

DRAFT BUDGET OF

NQUTHU LOCAL MUNICIPALITY



2026-27 TO 2028-29
MEDIUM TERM REVENUE AND EXPENDITURE
FORECASTS

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Part 1 – Annual Budget

1. Mayor's Report

Mayor's Report (2026-2027 Draft Budget)

BRINGING HOPE TO THE CITIZENS OF NQUTHU

Greetings all

As this Council we are facing the tough task now of building the trust with the community that we serve and ensure that they have the hope for entrusting us with governing this municipality.

Our budget is aligning with our strategic objectives as set out in the IDP.

- Putting infrastructure in undeveloped land to facilitate economic growth
- Electricity projects subject to budget availability by Eskom
- Roads network funded by Municipal Infrastructure Grant (MIG)
- Community structures in terms of halls and sports facilities
- Rehabilitation of surfaced roads within the town and human settlement areas
- Compliance with Municipal Standard Chart of Accounting (MSCOA) as well as related financial reforms.
- Fully explore the potential of tourism through our rich heritage of battlefields corridor
- Support the LED through the SMME incubator and other agricultural activities.

Non-payment for property rates, electricity and refuse is still a growing concern for the municipality as there is a continued increase in the debt owed by the residents, this is caused by current economic climate and high levels of poverty we are experiencing in our region. We, however, still expect those that can afford to honor this critical financial commitment for each household. This is causing a strain on the municipal finances and the inter-governmental avenues are currently being explored to ensure that these are paid. This is compounded by the high losses in the electricity trading account.

The municipality must prepare a Draft budget that is; funded, credible, sustainable, and relevant. The municipality has always achieved this in all previous budget years considered.

2026-2027 MTREF SUMMARY

0 - Table A1 Budget Summary
 Choose name from list - Table A4 Budgeted Financial Performance
 (revenue and expenditure)

Description	Ref	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	22 456	27 499	32 858	37 183	38 837	38 837	38 837	40 897	42 901	44 960
Service charges - Water	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Management	2	1 115	1 467	1 681	2 377	2 470	2 470	2 470	2 593	2 720	2 851
Sale of Goods and Rendering of Services	2	185	178	810	236	241	241	241	253	266	278
Agency services	2	-	-	-	-	-	-	-	-	-	-
Interest		66	69	19	0	0	0	0	0	0	0
Interest earned from Receivables	2	534	665	778	1 171	469	469	469	450	472	495

Interest earned from Current and Non Current Assets	2	10 349	10 997	8 907	8 150	6 720	6 720	6 720	4 560	4 783	5 013
Dividends	2	-	-	-	-	-	-	-	-	-	-
Rent on Land	2	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets	2	792	972	860	1 043	995	995	995	1 044	1 096	1 148
Licence and permits	2	-	-	-	-	-	-	-	-	-	-
Special rating levies	2	-	-	-	-	-	-	-	-	-	-
Construction Contract Revenue	2	-	-	-	-	-	-	-	-	-	-
Development Charges	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	321	396	649	25 331	25 689	25 689	25 689	508	533	559
Non-Exchange Revenue											
Property rates	2	-	51 452	57 450	62 160	57 645	57 645	57 645	60 528	63 493	66 541
Surcharges and Taxes	2	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	2	894	1 547	1 425	4 463	1 734	1 734	1 734	1 660	1 741	1 825
Licences or permits	2	957	1 010	862	1 088	775	775	775	805	844	884
Transfer and subsidies - Operational	2	177 394	186 803	215 489	215 536	215 423	215 423	215 423	213 885	203 547	218 147
Interest	2	1 886	2 657	3 633	0	4 110	4 110	4 110	0	0	0
Fuel Levy	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	-	-	-	-	-	-	-	-	-	-
Gains on disposal of Fixed and Intangible Assets	2	-	18 346	1 768	0	0	0	0	0	0	0

Other Gains	2	1 335	-	7 618	0	0	0	0	0	0	0
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		218 284	304 057	334 809	358 739	355 107	355 107	355 107	327 183	322 397	342 702
Expenditure											
Employee related costs	2	85 210	98 345	110 344	122 096	119 367	119 367	119 367	123 803	128 887	139 631
Remuneration of councillors	2	13 462	14 046	15 731	15 974	15 402	15 402	15 402	16 256	17 052	17 871
Bulk purchases - electricity	2	31 384	31 026	45 257	40 870	40 870	40 870	40 870	41 304	48 261	69 575
Inventory consumed	2,8	1 451	2 315	891	2 046	2 201	2 201	2 201	696	766	1 059
Debt impairment	2,3	(169)	(85)	(266)	-	200	200	200	-	0	0
Depreciation, amortisation and impairment	2	30 722	36 011	40 486	37 000	37 000	37 000	37 000	43 705	48 950	54 824
Interest, Dividends and Rent on Land	2	-	-	199	0	300	300	300	0	0	0
Contracted services	2	55 184	92 785	59 228	51 147	51 219	51 219	51 219	71 987	130 692	87 481
Transfers and subsidies	2	4 453	3 985	4 328	5 454	5 454	5 454	5 454	348	365	506
Irrecoverable debts written off	2	-	-	1 184	15 000	5 241	5 241	5 241	0	0	0
Operational costs	2	55 406	45 718	39 118	40 933	40 893	40 893	40 893	40 649	152 399	58 601
Disposal of Fixed and Intangible Assets	2	1 275	(42 085)	2 693	0	0	0	0	0	0	0
Other Losses	2	75	2 423	5	0	0	0	0	0	0	0

Total Expenditure		278 453	284 484	319 197	330 520	318 147	318 147	318 147	338 749	527 373	429 548
Surplus/(Deficit)		(60 169)	19 573	15 612	28 219	36 960	36 960	36 960	(11 566)	(204 976)	(86 847)
Transfers and subsidies - capital (monetary allocations)	6	41 026	84 781	53 269	37 961	60 961	60 961	60 961	56 103	58 038	60 004
Transfers and subsidies - capital (in-kind)	6	2 005	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(17 137)	104 354	68 881	66 180	97 921	97 921	97 921	44 537	(146 938)	(26 843)
Income Tax		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		(17 137)	104 354	68 881	66 180	97 921	97 921	97 921	44 537	(146 938)	(26 843)
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(17 137)	104 354	68 881	66 180	97 921	97 921	97 921	44 537	(146 938)	(26 843)
Share of Surplus/Deficit attributable to Associate	7	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1	(17 137)	104 354	68 881	66 180	97 921	97 921	97 921	44 537	(146 938)	(26 843)

Underlying Principles - Draft Budget

- The bulk purchases of electricity are above the National Treasury inflationary guidelines. Although the increases by Eskom and approved by NERSA are beyond Council's control, this budget is structured such as to absorb these excessive increases and keep the majority of electricity tariff
- Repairs and Maintenance provisions reach the best practice parameters of Asset Cost and Operating Expenditure target.
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazette as required by the annual Division of Revenue Act;

Tariff Approach

Tariffs increases respond to the current economic downturn because over the years we have had higher increases, as directed by the Budget circulars. On average our tariff increase is around 5% on all the tariffs that are applicable to the municipality which are detailed in the tariffs booklet,

Challenges

There have been various challenges that will be fully detailed in the budget book mostly emanating from the limited funding the municipality has had as well as the load shedding implementation that result some of our services not done on time.

Indigent Support

- Free 50 kilowatts of electricity.
- Free Refuse collection in Traditional areas using skips.
- Over and above the free services indigent consumers not catered for as per above are assisted subject to the application on a form designed for that purpose by the Municipality.

Capital Budget

The draft budget for 2026-27 Capital Budget amounts to R 38 million and a detailed list of all the projects is contained in the budget document.

Conclusion

In closing I would like to take this opportunity to thank the Municipal Manager and his management team as well as all other municipal officials for their hard work in putting together the 2026-2027 MTREF.

Thank you

2. Council Resolutions

1. THAT Council of Nquthu Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003). The Council will table the following resolutions:

1.1 The draft budget of the municipality for the financial year 2026-27 and the multi-year and single-year capital appropriations as set out in the following tables:

1.1.1 Budget summary as contained in Table A1;

1.1.2 Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in table A2;

1.1.3 Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table A3; and

1.1.4 Budgeted Financial Performance (revenue and expenditure) as contained in Table A4;

1.1.5 Budgeted Capital Expenditure by vote, standard classification and funding as contained in Table A5;

1.2 The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:

1.2.1 Budgeted Financial Position as contained in Table A6;

1.2.2 Budgeted Cash Flows as contained in Table A7;

1.2.3 Cash backed reserves and accumulated surplus reconciliation as contained in Table A8;

1.2.4 Asset management as contained in Table A9; and

1.2.5 Basic service delivery measurement as contained in Table A10.

2. The Council of Nquthu Local Municipality, acting in terms of section 75A of the Local Government

2.1 The tariffs rates property - as set out in the Annexure A

2.2 The tariffs for electricity – as set out in Annexure B

2.3 The tariffs for solid waste services - as set out in Annexure C

3. The Council of Nquthu Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems ACT (ACT 32 of 2000) table the tariffs for other services, as set out in annexure D.

4. To give proper effect to the Municipality's annual budget, the Council of Nquthu Local Municipality tables:

4.1 That cash backing is implemented through the utilization of a portion of the revenue generated from the property rates to ensure that all capital reserves and provisions, unspent conditional grants are cash backed as required in

terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

4.2 That the Municipal Manager be authorized to sign the quality certificate

5. The budget be sent to Provincial Treasury and National Treasury as legislated both in electronic and printed format as legislated.

3. Executive Summary

The municipality as is the case in the whole is faced with financial difficulties mainly caused by the low payment of services by the debtors and there is a pressure to continue with controlled spending and continue reducing expenditure that is unnecessary.

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

The productive involvement of the departments in the budget preparation process, there is persistent lack of cooperation, this leads to very ambitious and unreasonable estimates given that pushes the budget to deficit, this has been happening over the years.

There have been meetings held with the Senior Management and Middle Management involved to try and achieve credible draft budget. This has been ultimately achieved.

A critical review was also undertaken of expenditure on non-core and non-priority spending items in line with NT's Cost containment measures outlined in NT's MFMA circulars number 82 updated and 86 and consider circular 123. Emphasis was placed on providing of funds for the repairs and maintenance expenditure line items.

The main challenges experienced during the compilation of the 2026-27 draft MTREF can be summarized as follows:

- The need to reprioritize projects and expenditure within the existing resource envelope. By far the greatest concern here lies with all the services financed by Property Tax (Rates)
- Most households in Nquthu do not pay Property Rates. This is because the individual properties within the Ingonyama Trust land are not separately valued and

not subject to the Municipal Property Rates Act. This despite the same communities enjoying most of the municipal services that are funded by Rates Income;

- There is no Equitable Share allocation for properties that do not pay Property Rates;
- The Electricity Trading account is operating at a deficit and there is no indication that this can be rectified any time soon, but we are busy with strategies to improve the situation.
- The dire need for credible business plans and budget working papers from the service delivery Departments remains a difficult hurdle to overcome
- Although Employee related costs as a percentage of total Expenditure amounts is more than required percentage, it is not realistic for Nquthu Municipality to be comfortable with this figure because of the high electricity purchase cost which distorts Council's budget figures when compared to other secondary cities;
- The lack of feasible results in Other Revenue sources for example vehicle licensing, Traffic Fines, Licenses and Permits is placing unsustainable pressure on Rates. This is particularly anomalous in light of the fact that these fees should increase in an area where population and related vehicle numbers are increasing in yet income is reducing;
- Affordability of capital projects – original allocations had to be reduced as well as the operational expenditure associated with prior year's capital investments needed to be factored into the draft budget as part of the 2026-27 MTREF process;
- The dire need for an efficient and effective business ethic to be applied to all the municipality's business processes regardless of whether the intended outcome of such process is of a social, economic or profit making nature;
- Insufficient capital investment for all major infrastructure improvements and Renewal of Existing Assets; and
- The future year's outcome however appears very promising in terms of the budget. The municipality continues with the implementation of MSCOA in 2026-27 financial year.

4. Operating Revenue Framework

The municipality is highly dependent on Equitable Share, although we do have the electricity trading license but currently the losses from this are very huge and the municipality ends up subsidizing this.

Although the traffic department is now functioning, we still encounter problems with regards to the traffic fines that are issued by the law enforcement in the sense that the state prosecutor often cancels the fines or reduces them drastically. And this is impacting on the budgeting procedure as this is proving to be unpredictable. The traffic section is expanding further by establishing the vehicle testing ground.

5. Operating Expenditure Framework

The municipality's expenditure framework for the 2026-27 draft budget and MTREF is informed by the following:

- Given that one of the primary drivers of this budget is to keep tariff increases with the inflationary envelope of 5%
- Despite the above restriction the Chief Financial Officer has ensured that Repairs and Maintenance provisions are within best practice parameters of 8% of Asset Cost and 13 % of Operating Expenditure. The weakness here however is that there is no Municipal wide asset repairs and maintenance plan. Repairs and Maintenance is done in silo's hence it lacks in synergistic benefit of ensuring budget allocations are used efficiently and effectively.
- Related to the above weakness the capital programmed carries the risk on not ensuring that the asset renewal strategy and backlog eradication is achieved in this budget;
- Funding of the budget over the medium-term is made by Section 18 and 19 of the MFMA
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of "no project plans no budget". If there is no business plan no funding allocation can be made. This is incumbent of the Accounting to enforce to the HOD's.

The following table is a high-level summary of the 2026-27 draft budget and MTREF (classified per main type of operating expenditure):

The budgeted allocation for employee related costs for the 2026-27 financial year totals R123 million, which equals is more than required per cent of the total operating expenditure. Based on the collective SALGBC agreement, salary increases have been factored into this budget.

The cost associated with the **remuneration of councilors** is determined by the Minister of Cooperative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). An increase has been budgeted for the 2026-27 financial year.

The provision of debt impairment was determined based on an annual collection rate of less than 60 per cent and the Debt Write-off Policy of the municipality. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues. The accounting requirement of not writing bad debt to the provision but rather depicting an actual expense in the year of the write off may cause the municipality to review the estimates upwards in line with actual consumer trends at period reviews of the debtors. The amounts budgeted for also do not include the subsequent measure of Traffic fines which was a material impairment with the implementation of GRAP 1.

Provision for depreciation and asset impairment has been made by the Municipality's Financial Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R 43 million for the 2026-27 draft budget

Bulk purchases are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into budget appropriations.

The expenditure does not include distribution losses because the technical services still needs to device a proper system for the accounting of all losses that are being incurred.

Other materials comprise the purchase of materials for maintenance. In line with the municipality's repairs and maintenance plan this group of expenditure has been prioritized to ensure sustainability of the municipality's infrastructure. The appropriation against this group of expenditure has grown, however further effort will be made in the outer years to increase this appropriation over and above the inflationary boundaries.

Contracted Services these are to be kept to a minimum and the use of consultants is always discouraged. Further details relating to contracted services can be seen in MBRR SA1

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

Catalyst Projects

- **Youth** - In line with the vision of the municipality there is a huge expenditure that is invested in the uplifting of the youth through various initiatives; however we must not be spending too much money on the events rather than more value adding projects to the youth, also ensure that the expenditure is curtailed to the minimum.
- **LED** – Since Nquthu town is very rural there is very limited economic activities in the area and the municipality is currently implementing the small business incubator to assist with the development of local businesses. The municipality needs to spend resources on sustainable projects and ensure that the projects we implement there is proper after care.
- **Tourism and Heritage** - the municipality is in the battlefield rout and with rich history in respect of Isandlwana battlefield. With this the municipality is currently exploiting opportunities that can be beneficial to the community, although we are hindered by the powers and functions to proceed as most functions relating to this battlefield are either with the National or Provincial Government.

6. Capital expenditure.

The area Nquthu is deeply rural and there is a challenge of access roads to the settlements and as such the focus of the municipality is the construction of roads infrastructure, but this is only gravel roads. Most of our funding is from MIG

Part 2 – Supporting Documentation

7. Overview of the annual budget process

The Budget Preparation Process plan was adopted by the municipal council.

The Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilize integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five-year strategic programmed of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents.

The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the municipality strategically complies with the key national and provincial priorities.

The IDP drives the strategic development of Municipality. The Municipality's budget is influenced by the strategic objectives identified in the IDP. The service delivery budget implementation plan (SDBIP) ensures that the Municipality implements programs and projects based on the IDP targets and associated budgets. The performance of the Municipality is tabled in its annual report.

8. Measurable performance objectives and indicators

- **Financial Indicators**
 - Liquidity ratios
 - Debtors and creditors management

9. Overview of budget related policies.

The budget policies had not been changed from the draft budget policies. These are the policies that we have in the municipality.

- Tariff Policy on Property Rates
- Tariff Policy on Electricity
- Tariff Policy on Refuse Removal/Solid Waste
- Municipal Property Rates Policy
- Credit Control and Debt Collection Policy
- Cash Management and Investment Policy
- Borrowing Policy
- Funding and Reserves Policy
- Policy related to long-term financial planning.
- Supply Chain Management Policy
- Supply Chain Management Policy for Infrastructure Procurement and Delivery Management (SCMPIPDM)
- Policy related to the Management and Disposal of Assets
- Policy relating to dealing with infrastructure investment and capital projects.
- Indigents Policy
- Budget Implementation and Management Policy

The Municipal Property Rates Policy has proposed amendments emanating from the amendments made to the Property Rates Acts. The SCM policy has been amended to include the regulations that have been amended.

10. Overview of budget assumptions

The municipality is not immune to the current economic climate facing the country and there has been slow payment for services rendered by the consumers. We are also experiencing high losses in the electricity trading account and the Electricity department is looking at means to reduce these losses and turn-around the situation.

Considering this challenge, we have adopted a conservative approach when dealing with the available resources and we are continuously putting aside excess unspent funds into reserves for future usage. We aim to keep our current ratio to be above six months considering that we are facing such challenges as the municipality.

The municipality is receiving the MIG R 38 million as well as INEP R17 million which is used to fund the infrastructure investments.

11. Overview of budget funding

The municipal is still highly dependent on Equitable Share to fund its operations. The current year Equitable Share is R 183 million,

12. Expenditure on grants and reconciliations of unspent funds

The municipality always strives to fully spend its conditional grants within a prescribed year, however there are instances where such could not be achieved. An application is done to the donor for pardon and to use these funds in the next period.

It is confirmed that all the grants that are not spent as at year-end are fully cash backed as required.

13. Allocations on grants made by the municipality.

There are no grants that are made by the municipality to any outside entity.

14. Councilor and employee benefits

The councilor remuneration is currently paid out using the recent councilor remuneration gazette and we have been graded as Grade 3 for the purpose of councilor remuneration. There are currently 37 councilors, as per the current determination by the MEC for full-time councilors for the term of council there was no office-bearer determined to be full-time.

The management is made up of 5 managers

The salaries budget will be increased in line with the salary collective agreement and the average CPIX as published by Treasury.

Although all posts are fully budgeted for in the draft budget, however a strategic decision has been taken that only critical posts will be filled in the coming year, in line with cost containment measures being implemented.

15. Targets for revenue & expenditure

Choose name from list - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	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	22 456	27 499	32 858	37 183	837 ³⁸	837 ³⁸	837 ³⁸	897 ⁴⁰	901 ⁴²	960 ⁴⁴
Service charges - Water	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Management	2	1 115	1 467	1 681	2 377	470 ²	470 ²	470 ²	593 ²	720 ²	851 ²
Sale of Goods and Rendering of Services	2	185	178	810	236	241	241	241	253	266	278
Agency services	2	-	-	-	-	-	-	-	-	-	-
Interest		66	69	19	0	0	0	0	0	0	0
Interest earned from Receivables	2	534	665	778	1 171	469	469	469	450	472	495
Interest earned from Current and Non Current Assets	2	10 349	10 997	8 907	8 150	720 ⁶	720 ⁶	720 ⁶	560 ⁴	783 ⁴	013 ⁵
Dividends	2	-	-	-	-	-	-	-	-	-	-
Rent on Land	2	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets	2	792	972	860	1 043	995	995	995	044 ¹	096 ¹	148 ¹
Licence and permits	2	-	-	-	-	-	-	-	-	-	-
Special rating levies	2	-	-	-	-	-	-	-	-	-	-
Construction Contract Revenue	2	-	-	-	-	-	-	-	-	-	-
Development Charges	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	321	396	649	25 331	689 ²⁵	689 ²⁵	689 ²⁵	508	533	559

Non-Exchange Revenue												
Property rates	2	-	51 452	57 450	62 160	645 ⁵⁷	645 ⁵⁷	645 ⁵⁷	528 ⁶⁰	493 ⁶³	541 ⁶⁶	
Surcharges and Taxes	2	-	-	-	-	-	-	-	-	-	-	
Fines, penalties and forfeits	2	894	1 547	1 425	4 463	734 ¹	734 ¹	734 ¹	660 ¹	741 ¹	825 ¹	
Licences or permits	2	957	1 010	862	1 088	775	775	775	805	844	884	
Transfer and subsidies - Operational	2	177 394	186 803	215 489	215 536	423 ²¹⁵	423 ²¹⁵	423 ²¹⁵	885 ²¹³	547 ²⁰³	147 ²¹⁸	
Interest	2	1 886	2 657	3 633	0	110 ⁴	110 ⁴	110 ⁴	0	0	0	
Fuel Levy	2	-	-	-	-	-	-	-	-	-	-	
Operational Revenue	2	-	-	-	-	-	-	-	-	-	-	
Gains on disposal of Fixed and Intangible Assets	2	-	18 346	1 768	0	0	0	0	0	0	0	
Other Gains	2	1 335	-	7 618	0	0	0	0	0	0	0	
Discontinued Operations		-	-	-	-	-	-	-	-	-	-	
Total Revenue (excluding capital transfers and contributions)		218 284	304 057	334 809	358 739	355¹⁰⁷	355¹⁰⁷	355¹⁰⁷	327¹⁸³	322³⁹⁷	342⁷⁰²	
Expenditure												
Employee related costs	2	85 210	98 345	110 344	122 096	119 ³⁶⁷	119 ³⁶⁷	119 ³⁶⁷	123 ⁸⁰³	128 ⁸⁸⁷	139 ⁶³¹	
Remuneration of councillors	2	13 462	14 046	15 731	15 974	15 ⁴⁰²	15 ⁴⁰²	15 ⁴⁰²	16 ²⁵⁶	17 ⁰⁵²	17 ⁸⁷¹	
Bulk purchases - electricity	2	31 384	31 026	45 257	40 870	40 ⁸⁷⁰	40 ⁸⁷⁰	40 ⁸⁷⁰	41 ³⁰⁴	48 ²⁶¹	69 ⁵⁷⁵	
Inventory consumed	2,8	1 451	2 315	891	2 046	2 ²⁰¹	2 ²⁰¹	2 ²⁰¹	2	2	1	
Debt impairment	2,3	(169)	(85)	(266)	-	200	200	200	-	0	0	
Depreciation, amortisation and impairment	2	30 722	36 011	40 486	37 000	37 ⁰⁰⁰	37 ⁰⁰⁰	37 ⁰⁰⁰	43 ⁷⁰⁵	48 ⁹⁵⁰	54 ⁸²⁴	
Interest, Dividends and Rent on Land	2	-	-	199	0	300	300	300	0	0	0	
Contracted services	2	55 184	92 785	59 228	51 147	51 ²¹⁹	51 ²¹⁹	51 ²¹⁹	71 ⁹⁸⁷	130 ⁶⁹²	87 ⁴⁸¹	
Transfers and subsidies	2	4 453	3 985	4 328	5 454	5 ⁴⁵⁴	5 ⁴⁵⁴	5 ⁴⁵⁴	5	5	506	
Irrecoverable debts written off	2	-	-	1 184	15 000	40 ²⁴¹	40 ²⁴¹	40 ²⁴¹	0	0	0	
Operational costs	2	55 406	45 718	39 118	40 933	893 ⁴⁰	893 ⁴⁰	893 ⁴⁰	40 ⁶⁴⁹	152 ³⁹⁹	58 ⁶⁰¹	

Disposal of Fixed and Intangible Assets	2	1 275	085) (42	2 693	0	0	0	0	0	0	0	0	0		
Other Losses	2	75	2 423	5	0	0	0	0	0	0	0	0	0		
Total Expenditure		278 453	284 484	319 197	330 520	147	318	147	318	147	318	749	338	527	429
Surplus/(Deficit)		(60 169)	19 573	15 612	28 219	960	36	960	36	960	36	566)	(11	(204	(86
Transfers and subsidies - capital (monetary allocations)	6	41 026	84 781	53 269	37 961	961	60	961	60	961	60	103	56	976)	847)
Transfers and subsidies - capital (in-kind)	6	2 005	-	-	-	-	-	-	-	-	-	-	-	-	60
Surplus/(Deficit) after capital transfers & contributions		(17 137)	104 354	68 881	66 180	921	97	921	97	921	97	537	44	(146	(26
Income Tax		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		(17 137)	104 354	68 881	66 180	921	97	921	97	921	97	537	44	(146	(26
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(17 137)	104 354	68 881	66 180	921	97	921	97	921	97	537	44	(146	(26
Share of Surplus/Deficit attributable to Associate	7	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1	(17 137)	104 354	68 881	66 180	921	97	921	97	921	97	537	44	(146	(26

References

1. Classifications are revenue sources and expenditure type

2. Detail to be provided in Table SA1

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 SA1)

7. Equity method (Includes Joint Ventures)

8. All materials consumed including water consumed and materials used in operations.

16. Draft inputs budgets – internal departments

The draft budget inputs have been prepared by all the departments.

17. Contracts have future budgetary implications.

The municipality does not have any contracts that are beyond the 3 year that is being budgeted for. The main contracts being used are for security and lease of photocopy machines, Assets register, AFS, Internal Audit and other.

18. Capital expenditure details.

The Draft capital budget of the municipality is mainly made up of MIG, INEP. Due to the high backlog of the infrastructure in our area it is always difficult for the municipality to spend 40% of its capital budget on Renewal of Existing Assets – that is required – since we must still service those backlogs. But we are gradually investing on the Renewal of Existing Assets.

The priority for Renewal of Existing Assets is currently the ageing electricity infrastructure.

19. Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

1. In year reporting to National Treasury in electronic format(Uploading to portal)
2. Internship programmer

The municipality is participating in the Municipal Financial Management Internship programmer.

3. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

4. Audit Committee and Internal Audit

An Audit Committee has been established and is fully functional. The Internal Audit function is co-sourced with an internal staff member as well as consulting firm.

5. Service Delivery and Implementation Plan

The draft SDBIP will be prepared.

6. Policies

The amendments made to the Municipal Property Rates Act has been consolidated to the Rates Policy.

20. Other supporting documents

The supporting documents in the form of budget schedules have been printed under the A schedule.