AR Maintenance	17	1 667 724,48
Construction of Badibanise AR - NEW	18	2 054 063,19
Bhakaleni to Sekileni via Shinta to Boss AR maintenance	19	3 303 457,57
Dangwana /Zingcuka AR maintenance	20	2 065 405,18
Mhlanganisweni AR Maintenance	21	2 230 709,97
Matyamhlophe via Huba Deskspan AR maintenance	23	1 895 882,64
Solani and Ntuli slabs	26	1 085 000,00
Municipal Offices	18	4 000 000,00
Shayamoya to Hlehle via komkhulu eZixhobo to Siqhingeni Primary AR Maintenance	27	1 946 726,79
Construction of houses (exchange Bus/taxi rank	18	3 000 000,00
TOTAL		42 352 670,00

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
Grand Total		47,150,000.00

Disaster Recovery Grant rollover

Segment Name	Funding Source	Ward	Amount
Reconstruction of Bangweni to Njijini bridge	MDRG	Ward 22	1,500,000.00
Extension of Sliindini bridge\	MDRG	Ward 6	2,800,000.00
Reconstruction of Mwaca Bridge	MDRG	Ward 6	2,000,000.00
Gubhuzi Access Road & Concrete Slab	MDRG	Ward 13	1,600,000.00
Reconstruction of Iliitha Bridge and Concrete Slab	MDRG	Ward 16	700,000.00
Rehabilitation of Phuka to Hlathini ARand Bridge	MDRG	Ward 26	3,000,000.00
			11,600,000.00

Remarks

- Municipal Infrastructure Grant tabled budget for 2026/27 is R57.7 million, electrification is R8,4 million, internal funding is R42.3 million, housing project budget is R47,1 million and disaster recovery grant rollover is R11.6 million.

5.3.5 Local Economic Development

Department	Source of Funding	2027 Draft Budget	2028 Draft Budget	2029 Draft Budget
Local Economic Development		4,000,000.00	4,600,000.00	4,600,000.00
Ntenetyana camp site	Own Reserves	1,200,000.00	1,500,000.00	1,500,000.00
Ntsizwa Hiking trail	Own Reserves	2,800,000.00	3,100,000.00	3,100,000.00

Remarks

- Local economic development capital budget for 2026/27 is R4 million which is R500 thousand increase from 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
Budget and Treasury Office		2,900,000.00	830,000.00	600,000.00
Special Programmes & Communication		550,000.00	200,000.00	200,000.00
Welcome Signs	Own Reserves	350,000.00	200,000.00	200,000.00
Live Streaming Equipment	Own Reserves	200,000.00	-	-

Remarks

- Special programmes and communication capital for 2026/27 is R450 thousand as compared to the allocated R200 thousand in the 2025/26. This represents an increase of R350 thousand 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	61,551,670.00	12,134,997.00
Disaster Grant	57,188,000.00	11,600,000.00	45,588,000.00
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
Green Corridor	-	228,000.00	
Library grant	290,000.00		290,000.00
Financial management grant	-	200,000.00	- 200,000.00
Total	265,086,009.00	186,964,670.00	78,349,339.00

6 TOTAL ORIGINAL BUDGET 2026/2027 MTERF

Description	2026/2027				Outer Years	
	2026 Final Budget	2027 Draft Budget	Proposed Adjustme	2027 Final Budget	2028 Draft Budget	2029 Draft Budget
Revenue	- 601,760,652.00	- 512,277,595.00	- 12,802,200.00	- 525,079,795.00	- 472,499,479.88	- 497,409,658.67
Operating Expenditure	512,718,698.00	504,710,311.00	3,441,773.97	507,946,041.97	461,764,628.09	418,536,193.25
Capital Expenditure	188,261,328.00	109,905,000.00	21,470,670.00	131,375,670.00	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	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
R thousands										
Financial Performance										
Property rates	46,982	46,522	64,665	66,904	72,175	72,175	68,720	69,049	72,175	72,175
Service charges	1,263	1,297	1,360	1,483	1,488	1,488	1,277	1,488	1,488	1,488
Investment revenue	9,241	10,126	10,508	10,580	10,580	10,580	7,963	12,950	11,334	11,730
Transfer and subsidies - Operational	283,558	284,562	298,217	297,276	297,806	297,806	296,618	290,485	281,414	302,328
Other own revenue	19,766	56,489	78,840	34,694	105,441	105,441	45,817	81,724	42,052	43,664
Total Revenue (excluding capital transfers and contributions)	360,810	398,995	453,591	410,936	487,490	487,490	420,395	456,697	408,462	431,386
Employee costs	89,977	91,909	98,667	106,006	106,494	106,494	87,558	111,553	116,578	122,112
Remuneration of councillors	22,743	23,558	24,539	25,563	25,088	25,088	22,201	26,279	27,504	28,810
Depreciation, amortisation and impairment	77,500	110,314	82,239	89,550	89,550	89,550	70,468	89,653	91,372	93,250
Interest, Dividends and Rent on Land	1,038	2,310	2,119	-	-	-	-	-	-	-
Inventory consumed and bulk purchases	10,016	6,501	6,472	10,494	11,316	11,316	6,512	11,533	12,102	7,241
Transfers and subsidies	25,007	18,700	22,455	17,096	17,286	17,286	13,640	16,753	17,279	16,187
Other expenditure	176,053	236,243	220,610	204,113	268,403	268,403	148,132	261,812	196,929	150,937
Total Expenditure	402,334	489,536	457,101	452,823	518,137	518,137	348,511	517,583	461,765	418,536
Surplus/(Deficit)	(41,524)	(90,541)	(3,510)	(41,886)	(30,648)	(30,648)	71,884	(61,886)	(53,302)	12,849
Transfers and subsidies - capital (monetary allocations)	73,109	77,434	90,774	145,744	114,284	114,284	(64,748)	69,396	64,050	66,037
Transfers and subsidies - capital (in-kind)	-	12,560	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & Share of Surplus/Deficit attributable to Associates	31,586	(547)	87,264	103,858	83,636	83,636	7,136	7,510	10,748	78,886
Surplus/(Deficit) for the year	31,586	(547)	87,264	103,858	83,636	83,636	7,136	7,510	10,748	78,886
Capital expenditure & funds sources										
Capital expenditure	107,779	117,752	126,342	215,003	188,261	188,261	109,905	133,576	78,860	9,310
Transfers recognised - capital	76,340	67,671	80,451	145,864	114,575	114,575	61,719	69,824	68,210	200
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	31,180	48,211	45,532	69,139	73,687	73,687	48,186	63,752	10,650	9,110
Total sources of capital funds	107,519	115,883	125,983	215,003	188,261	188,261	109,905	133,576	78,860	9,310
Financial position										
Total current assets	134,660	120,205	157,657	155,046	142,843	142,843	266,056	148,964	208,754	371,567
Total non current assets	1,007,823	1,054,723	1,088,077	1,347,271	1,188,379	1,188,379	1,127,515	1,376,263	1,363,750	1,279,811
Total current liabilities	76,155	109,794	92,504	102,366	92,765	92,765	102,376	47,134	34,042	20,427
Total non current liabilities	8,531	11,654	12,430	11,654	12,430	12,430	12,430	12,430	12,430	12,430
Community wealth/Equity	1,057,176	1,053,480	1,132,629	1,388,297	1,226,026	1,226,026	1,292,226	1,465,663	1,526,033	1,618,521
Cash flows										
Net cash from (used) operating	353,701	(504)	(32,673)	542,813	582,906	582,882	583,764	114,516	110,900	174,570
Net cash from (used) investing	(122,639)	(179,265)	(151,250)	(215,003)	(188,261)	(188,261)	(188,261)	(133,576)	(78,860)	(9,310)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end:	334,608	(100,663)	(117,710)	448,774	485,835	485,811	486,693	95,625	127,665	292,926
Cash backing/surplus reconciliation										
Cash and investments available	334,608	(100,663)	(117,710)	448,774	485,835	485,811	486,693	95,625	127,665	292,926
Application of cash and investments	101,210	136,096	124,494	167,247	154,210	154,210	28,005	52,749	(2,540)	1,378
Balance - surplus (shortfall)	233,398	(236,760)	(242,204)	281,526	331,626	331,602	458,688	42,876	130,205	291,548
Asset management										
Asset register summary (WDV)	805,545	1,714,329	687,851	585,950	615,764	615,764	-	1,257,824	1,172,701	1,084,161
Depreciation	71,893	77,989	74,272	89,550	89,550	89,550	-	89,653	91,372	93,250
Renewal and Upgrading of Existing Assets	59,924	59,202	38,522	77,077	104,889	104,889	-	78,665	20,780	3,150
Repairs and Maintenance	20,112	21,081	16,686	25,750	27,329	27,329	-	32,675	29,073	23,040
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	(169)	-	(1)	-	-	-	-	-	-	-
Households below minimum service level										
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	###	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 2027/28	Budget Year +2 2028/29
Revenue - Functional										
Governance and administration		339,756	343,037	378,947	377,609	387,894	387,894	378,414	377,705	399,457
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		339,756	343,037	378,947	377,609	387,894	387,894	378,414	377,705	399,457
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		6,812	8,106	7,195	9,407	8,122	8,122	57,209	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		-	-	-	-	-	-	48,800	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		76,387	132,889	150,648	161,401	196,259	196,259	72,392	65,076	67,081
Planning and development		55,953	106,840	114,073	134,553	139,071	139,071	60,792	65,076	67,081
Road transport		20,434	26,050	36,575	26,848	57,188	57,188	11,600	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		10,965	4,956	7,575	8,264	9,499	9,499	17,077	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	8,638	2,213	2,213
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	433,919	488,990	544,365	556,680	601,774	601,774	525,093	472,512	497,423
Expenditure - Functional										
Governance and administration		181,288	282,694	204,363	194,532	196,853	196,853	204,192	203,653	208,568
Executive and council		48,835	52,067	50,724	59,614	58,932	58,932	63,427	66,021	68,427
Finance and administration		127,186	224,775	147,533	127,532	130,807	130,807	133,558	130,112	132,307
Internal audit		5,267	5,852	6,106	7,386	7,114	7,114	7,207	7,520	7,834
Community and public safety		40,575	46,465	49,226	56,592	53,958	53,958	108,282	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	61,132	62,090	28,693
Housing		-	-	-	-	-	-	47,150	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		67,317	98,923	81,183	142,450	204,262	204,262	128,571	130,589	134,420
Planning and development		51,901	79,929	93,276	57,107	117,618	117,618	42,366	43,340	44,552
Road transport		15,415	18,994	(12,093)	85,343	86,645	86,645	86,206	87,249	89,868
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		113,154	61,454	122,329	59,249	63,063	63,063	76,537	65,433	46,855
Energy sources		-	-	-	-	1,933	1,933	9,739	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		113,154	61,454	122,329	59,249	61,130	61,130	66,798	65,433	46,855
Other	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	402,334	489,536	457,101	452,823	518,137	518,137	517,583	461,765	418,536
Surplus/(Deficit) for the year		31,586	(547)	87,264	103,858	83,636	83,636	7,510	10,748	78,886

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

EC442 Umzimvubu - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

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 +1	Budget Year +2
R thousand										
Revenue by Vote	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	377,936	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	72,185	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	8,638	2,213	2,213
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	433,919	488,990	544,365	556,680	601,774	601,774	467,854	453,698	477,759
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive and Council		76,198	80,705	77,664	88,756	89,016	89,016	89,822	93,285	96,641
Vote 2 - Budget and Treasury		72,885	173,923	99,866	68,816	69,983	69,983	70,929	66,766	67,950
Vote 3 - Corporate Services		32,206	28,066	26,833	36,961	37,854	37,854	43,442	43,602	43,977
Vote 4 - Infrastructure and Planning Department		43,325	74,942	59,872	119,812	181,809	181,809	105,480	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	23,091	23,292	23,665
Vote 7 - Public Safety		40,575	46,446	49,209	56,591	53,958	53,958	61,132	62,090	28,693
Vote 8 - Waste Management		113,154	61,454	122,329	59,249	61,130	61,130	66,798	65,433	46,855
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	402,334	489,536	457,101	452,823	516,204	516,204	460,694	461,765	418,536
Surplus/(Deficit) for the year	2	31,586	(547)	87,264	103,858	85,569	85,569	7,160	(8,066)	59,222

1.4.4 A4 Budget –Financial Performance (revenue and Expenditure)

EC44Z 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
Revenue											
Exchange Revenue											
Service charges - Electricity	2	-	-	-	-	-	-	-	-	-	-
Service charges - Water	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Management	2	1,263	1,297	1,360	1,483	1,488	1,488	1,277	1,488	1,488	1,488
Sale of Goods and Rendering of Services	2	1,037	249	389	416	841	841	551	848	875	890
Agency services	2	2,066	2,360	2,364	2,900	2,900	2,900	1,958	3,002	3,107	3,215
Interest											
Interest earned from Receivables	2	587	600	539	-	700	700	565	725	725	725
Interest earned from Current and Non Current Assets	2	9,241	10,126	10,508	10,580	10,580	10,580	7,963	12,950	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	2,477	5,023	5,197	5,377
License and permits	2	1,760	1,921	2,164	1,765	2,365	2,365	2,153	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	28,665	55,589	18,814	19,664
Development Charges	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	382	998	1,127	2,313	4,414	4,414	759	3,800	150	150
Non-Exchange Revenue											
Property rates	2	46,982	46,522	64,665	66,904	72,175	72,175	68,720	69,049	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	2,184	2,618	2,711	2,805
Licences or permits	2	198	158	223	200	200	200	224	207	214	220
Transfer and subsidies - Operational	2	283,558	284,562	298,217	297,276	297,806	297,806	296,618	290,485	281,414	302,328
Interest	2	2,019	2,114	4,696	2,200	7,200	7,200	6,281	7,452	7,713	7,963
Fuel Levy	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	-	-	-	-	-	-	-	-	-	-
Gains on disposal of Fixed and Intangible Assets	2	-	-	12,538	-	-	-	-	-	-	-
Other Gains	2	-	1,212	733	-	13	13	-	13	13	13
Discontinued Operations											
Total Revenue (excluding capital transfers and contributions)		360,810	398,995	453,591	410,936	487,490	487,490	420,395	455,697	408,462	431,386
Expenditure											
Employee related costs	2	89,977	91,909	98,667	106,006	106,494	106,494	87,558	111,553	116,578	122,112
Remuneration of councillors	2	22,743	23,558	24,539	25,563	25,088	25,088	22,201	26,279	27,504	28,810
Bulk purchases - electricity	2	-	-	-	-	-	-	-	-	-	-
Inventory consumed	2,8	10,016	6,501	6,472	10,494	11,316	11,316	6,512	11,533	12,102	7,241
Debt impairment	2,3	5,159	9,660	10,025	5,419	5,419	5,419	-	7,048	-	-
Depreciation, amortisation and impairment	2	77,500	110,314	82,239	89,550	89,550	89,550	70,468	89,653	91,372	93,250
Interest, Dividends and Rent on Land	2	1,038	2,310	2,119	-	-	-	-	-	-	-
Contracted services	2	94,143	131,187	130,618	115,420	177,755	177,755	99,920	163,070	105,079	64,899
Transfers and subsidies	2	25,007	18,700	22,455	17,096	17,286	17,286	13,640	16,753	17,279	16,187
Irrecoverable debts written off	2	-	0	-	-	-	-	-	-	-	-
Operational costs	2	79,362	76,814	68,194	83,275	85,230	85,230	48,211	91,695	91,851	86,038
Disposal of Fixed and Intangible Assets	2	(2,631)	18,582	11,773	-	-	-	-	-	-	-
Other Losses	2	19	-	-	-	-	-	-	-	-	-
Total Expenditure		402,334	489,536	457,101	452,823	518,137	518,137	348,511	517,583	461,765	418,536
Surplus/(Deficit)		(41,524)	(90,541)	(3,510)	(41,886)	(30,648)	(30,648)	71,884	(61,886)	(53,302)	12,849
Transfers and subsidies - capital (monetary allocations)	6	73,109	77,434	90,774	145,744	114,284	114,284	(64,748)	69,396	64,050	66,037
Transfers and subsidies - capital (in-kind)	6	-	12,560	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		31,586	(547)	87,264	103,858	83,636	83,636	7,136	7,510	10,748	78,886
Income Tax		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		31,586	(547)	87,264	103,858	83,636	83,636	7,136	7,510	10,748	78,886
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		31,586	(547)	87,264	103,858	83,636	83,636	7,136	7,510	10,748	78,886
Share of Surplus/Deficit attributable to Associate	7	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1	31,586	(547)	87,264	103,858	83,636	83,636	7,136	7,510	10,748	78,886

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 outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
R thousand											
ASSETS											
Current assets											
Cash and cash equivalents	1	79,105	66,310	91,190	143,710	114,685	114,685	155,481	95,625	127,665	292,925
Short term Investments	2	-	-	-	-	-	-	-	-	-	-
Trade and other receivables from exchange transactions	3	4,850	8,394	8,551	21,830	16,140	16,140	6,845	5,495	25,513	14,889
Receivables from non-exchange transactions	3	22,380	14,759	14,208	9,807	19,271	19,271	41,801	26,728	34,441	42,424
Current portion of non-current receivables	4	-	-	-	-	-	-	-	-	-	-
Inventory	5	2,869	3,899	15,630	3,899	15,630	15,630	16,051	15,630	15,630	15,630
VAT Receivable	6	6,982	5,636	4,260	(47,371)	(46,700)	(46,700)	22,060	4,963	4,982	5,176
Other current assets	7	18,474	21,206	23,818	23,171	23,818	23,818	23,818	523	523	523
Total current assets		134,660	120,205	157,657	155,046	142,843	142,843	266,056	148,964	208,754	371,567
Non current assets											
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	1,099,514	1,331,422	1,318,489	1,234,089
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	1,158	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	-	-	-	-	-	-	-	-	-	-
Total non current assets		1,007,823	1,054,723	1,088,077	1,347,271	1,188,379	1,188,379	1,127,515	1,376,263	1,363,750	1,279,811
TOTAL ASSETS		1,142,483	1,174,928	1,245,734	1,502,317	1,331,222	1,331,222	1,393,571	1,525,227	1,572,505	1,651,378
LIABILITIES											
Current liabilities											
Bank overdraft	17	-	-	-	-	-	-	-	-	-	-
Financial liabilities	18	-	-	-	-	-	-	-	-	-	-
Consumer deposits	19	162	176	217	176	217	217	266	217	217	217
Trade and other payables from exchange transactions	20	68,434	79,146	69,757	87,521	69,870	69,870	34,734	42,042	28,912	14,908
Trade and other payables from non-exchange transactions	21	3,699	11,485	491	10,621	595	595	50,803	0	(0)	(0)
Provision	22	3,007	3,357	3,978	3,376	3,978	3,978	(1,208)	4,448	4,448	4,448
VAT Payable	23	140	15,185	17,591	207	17,636	17,636	17,604	426	465	853
Other current liabilities	24	713	446	470	466	470	470	177	-	-	-
Total current liabilities		76,155	109,794	92,504	102,366	92,765	92,765	102,376	47,134	34,042	20,427
Non current liabilities											
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	-	-	-
Total non current liabilities		8,531	11,654	12,430	11,654	12,430	12,430	12,430	12,430	12,430	12,430
TOTAL LIABILITIES		84,686	121,449	104,935	114,020	105,196	105,196	114,806	59,564	46,472	32,857
NET ASSETS		1,057,797	1,053,480	1,140,799	1,388,297	1,226,026	1,226,026	1,278,764	1,465,663	1,526,033	1,618,521
COMMUNITY WEALTH/EQUITY											
Accumulated surplus/(deficit)	29	1,023,163	1,016,727	1,092,269	1,351,544	1,185,666	1,185,666	1,251,866	1,424,590	1,484,960	1,577,448
Reserves and funds	30	34,013	36,753	40,360	36,753	40,360	40,360	40,360	41,073	41,073	41,073
Other	31	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	32	1,057,176	1,053,480	1,132,629	1,388,297	1,226,026	1,226,026	1,292,226	1,465,663	1,526,033	1,618,521

1.4.6 A7 Budgeted Cashflow Statement

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 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

GDP growth is expected to average 1.8 per cent from 2026 to 2028. Medium-term growth will be underpinned by household consumption supported by further gains in real purchasing power, moderately stronger wage growth, easing inflation, wealth gains from rising asset prices, improved consumer sentiment and better credit conditions. Continued investments in renewable energy and easing structural constraints are expected to support higher investment. Key factors for achieving faster economic growth and creating much-needed jobs include greater collaboration with the private sector in energy and transport, rapid implementation of structural reforms, easing of regulatory constraints and increased infrastructure investment.

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

Table 1: Macroeconomic performance and projections, 2025 - 2029

Fiscal year	2024/25	2025/26	2026/27	2027/28	2028/29
	Actual	Estimate	Forecast		
CPI Inflation	4.4%	3.2%	3.4%	3.3%	3.2%

Source: National Treasury Budget Review 2026.

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.

Inflation is expected to increase from 3.2 per cent in 2025 to 3.4 per cent in 2026, driven by higher food prices (particularly meat due to supply disruptions linked to foot-and mouth disease). Inflation is forecast to ease to 3.3 per cent in 2027 and 3.2 per cent in 2028, but risks from geopolitical tensions, exchange rate volatility, administered prices and animal disease outbreaks remain elevated. The reduction of the inflation target to 3 per cent with a 1 percentage point tolerance band will structurally reduce inflation, helping to protect real income levels.

In April 2024, the National Treasury initiated a comprehensive review of the budget process, with the goal of identifying and implementing reforms that would enhance the efficiency, transparency, and effectiveness of public resource allocation. It has resulted in a set of accountable reform proposals outlined below.

BUDGET ASSUMPTIONS

Property Rates

Final 2026-2027 Tariffs			
Tariff Description	2026-2027	2027-2028	2028-2029
Rates			
Agricultural	0.0016	0.0017	0.0024
Business & Commercial	0.0151	0.0157	0.0192
PBO	0.0016	0.0017	0.0239
PSI	0.0016	0.0017	0.0024
PSP	0.0233	0.0241	0.0239
Residential	0.0063	0.0065	0.0096
Vacant land	0.0151	0.0157	0.0287
Valuation certificate	113	116.00	119
Rates clearance certificates	171	177	183

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 and Procurement Plan

- 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
- Tariff Policy on Property Rates final
- Tariff Policy on Refuse Removal and Solid Waste final

- mSCOA Road Map final
- Contract Management Policy
- Demand Management Policy
- Contractor Development Policy
- Supply Chain Management Policy
- Fleet Management Policy
- Inventory Management Policy
- Political Office Bearer Policy
- SCM Procedure Manual
- Procurement Plan Final
- Debt Management Policy final
- Borrowing Policy final
- Asset Disposal Policy
- Asset management policy
-

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 31st 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.

MUNICIPAL MANAGER'S QUALITY CERTIFICATE

QUALITY CERTIFICATE

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

The 2026/2027 Original budget 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: _____
