



**APPROVED BUDGET  
OF  
THULAMELA MUNICIPALITY  
2026/2027-2028/2029  
MEDIUM TERM REVENUE & EXPENDITURE FORECASTS**



## ***Thulamela Municipality Vision***

*We, the people of Thulamela would like our Municipality to Achieve a city status by 2030, to promote urban regeneration and comprehensive rural development whilst encouraging Local economic Development to improve the quality of lives of our People.*

## ***Thulamela Municipality Mission.***

*We build prosperity, eradicate poverty, and promote social, political, and economic empowerment of all our people through delivery of quality services, community participation, local economic development, and smart administration.*

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## **ABBREVIATIONS**

MFMA- Municipal Finance Management Act 56 of 2003

MBRR- Municipal Budget and Reporting Regulations

MTREF- Medium Term Revenue and Expenditure Framework

EPWP – Expanded Public Works Programme

FMG – Finance Management Grant

INEP – Integrated National Electricity Program

MIG –Municipal Infrastructure Grant

MSIG – Municipal Systems Improvement Grant

EEDG –Energy Efficiency and Demand Side Management Grant

MDTG-Municipal Demarcation Transition Grant

MSCOA –Municipal Standards Chart of Account

## **PART 1 – Annual Budget**

### **1.1 Mayor's Report**

2026/2027- 2028/29 IDP ANNUAL BUDGET SPEECH BY HER WORSHIP  
THE MAYOR OF THE THULAMELA MUNICIPALITY CLLR AS RAMBUDA.

Thursday, 29 MAY 2026

Honourable speaker: Cllr Fhulufhelo Mutheiwana  
Whip of the council: Cllr Ndivhuwo Calvin Radamba  
EXCO Members  
MPAC Chairperson: Cllr. O.T Malindi  
All Section 79 Chairpersons Committee  
Fellow Ward Councillors and PR Councillors.  
Ward Committees Members  
Our Traditional leaders  
Municipal Manager: Mr. Muthotho Sigidi  
All Senior Managers and Managers  
Our Council support and Staff Members  
Thulamela Community  
Distinguished guests  
Ladies and Gentlemen

Ndi matsheloni  
Avuxeni  
Thobela  
Good morning

Honourable speaker, thank you very much for the opportunity to present this honorable house the 2026/2027- 2028/29 Annual IDP Budget Speech.

South Africa observes Africa Month throughout May every year to commemorate the founding of the Organization of African Unity.

This week on Monday 25th of May 2026, the whole of Africa continent and heads of state celebrated Africa Day and the birth of the Organization of African Unity (OAU) later known today as African Union (AU).

Madam speaker, the Organization of African Unity was established on 25 May 1963 in Addis Ababa Ethiopia and some of the key aims of the OAU were to eradicate imperialisms and to achieve a greater solidarity amongst the Africans.

Madam speaker,

I am pleased to announce that Thulamela has successfully conducted 2026/2027 Budget and Integrated Development Plan following extensive consultation with communities and stakeholders.

Madam speaker,

The Minister of Finance Mr. Enoch Godongwana has delivered the 2026 National Budget Speech on Wednesday, 25 February at the parliament in Cape Town.

The budget follows the president State of the Nation Address (SONA), in which President Cyril Ramaphosa outlined government's policy priorities and nyaluwo of action for the year ahead.

It set out how these priorities will be funded within available public resources.

The Growth Domestic Product is expected to average of 1.8% from this year 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.

Fellow Councillors,

I present to this Honourable Council Sitting 2026/2027 – 20228/2029 IDP Annual Budget: In terms of the Municipal Finance Act (Act 56, of 2003) Chapter 4, section 24, states that (1) the municipal Council of a Municipality must at least 30 days before the start of a budget year consider approval of the annual budget.

The budget summary is illustrated as follows:

	<b>ADJUSTMENT BUDGET 20252026</b>	<b>2026/2027 FINAL BUDGET PROPOSALS</b>	<b>2027/2028 FINAL BUDGET PROPOSALS</b>	<b>2028/2029 FINAL BUDGET PROPOSALS</b>
SALARIES, WAGES & ALLOWANCES	401 257 761	426 782 735	444 080 798	466 889 049
REMUNERATION OF COUNCILLRS	37 916 129	39 471 035	41 089 347	42 774 011
GENERAL EXPENDITURE	321 922 147	360 837 524	369 400 557	376 778 971
REPAIRS AND MAINTENANCE	91 151 528	118 722 292	122 640 127	126 564 611
PROVISION	68 198 641	70 517 395	72 844 469	75 175 492
DEPRECIATION AND IMPAIRMENT	98 965 475	105 330 301	108 806 201	112 288 000
CAPITAL PROJECTS	208 324 128	278 255 000	311 150 426	300 840 366
<b>TOTAL EXPENDITURE</b>	<b>1 227 735 809</b>	<b>1 399 916 281</b>	<b>1 470 011 925</b>	<b>1 501 310 499</b>
<b>REVENUE</b>	<b>-1 227 735 809</b>	<b>- 1 399 916 281</b>	<b>- 1 470 011 925</b>	<b>- 1 501 310 499</b>

Honourable speaker, the projected income for 2026/2027 financial year is R1,400 billion while the previous year was R1,227 billion. Revenue has increased by R173 million as per detailed per attachment.

Tariffs generally increased by 3.4% as per MFMA Circular No: 134 except in cases where cost benefit analysis and consumer affordability have been applied.

Madam speaker, Salaries and Wages increased by 4.75% as per collective bargaining agreement. The remuneration for Councilors has increased by 4.1%, while awaiting the Upper Limits Gazette.

Honourable speaker, Provisions increased from R68 million to R70 million according to circular 134.

Depreciation is the requirement of GRAP presentation in respect of assets. It has been provided for R105 million in 2026/2027 financial year, minor increase for additions/unbundled assets.

Fellow Councillors, the General expenditure has increased by from R322 million to R361 million. The variance (11%) is caused by (amongst others):

- Conveyancer fees for registration of unregistered properties
- Security costs for additional finished sites
- Legal/ labour costs
- Professional fees

Repairs and Maintenance has increased to R119 million and includes re-gravelling of streets, rehabilitation of streets, electricity, Machinery and equipment etc.

Madam Speaker,

The capital budget for 2026/2027 financial year has increased by R70 million (25% increase) compared to what was budgeted for in 2025/2026 financial year. Variance is R70 million (25%).

This is caused (amongst others) by reconstruction of road infrastructure (R33,5 million), Vehicles R3 million, Matavhela streets R6 million and disaster grants projects (R15 million) which will be funded from own revenue, pending approval of roll-over.

Total capital budget will be funded as follows:

<b>FUNDING SOURCE</b>	<b>ADJUSTMENT BUDGET 2025/2026</b>	<b>FINAL BUDGET PROPOSALS 2026/2027</b>	<b>FINAL BUDGET PROPOSALS 2027/2028</b>	<b>FINAL BUDGET PROPOSALS 2027/2028</b>
MIG	132 776 001	119 237 000	126 640 000	110 590 366
FMG	230 000	320 000	100 000	300 000
ISGD	350 000	200 000	200 000	50 000
NDPG	2 100 000	11 548 000	-	-
DRG	24 509 000	-	-	-
OWN REVENUE	48 359 127	146 950 000	184 210 426	189 900 000
<b>TOTAL CAPITAL</b>	<b>208 324 128</b>	<b>278 255 000</b>	<b>311 150 426</b>	<b>300 840 366</b>

Honourable Speaker, I hereby table the Annual IDP Budget to this Council and further recommend that:

The Annual IDP Budget 2026/2027- 2028/29 financial years be approved as per MFMA and budget regulations.

Thank you  
Ndi a livhuwa  
Aa!

## 1.2 Resolution



Private Bag X5066  
Thohoyandou  
0952  
Limpopo Province  
Tel: 015 962 7500  
Fax: 015 962 4020

**EXTRACT RESOLUTION OF THULAMELA  
MUNICIPALITY ORDINARY COUNCIL MEETING NO.  
04/2025/2026 HELD ON THE 29 MAY 2026.**

**RESOLUTION NO. OC 10/05/2026**

**APPROVAL OF ANNUAL BUDGET, BUDGET, TARIFFS,  
BUDGET RELATED POLICIES FOR 2026/2027-  
2028/2029 FINANCIAL YEAR, MFMA CIRCULAR 134  
MSCOA ROADMAP AND PROCUREMENT PLAN FOR  
2026/27.**

**Council resolved:**

- a) To approve the Annual Budget, Municipal Tariffs for 2026/2027 – 2028/2029 financial years and MFMA Circular 134 together with the following budget related policies: and
- i. Budget Policy
  - ii. Funding and Reserve Policy
  - iii. Indigent Subsidy Policy
  - iv. Tariff Policy
  - v. Credit Control and Debt Collection Policy
  - vi. Inventory Policy
  - vii. Property Rates Policy
  - viii. Asset disposal Management Policy
  - ix. Fixed asset management policy
  - x. Banking and Investment Policy
  - xi. Revenue Enhancement Strategy
  - xii. Virement Policy
  - xiii. Supply Chain Management Policy
  - xiv. Service Standards Policy
  - xv. Cost Containment Policy
  - xvi. Policy on Unauthorised, Irregular, Fruitless and Wasteful expenditure
  - xvii. Borrowing policy
  - xviii. Consultancy reduction policy
  - xix. UIFW reduction strategy



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- b) The MSCOA road map and Procurement plan for 2026/2027.

  
.....  
**CHAIRPERSON OF COUNCIL  
29 MAY 2026**

### **1.3 Executive Summary**

The application of sound financial management principles for the compilation of the municipality's financial plan is essential and critical to ensure that the municipality remains financially viable, and that municipal services are provided sustainably, economically, and equitably to all communities, taking into cognisance the "key game changers". These game-changers include ensuring that budget is funded, revenue management is optimised, assets are managed efficiently, supply chain management processes are adhered to, mSCOA is implemented correctly and that audit findings are addressed.

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.

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 known as Targeted And Responsible Savings (TARS) and Spending Reviews.

These MTEF guidelines introduce a new mechanism entitled Targeted and Responsible Savings (TARS), which is intended to identify and remove low-priority or underperforming programmes from the budget to reduce aggregate expenditure and, where appropriate, reallocate funding towards the priorities of governments outlined in the Medium-Term Development Plan (MTDP).

In line with the government's commitment to identify wasteful, inefficient, underperforming, and low priority programmes and ensure a more streamlined and effective allocation of resources.

The Annual approved budget for 2026/2027 was compiled in accordance with the requirements of the Municipal Finance Management Act (Act 56 of 2003) as well as the Municipal Budget and Reporting Regulations and all Circulars including, 132 and 134 (**amongst others**) which gives a clear directive on the prescribed reporting framework and structure to be used. The results from consultative forums were considered positive.

The budget plan was prepared and tabled by the council and approved in August 2025. On the 31 March 2026, the draft Integrated Development Plan, draft Budget, draft Organizational structure, and draft tariff structure were tabled to the council. Public Participations were conducted during April 2026 in all forty-one wards.

**The main challenges experienced during the compilation of the 2026/2027 Budget and MTREF can be summarized as follows:**

- On-going difficulties in the National and Local economy.
- Low revenue collection
- The need to reprioritize projects and expenditure within the existing limited resources considering the current cash flow limitations and circular(s) which prohibits municipalities from approving a deficit budget.
- Non-payment of municipal services accounts.
- Poverty, which is the highest challenge in our municipality, the municipality will enhance measures to reduce poverty within Thulamela Municipality through the budget of community services and technical services.
- Recent floods which caused damage to municipal infrastructure
- Wage increases for municipal staff continue to exceed the accepted norm.
- The municipality is grant dependent.

**The following budget principles and guidelines informed the compilation of the 2026/2027 Budget and Medium-Term Revenue and Expenditure Framework:**

- Section 18 (1) of Municipal Finance Management Act
- The adjustment Budget for 2025/26 Budget year.
- Budget allocated by national and provincial funding through the Division of Revenue Act (DORA).
- Zero rated budgeting was used on capital budget.
- Tariff and property rate increases are affordable and do not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality.
- Tariffs remain or move towards being cost reflective and considering the need to address infrastructure backlogs.
- Mscoa Alignment (Schedule A1 format downloaded from Treasury website)
- MBRR and treasury circulars 132 and 134 (*amongst others*) indicated that municipalities are no longer supposed to pass a deficit budget.

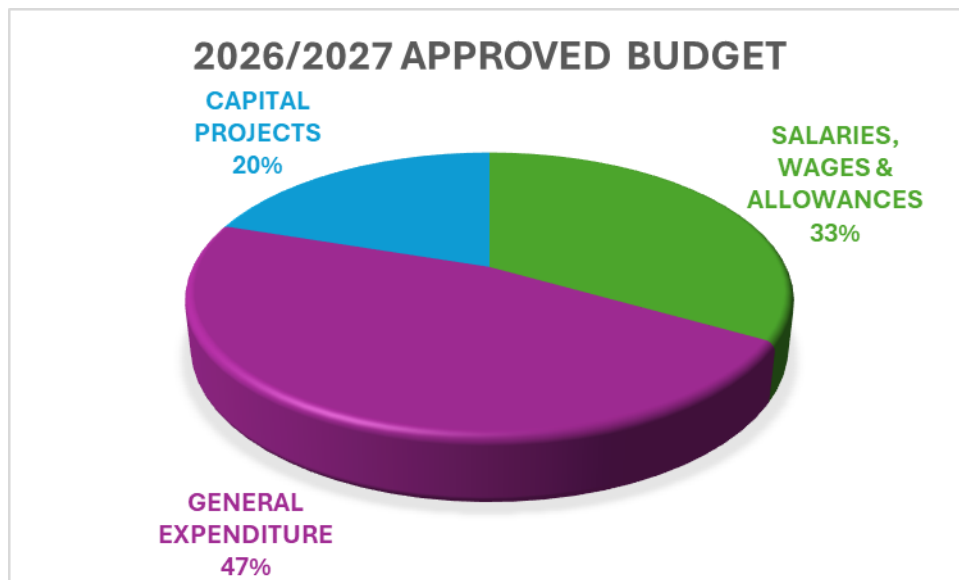
The service delivery priorities of the municipality were reviewed as part of this year's planning and budget process, where appropriate, funds were transferred from low to high-priority programs to maintain sound financial management in line with vision 2030.

Despite the limited resources, Thulamela municipality is still and will always stay committed to a better life for all. We will continue to prioritize community needs as people come first in whatever we do.

The following is a summary of the Annual draft budget for 2026/2027 financial year.

<b>BUDGET SUMMARY</b>				
	<b>ADJUSTMENT BUDGET 2025/2026</b>	<b>2026/2027 FINAL BUDGET</b>	<b>2027/2028 FINAL BUDGET</b>	<b>2028/2029 FINAL BUDGET</b>
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<b>REVENUE</b>	<b>-1 227 735 809</b>	<b>- 1 399 916 281</b>	<b>- 1 470 011 925</b>	<b>- 1 501 310 499</b>

Municipal Tariffs have generally increased by 3.4%.

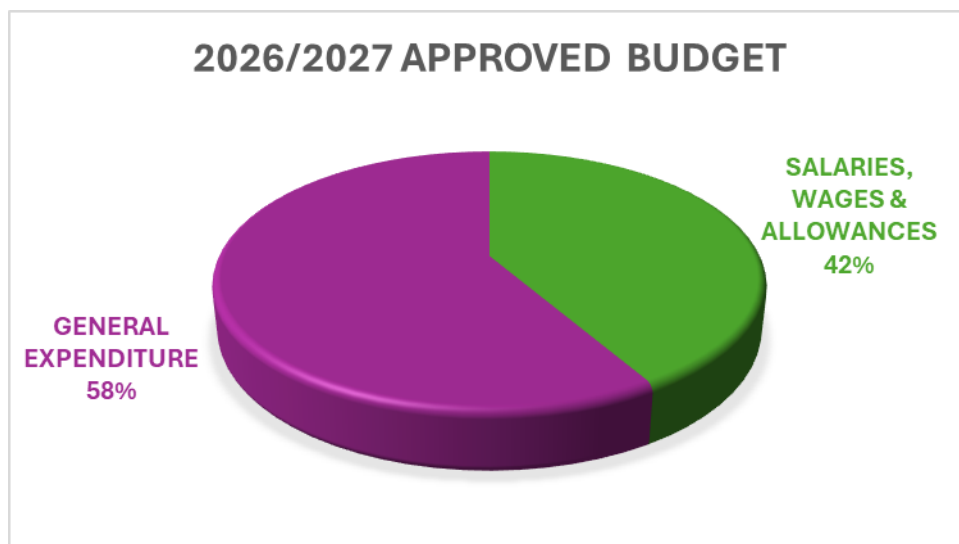


From the diagram above, General expenses consume a large piece of (47%) the total budget. It consists of operational expenditure, provisions, debt impairment and depreciation. The second highest percentage goes to the

employee-related costs budget (33%), while capital expenditure is 20% of the total budget.

General expenditure includes R 8million, of electrification projects and R4 million for energy efficiency from Division of Revenue allocation. The municipality is determined to continue to give hope to the hopeless and light to those in darkness.

**The salaries and wages (including remuneration of Councilors)** for 2025/2026 financial year was R439 million, and it has increased to R 466 million for 2026/2027 financial year. Salaries and Wages increased by 4,75% as per the signed collective agreement with the Bargaining Council. The remuneration for councilors has increased by 4,1% while we are waiting for the release of the upper limit Gazette.



From the diagram above, a large percentage of 58 in operational expenditure will be spent on general expenditure while 42% will be spent on salaries (including remuneration of Councilors). The salary norm is 42%, which is above the accepted norm of 25-40% as per Treasury circular.

The revenue budget increased from R1.227 billion to R1. 400 billion (**of which 55% is grants and 45% own revenue**). The variance of 12% is caused by recoveries of previously provided for impairment on long outstanding debtors that are planned for possible write-offs due to unrecoverability, for instance: Government debts to the tune of about R100 million and the rest of other

categories that falls within Prescription Act as motivated and substantiated to promote rehabilitation and improve payment rate.

**Total operational expenditure** budget increased from R580 million to R655 million. Variance is 11% which is caused by a drastic increase in Repairs and maintenance votes to cater for the damaged infrastructure caused by recent floods and Contracted services. However, most of the expenditure was increased by 3,4% as per circular 134.

**Capital budget for 2026/2027 financial year is 20% of total budget.**

Capital expenditure is funded as:

<b>FUNDING SOURCE</b>	<b>ADJUSTMENT BUDGET 2025/2026</b>	<b>FINAL BUDGET 2026/2027</b>	<b>FINAL BUDGET 2027/2028</b>	<b>FINAL BUDGET 2027/2028</b>
MIG	132 776 001	119 237 000	126 640 000	110 590 366
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OWN REVENUE	48 359 127	146 950 000	184 210 426	189 900 000
<b>TOTAL CAPITAL</b>	<b>208 324 128</b>	<b>278 255 000</b>	<b>311 150 426</b>	<b>300 840 366</b>

The capital budget was R208 million in 2025/2026 financial year adjustment budget and has now increased to R 278 million in 2026/2027. Variance is R70 million (25%). This is caused (amongst others) by reconstruction of road infrastructure (R33,5 million), Vehicles R3 million, Matavhela streets R6 million and disaster grants projects (R15 million) which will be funded from own revenue, pending approval of roll-over. The projects are tabled as follows (amongst others):

<b>Segment Desc</b>	<b>AMOUNT</b>
RECONSTRUCTION OF HOLLYWOOD TO SIBASA	14 000 000
RECONSTRUCTION OF ITSANI TO SHAYANDIMA	17 000 000
RECONSTRUCTION OF TWO OVERHEADS BRIDGES	2 500 000
CONSTRUCTION OF CULVERT NEW	4 800 000
HOLLYWOOD TO NANDONI DAM ACCESS ROAD	5 000 000
DISSASTER PROJECTS	15 000 000
MATAVHELA STREETS	6 000 000
VEHICLES	3 000 000
	<b>67 300 000</b>

The increase in our own revenue and expenditure has encouraged us to re-prioritize expenditure. The municipality has reviewed a cost containment strategy in line with MFMA circular 82, so that delivery of service is well provided with the little resources available. The municipality has a Revenue enhancement implementation plan, which will also be an annexure to the budget.

Past financial performance for the past two years is indicated below:

## Thulamela Municipality 2025

(Registration number LIM343)

Audited Annual Financial Statements for the year ended 30 June 2025

### Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Sales of goods and rendering of services	16	19 494 799	11 915 391
Service charges	17	27 399 535	26 877 504
Construction contracts	18	12 710 435	24 521 739
Rental of facilities and equipment	19	3 549 317	2 854 645
Interest on receivables from exchange transactions	20	11 200 398	9 830 067
Agency services	21	10 196 567	10 783 704
Licences and permits	22	1 204 025	726 645
Other income	23	3 366 497	5 108 638
Interest received - investment	24	77 673 000	83 815 978
<b>Total revenue from exchange transactions</b>		<b>166 794 573</b>	<b>176 434 311</b>
<b>Revenue from non-exchange transactions</b>			
Property rates	25	106 618 910	96 845 575
Interest on receivables from non-exchange receivables	26	19 988 436	18 334 561
Government grants & subsidies	27	771 212 000	760 545 076
Fines, Penalties and Forfeits	28	3 549 734	2 052 843
Reversal of impairments	29	235 555	30 429 457
<b>Total revenue from non-exchange transactions</b>		<b>901 604 635</b>	<b>908 207 512</b>
<b>Total revenue</b>		<b>1 068 399 208</b>	<b>1 084 641 823</b>
<b>Expenditure</b>			
Employee related costs	30	(377 399 834)	(342 651 298)
Employee costs - Remuneration of councillors	31	(35 074 853)	(34 192 838)
Depreciation and amortisation	32	(85 516 109)	(82 646 654)
Impairment loss	33	(9 818 527)	(1 272 688)
Finance costs	34	(5 071 729)	(5 023 832)
Lease rentals on operating lease	35	(4 734 236)	(4 596 531)
Debt Impairment	36	(64 833 486)	(51 463 744)
Bad debts written off	37	(6 221 971)	(35 525 162)
Contracted Services	38	(156 474 109)	(261 942 623)
Transfers and Subsidies	39	(1 687 436)	(1 696 803)
Gain or loss on disposal of assets and liabilities	8	(155 656 291)	(3 083 288)
Actuarial gains/losses	13	(778 605)	(230 018)
Inventories losses/write-downs		(2 433 838)	(636 908)
General Expenses	40	(129 846 241)	(113 890 625)
<b>Total expenditure</b>		<b>(1 035 547 265)</b>	<b>(938 853 012)</b>
<b>Surplus for the year</b>		<b>32 851 943</b>	<b>145 788 811</b>

The priorities as outlined in the Integrated Development Plan are in line with the National, Provincial and District priorities cover (*amongst others*)

1. Local Economic Development
2. Municipal Financial Viability and management
3. Good Governance and Public Participation
4. Municipal Institutional Development and Transformation
5. Basic delivery service (access to water, sanitation, electricity, refuse removal and municipal roads)

The Budgetary constraint that the municipality is facing is the extent of the operational budget which exceeds the capital budget. The contributing factor is the salary budget which consumes a bigger percentage of the whole budget.

In the year 2026/2027, the following multi-year projects will be continued: UIF shell garage (Neighborhood and own), Tshilungoma ring road (MIG), Mapate access road (MIG), Lwamondo Territorial Council Access road (MIG), Construction of Gundani Landfill (MIG)) *etc. amongst others* coupled with other projects like purchase of Machinery and equipment, PMS system, vehicles , etc. will be done. *See supporting table SA36 for a* (Summary of detailed Capital budget) for the years.

### **Tariff Policies**

Municipality tariff policy provides a board framework within which the council can determine fair, cost benefit, transparent and affordable charges that also promote sustainable service delivery.

## 1.4 Annual Budget Tables

See attached copy of Medium-Term Revenue and Expenditure (MTREF) which represents the ten main budget tables (Table A1 to Table A10) as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2026/2027 Budget.

**Table A1 –Budget Summary**

LIM343 Thulamela - 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
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	94 455	96 846	104 952	121 872	128 162	128 162	103 630	132 519	136 893	141 273
Service charges	28 461	27 695	27 627	32 697	26 013	26 013	22 893	26 897	27 785	28 674
Investment revenue	61 240	83 816	77 673	93 500	80 000	80 000	59 844	82 720	85 450	88 184
Transfer and subsidies - Operational	581 920	600 457	637 640	646 148	646 148	646 148	637 103	634 835	630 041	670 615
Other own revenue	63 072	85 311	84 072	112 497	188 063	188 063	60 705	392 299	463 344	462 114
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>829 147</b>	<b>894 125</b>	<b>931 964</b>	<b>1 006 714</b>	<b>1 068 376</b>	<b>1 068 376</b>	<b>864 175</b>	<b>1 269 271</b>	<b>1 343 512</b>	<b>1 390 860</b>
Employee costs	325 609	342 651	377 400	391 144	401 258	401 258	319 289	426 783	444 081	466 889
Remuneration of councillors	31 787	34 193	35 075	39 916	37 916	37 916	29 861	39 471	41 089	42 774
Depreciation, amortisation and impairment	80 140	83 318	94 892	85 933	98 965	98 965	50 269	105 330	108 806	112 288
Interest, Dividends and Rent on Land	3 141	5 024	6 149	3 208	3 213	3 213	197	3 323	3 433	3 543
Inventory consumed and bulk purchases	14 645	17 889	24 433	24 266	24 836	24 836	12 228	28 232	29 164	30 097
Transfers and subsidies	2 766	1 697	1 687	2 299	2 099	2 099	202	2 377	2 456	2 534
Other expenditure	411 889	423 682	530 532	410 461	451 124	451 124	279 359	516 145	529 633	542 345
<b>Total Expenditure</b>	<b>869 977</b>	<b>908 434</b>	<b>1 070 187</b>	<b>957 228</b>	<b>1 019 412</b>	<b>1 019 412</b>	<b>691 406</b>	<b>1 121 861</b>	<b>1 198 861</b>	<b>1 200 470</b>
Surplus/(Deficit)	(40 830)	(14 299)	(138 203)	49 486	48 964	48 964	192 769	147 610	184 650	190 390
Transfers and subsidies - capital (monetary allocations)	134 925	160 088	133 572	134 851	159 360	159 360	(140 851)	130 645	126 500	110 450
Transfers and subsidies - capital (in-kind)	27	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	94 121	145 789	(4 631)	184 337	208 324	208 324	51 918	278 255	311 150	300 840
Share of surplus/deficit attributable to associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>94 121</b>	<b>145 789</b>	<b>(4 631)</b>	<b>184 337</b>	<b>208 324</b>	<b>208 324</b>	<b>51 918</b>	<b>278 255</b>	<b>311 150</b>	<b>300 840</b>
<b>Capital expenditure &amp; funds sources</b>										
Capital expenditure	207 234	300 104	196 882	184 337	208 324	208 324	137 149	278 255	311 150	300 840
Transfers recognised - capital	118 604	146 139	116 659	134 976	159 965	159 965	113 136	131 305	126 940	110 940
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	88 630	153 965	70 223	49 361	48 359	48 359	24 014	146 950	184 210	189 900
<b>Total sources of capital funds</b>	<b>207 234</b>	<b>300 104</b>	<b>196 882</b>	<b>184 337</b>	<b>208 324</b>	<b>208 324</b>	<b>137 149</b>	<b>278 255</b>	<b>311 150</b>	<b>300 840</b>
<b>Financial position</b>										
Total current assets	1 098 835	997 767	1 091 875	1 402 793	1 296 979	1 296 979	1 297 365	1 516 575	1 628 010	1 736 245
Total non current assets	2 063 665	2 277 758	2 218 841	2 343 539	2 354 901	2 354 901	2 305 539	2 527 611	2 727 752	2 914 031
Total current liabilities	196 462	179 285	204 412	178 456	178 543	178 543	162 979	182 640	187 982	193 495
Total non current liabilities	40 463	43 915	58 611	43 915	43 915	43 915	58 611	27 924	27 924	27 924
Community wealth/Equity	2 925 575	3 052 325	3 085 176	3 623 961	3 429 421	3 429 421	3 378 625	3 833 623	4 139 856	4 428 857
<b>Cash flows</b>										
Net cash from (used) operating	496 390	(658 035)	(734 461)	262 801	211 064	211 064	211 064	450 588	491 591	483 755
Net cash from (used) investing	(284 632)	(307 071)	(188 407)	(184 337)	(205 324)	(205 324)	(205 324)	(278 255)	(311 150)	(300 840)
Net cash from (used) financing	(506)	(545)	(623)	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the year end:</b>	<b>1 199 655</b>	<b>60 868</b>	<b>(2 218)</b>	<b>1 264 399</b>	<b>1 191 674</b>	<b>1 191 674</b>	<b>1 191 674</b>	<b>1 424 424</b>	<b>1 604 864</b>	<b>1 787 779</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	1 199 655	60 868	(2 218)	1 264 399	1 191 674	1 191 674	1 191 674	1 424 424	1 604 864	1 787 779
Application of cash and investments	219 755	147 132	178 435	196 338	151 643	151 643	94 688	191 535	197 580	206 767
<b>Balance - surplus (shortfall)</b>	<b>979 900</b>	<b>(86 264)</b>	<b>(180 654)</b>	<b>1 108 061</b>	<b>1 040 032</b>	<b>1 040 032</b>	<b>1 096 987</b>	<b>1 232 888</b>	<b>1 407 284</b>	<b>1 581 012</b>
<b>Asset management</b>										
Asset register summary (WOV)	1 743 542	1 887 442	1 890 816	1 681 858	1 665 715	1 665 715	-	1 600 096	1 543 719	1 455 777
Depreciation	76 289	82 647	85 322	81 847	94 880	94 880	-	101 106	104 442	107 784
Renewal and Upgrading of Existing Assets	22 612	27 773	15 805	4 600	18 982	18 982	-	54 500	97 742	107 850
Repairs and Maintenance	123 841	122 375	45 658	86 913	95 152	95 152	-	122 722	122 640	126 565
<b>Free services</b>										
Cost of Free Basic Services provided	31 174	1 809	2 623	2 108	2 108	2 881	-	3 168	3 278	3 497
Revenue cost of free services provided	(1 175)	(2 598)	(11 436)	(13 350)	(19 410)	(19 410)	-	(16 421)	(20 070)	(20 732)
<b>Households below minimum service level</b>										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	142	142	70	70	70	70	-	70	70	70

Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

1. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash, and funding compliance, as well as the

municipality's commitment to eliminating basic service delivery backlogs. Financial management reforms emphasize the importance of the municipal budget being funded.

2. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - (A) The operating surplus/deficit (after Total Expenditure) is positive over the final budget.
  - (B) Capital expenditure is balanced by capital funding sources, of which.
    - i. Transfers recognized are reflected on the Financial Performance Budget
    - ii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The fact that municipality's cash flow remains positive and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
3. The Cash backing/surplus reconciliation shows the cash backing surplus table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
4. Cash backed reserved shows a positive movement, which proves that the municipality will be able to pay their expenses.
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the poor.
6. Property rates increased to R132, 9 million. The increase is caused by the new valuation roll which will be implemented as from first of July 2026.

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

LIM343 Ihulamelela - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	R thousand	2022/23	2023/24	2024/25	Current Year 2025/26			2029/27 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
<b>Revenue - Functional</b>	1									
Governance and administration		754 902	794 298	829 124	871 488	950 454	950 454	1 144 675	1 214 221	1 261 929
Executive and council		574 169	589 600	622 657	624 846	624 846	624 846	616 264	614 891	655 415
Finance and administration		180 733	204 697	206 467	246 642	325 608	325 608	528 411	599 330	606 514
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		2 629	26 789	19 550	12 887	37 155	37 155	15 068	20 190	16 880
Community and social services		329	350	322	365	24 874	24 874	377	390	402
Sport and recreation		1 602	1 142	1 619	2 086	1 700	1 700	1 758	1 816	1 874
Public safety		695	775	898	757	902	902	932	963	994
Housing		2	24 522	16 710	9 679	9 679	9 679	12 000	17 021	13 610
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		167 942	195 723	178 188	211 968	202 606	202 606	201 376	195 524	181 141
Planning and development		33 561	39 451	43 414	51 618	43 953	43 953	54 861	45 077	45 944
Road transport		134 381	156 272	134 773	160 350	158 653	158 653	146 515	150 447	135 297
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		38 627	37 403	38 674	45 222	37 521	37 521	38 797	40 077	41 360
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		38 627	37 403	38 674	45 222	37 521	37 521	38 797	40 077	41 360
Other	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	964 099	1 054 212	1 065 536	1 141 565	1 227 736	1 227 736	1 399 916	1 470 012	1 581 310
<b>Expenditure - Functional</b>										
Governance and administration		334 833	391 581	417 388	398 269	436 749	436 749	463 730	479 777	498 119
Executive and council		141 458	160 258	137 072	148 485	138 892	138 892	113 060	117 835	122 781
Finance and administration		192 967	230 480	279 189	245 403	293 475	293 475	346 522	357 657	370 916
Internal audit		409	843	1 127	4 381	4 381	4 381	4 148	4 285	4 422
Community and public safety		99 017	75 469	90 068	101 885	102 863	102 863	116 643	122 684	123 392
Community and social services		1 855	2 570	2 459	3 537	3 526	3 526	3 893	4 021	4 150
Sport and recreation		26 001	27 277	27 195	28 315	28 991	28 991	34 063	35 596	37 187
Public safety		1 018	(29 104)	424	1 511	4 284	4 284	4 274	1 316	1 388
Housing		70 143	74 725	59 990	68 522	66 062	66 062	74 413	81 752	80 697
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		350 142	364 197	450 493	335 642	363 847	363 847	414 963	429 200	446 164
Planning and development		51 961	58 893	63 816	73 184	75 206	75 206	87 691	88 719	92 120
Road transport		298 181	305 304	386 678	262 458	288 641	288 641	327 271	340 481	354 044
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		85 996	77 176	112 217	121 432	115 953	115 953	126 325	127 200	132 795
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		85 996	77 176	112 217	121 432	115 953	115 953	126 325	127 200	132 795
Other	4	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	3	869 988	908 424	1 070 167	957 228	1 019 412	1 019 412	1 121 661	1 158 861	1 200 470
<b>Surplus/(Deficit) for the year</b>		94 111	145 788	(4 631)	184 337	208 324	208 324	278 255	311 150	380 840

- Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The Total Revenue on this table includes capital revenues (Transfers recognized – capital)
- The municipality has been continuing to render waste management services at a deficit for the past outer years. This is caused by the fact that refuse removal is a right which should be enjoyed by any resident in terms of the Bill of Rights and Chapter 2 of the Constitution. As such the municipality is continuing to collect refuse all over the municipality even in areas where billing cannot be implemented.
- Table 2 shows the surplus of R278 million which will be used to fund Capital projects for 2026/27 MTERF respectively.

**Table A3 – Budgeted Financial Performance (revenue and expenditure by municipal vote)**

LIM343 Ithulameia - 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 Budget	Adjusted	Full Year	Budget Year
<b>R thousand</b>										
<b>Revenue by Vote</b>	1									
Vote 1 - Financial services	176 526	201 108	204 451	243 109	322 272	322 272	524 990	596 822	602 920	
Vote 2 - Community and Operations	2 113	1 622	2 241	2 531	2 583	2 583	2 671	2 759	2 847	
Vote 3 - Engineering and Planning Services	159 387	205 291	176 197	197 436	189 735	189 735	180 647	190 329	172 500	
Vote 4 - Corporate and protection	18 277	17 110	16 559	22 005	19 816	19 816	20 463	21 112	21 762	
Vote 5 - Municipal manager	-	-	-	-	-	-	-	-	-	
Vote 6 - Council	574 169	589 600	622 657	624 846	624 846	624 846	616 264	614 891	655 415	
Vote 7 - Economic Development and Strategic Services	33 627	39 481	43 431	51 639	68 483	68 483	54 882	45 099	45 867	
Vote 8 -	-	-	-	-	-	-	-	-	-	
Vote 9 -	-	-	-	-	-	-	-	-	-	
Vote 10 -	-	-	-	-	-	-	-	-	-	
Vote 11 -	-	-	-	-	-	-	-	-	-	
Vote 12 -	-	-	-	-	-	-	-	-	-	
Vote 13 -	-	-	-	-	-	-	-	-	-	
Vote 14 -	-	-	-	-	-	-	-	-	-	
Vote 15 -	-	-	-	-	-	-	-	-	-	
<b>Total Revenue by Vote</b>	<b>2</b>	<b>1 054 212</b>	<b>1 065 536</b>	<b>1 141 565</b>	<b>1 227 736</b>	<b>1 227 736</b>	<b>1 399 916</b>	<b>1 470 012</b>	<b>1 501 310</b>	
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - Financial services	44 541	56 235	70 108	75 179	86 499	86 499	119 381	120 669	125 372	
Vote 2 - Community and Operations	103 285	50 137	193 054	59 523	69 756	69 756	81 367	84 460	87 615	
Vote 3 - Engineering and Planning Services	290 668	338 861	294 299	322 350	326 053	326 053	365 529	380 084	391 102	
Vote 4 - Corporate and protection	147 211	107 825	151 242	168 584	184 589	184 589	192 750	198 395	207 383	
Vote 5 - Municipal manager	57 205	73 714	85 347	41 941	47 405	47 405	56 456	58 644	60 881	
Vote 6 - Council	130 378	148 224	123 801	133 126	123 084	123 084	94 057	97 879	101 827	
Vote 7 - Economic Development and Strategic Services	96 701	133 428	152 316	156 526	182 025	182 025	212 121	218 729	226 290	
Vote 8 -	-	-	-	-	-	-	-	-	-	
Vote 9 -	-	-	-	-	-	-	-	-	-	
Vote 10 -	-	-	-	-	-	-	-	-	-	
Vote 11 -	-	-	-	-	-	-	-	-	-	
Vote 12 -	-	-	-	-	-	-	-	-	-	
Vote 13 -	-	-	-	-	-	-	-	-	-	
Vote 14 -	-	-	-	-	-	-	-	-	-	
Vote 15 -	-	-	-	-	-	-	-	-	-	
<b>Total Expenditure by Vote</b>	<b>2</b>	<b>869 988</b>	<b>908 424</b>	<b>1 070 167</b>	<b>957 228</b>	<b>1 019 412</b>	<b>1 019 412</b>	<b>1 121 661</b>	<b>1 158 861</b>	<b>1 200 470</b>
<b>surplus/(deficit) for one year</b>	<b>2</b>	<b>184 224</b>	<b>156 112</b>	<b>71 398</b>	<b>184 337</b>	<b>208 324</b>	<b>378 504</b>	<b>311 151</b>	<b>300 840</b>	

- Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote.

**Table A4 – Budgeted Financial Performance (revenue and Expenditure)  
Revenue**

LIM445 | Hulamele - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	R thousand	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>Revenue</b>											
Exchange Revenue		-	-	-	-	-	-	-	-	-	-
Service charges - Electricity		-	-	-	-	-	-	-	-	-	-
Service charges - Water		-	-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management		-	-	-	-	-	-	-	-	-	-
Service charges - Waste Management		28 481	27 695	27 627	32 697	28 013	28 013	22 893	28 697	27 785	28 674
Sale of Goods and Rendering of Services		6 085	10 388	10 930	39 592	33 382	33 382	9 522	34 496	35 835	36 775
Agency services		10 454	10 784	10 195	13 250	12 000	12 000	9 034	12 408	12 817	13 228
Interest											
Interest earned from Receivables		10 301	9 630	11 177	12 872	11 635	11 635	9 773	12 031	12 438	12 825
Interest earned from Current and Non Current Assets		81 240	83 818	77 873	93 500	80 000	80 000	59 844	82 720	85 450	88 184
Dividends		-	-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-	-
Rentals from Fixed Assets		2 593	2 855	3 549	3 755	4 280	4 280	3 527	4 405	4 550	4 606
Licence and permits		-	727	1 204	1 067	981	981	772	1 014	1 048	1 081
Special rating fees		-	-	-	-	-	-	-	-	-	-
Construction Contract Revenue		-	24 522	12 710	5 679	5 679	5 679	4 881	12 000	17 021	13 610
Development Charges		-	-	-	-	-	-	-	-	-	-
Operational Revenue		7 448	5 818	5 080	8 412	92 451	92 451	3 147	287 319	350 274	349 381
<b>Non-Exchange Revenue</b>											
Property rates		94 455	98 840	104 952	121 872	128 182	128 182	103 830	132 519	138 893	141 273
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		7 154	2 053	3 550	4 540	3 985	3 985	124	3 811	3 928	4 082
Licences or permits		785	10	-	-	-	-	-	-	-	-
Transfers and subsidies - Operational		581 920	600 457	637 540	648 148	648 148	648 148	637 103	634 835	630 041	670 815
Interest		18 468	18 335	19 877	25 524	24 000	24 000	19 947	24 816	25 835	28 455
Fuel Levy		-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-
Gains on disposal of Fixed and Intangible Assets		-	-	-	-	-	-	-	-	-	-
Other Gains		1 784	-	0	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>829 147</b>	<b>894 125</b>	<b>931 984</b>	<b>1 208 714</b>	<b>1 288 378</b>	<b>1 288 378</b>	<b>884 175</b>	<b>1 289 271</b>	<b>1 343 632</b>	<b>1 392 880</b>
<b>Expenditure</b>											
Employee related costs		325 909	342 851	377 430	391 144	401 258	401 258	319 289	426 783	444 081	458 889
Remuneration of councillors		31 787	34 193	35 075	39 918	37 918	37 918	29 881	39 471	41 089	42 774
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-	-
Inventory consumed	2,8	14 945	17 859	24 433	24 298	24 638	24 638	12 228	28 220	29 154	30 097
Debt Impairment	2,3	83 741	21 638	84 833	81 354	59 354	59 354	55 190	81 372	83 397	85 428
Depreciation, amortisation and impairment		80 140	83 318	84 862	85 933	98 985	98 985	50 289	105 330	108 808	112 288
Interest, Dividends and Rent on Land		3 141	5 004	6 149	3 208	3 213	3 213	197	3 323	3 433	3 543
Contracted services		229 858	281 943	190 198	181 181	237 529	237 529	125 655	288 220	293 812	298 923
Transfers and subsidies		2 788	1 597	1 887	2 209	2 090	2 090	202	2 377	2 458	2 534
Irrecoverable debts written off		27 448	35 325	6 222	4 894	4 894	4 894	10 339	4 853	5 013	5 174
Operational costs		83 244	100 828	110 417	130 082	145 398	145 398	88 175	157 407	163 377	168 248
Disposal of Fixed and Intangible Assets		7 789	3 083	155 851	2 083	2 083	2 083	-	2 203	2 203	2 074
Other Losses		-	897	3 212	2 088	2 088	2 088	-	2 159	2 231	2 302
<b>Total Expenditure</b>		<b>888 977</b>	<b>958 424</b>	<b>1 070 187</b>	<b>967 228</b>	<b>1 019 412</b>	<b>1 019 412</b>	<b>681 408</b>	<b>1 121 681</b>	<b>1 168 881</b>	<b>1 203 470</b>
<b>Surplus/(Deficit)</b>		<b>(40 830)</b>	<b>(14 299)</b>	<b>(138 203)</b>	<b>48 488</b>	<b>48 964</b>	<b>48 964</b>	<b>182 786</b>	<b>147 610</b>	<b>184 850</b>	<b>189 380</b>
Transfers and subsidies - capital (monetary allocations)	8	134 025	190 088	133 572	134 851	159 380	159 380	(140 851)	130 845	128 500	110 450
Transfers and subsidies - capital (in-kind)	8	27	-	-	-	-	-	-	-	-	-
surplus/(losses) after capital transfers & contributions		84 121	146 789	(4 881)	184 327	238 324	238 324	61 918	278 256	311 150	300 940
Income Tax		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		84 121	146 789	(4 881)	184 327	238 324	238 324	61 918	278 256	311 150	300 940
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-
surplus/(losses) attributable to municipality		84 121	146 789	(4 881)	184 327	238 324	238 324	61 918	278 256	311 150	300 940
Share of Surplus/Deficit attributable to Associate	7	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1	84 121	146 789	(4 881)	184 327	238 324	238 324	61 918	278 256	311 150	300 940

**Total operating revenue** increased from R1,227 billion in 2025/2026 to R1,400 billion in 2026/2027. This is caused by recoveries of previously provided for impairment on long outstanding debtors that are planned for possible write-offs due to unrecoverability, for instance: Government debts to the tune of about R100 million and the rest of other categories that falls within Prescription Act as motivated and substantiated to promote rehabilitation and improve payment rate.

**The municipality is anticipating collecting 58% of all billed services.**

**Revenue is outlined as:**

- **Service charges** have increased to R26,897 million (3.4%) as per circular 134.

- **Property rates have increased to R132,903 million (3.4%)** as per circular 134.
- **Sales of goods and rendering services have increased to R34 496 million (3.4%)** as per circular 134.

Sales of goods and rendering services items are outlined as follows:

Segment Description	2026/2027 Approved Budget	2027/2028 Approved Budget	2028/2029 Approved Budget
ADVERTISING	(87 890)	(90 790)	(93 696)
APPLICATION OF SUBDIVISION	(155 100)	(160 218)	(165 345)
SPECIAL / WRITTEN CONSENTS	(351 560)	(363 161)	(374 783)
PROPERTY SITE IDENTIFICATION	(310 200)	(320 437)	(330 691)
MISCELLANEOUS FEES	(32)	(33)	(34)
BUILDING PLANS APPROVAL	(413 600)	(427 249)	(440 921)
PROPERTY REZONING	(155 100)	(160 218)	(165 345)
BURIAL FEE	(377 462)	(389 918)	(402 395)
CLEARANCE CERTIFICATE	(51 700)	(53 406)	(55 115)
APPLICATION FEE FOR WAY LEAVE	(517 000)	(534 061)	(551 151)
ESCORT(FUNERALS FUNWALK MARATH)	(21 714)	(22 431)	(23 148)
PROPERTY TRANSFER FEES	(754 923)	(779 836)	(804 791)
APPLICATION OF DEED GRANT	(215 692)	(222 810)	(229 940)
TENDER DOCUMENTS	(24 816)	(25 635)	(26 455)
TRADING OF ANIMALS	(8 628)	(8 912)	(9 198)
SELLING OF SITES	(31 020 000)	(32 043 660)	(33 069 057)
BREAKDOWN FEE NEW	(31 020)	(32 044)	(33 069)
	<b>(34 496 437)</b>	<b>(35 634 820)</b>	<b>(36 775 134)</b>

- **Agency services** have increased by R12, 408 million (3.4%) as per circular 134.
- **Interest received from receivables** increased by 3.4% as per circular 134
- **Interest earned from Current and Non-Current Assets** increased by 3.4% as per circular 134
- **Rental from Fixed Assets** has increased to R4,4 million and is comprised of:

Segment Description	2026/2027 Approved Budget	2027/2028 Approved Budget	2028/2029 Approved Budget
BUSINESS OFFICE AND MARKET STALL	(682 440)	(704 961)	(727 519)
RENTAL COUNCIL PROPERTY	(1 757 800)	(1 815 807)	(1 873 913)
BILLBOARDS ADVERTISEMENT	(1 964 600)	(2 029 432)	(2 094 374)
	<b>(4 404 840)</b>	<b>(4 550 200)</b>	<b>(4 695 806)</b>

- **Licenses and permits** comprise of:

<b>Segment Description</b>	<b>2026/2027 Approved Budget</b>	<b>2027/2028 Approved Budget</b>	<b>2028/2029 Approved Budget</b>
HAWKERS FINES ENVIROMENTAL HEALTH	(226 225)	(233 690)	(241 168)
POUND FEE ENVIROMENTAL HEALTH	(59 315)	(61 273)	(63 234)
SPAZA/HAWKERS LICENCE ENVIROMENTAL	(568 700)	(587 467)	(606 266)
LICENSE FEES ENVIROMENTAL HEALTH	(25 436)	(26 276)	(27 117)
BUSINESS APPLICATION FEE	(41 360)	(42 725)	(44 092)
BUSINESS REGISTRATION FEE	(41 360)	(42 725)	(44 092)
BUSINESS ANNUAL RENEWAL FEE	(51 700)	(53 406)	(55 115)
	<b>(1 014 097)</b>	<b>(1 047 562)</b>	<b>(1 081 084)</b>

- **Construction Contract Revenue** of R12 million is INEP grant which is now classified as such per circular 134.
- **Transfers recognized (Grants)** – operating Grants includes the local government equitable share (which has decreased by R8,5 million) and other operating grants from national Government. This includes R800 000 LGSETA Discretionary Grant.

<b>Segment Description</b>	<b>2026/2027 Approved Budget</b>	<b>2027/2028 Approved Budget</b>	<b>2028/2029 Approved Budget</b>
LGSETA DISCRETIONARY GRANT	(800 000)	(800 000)	(800 000)
National Governments: Expanded Public Works	(4 521 000)	-	-
Infrastructure Skills Development Grant Revenue	(5 000 000)	(5 500 000)	(5 000 000)
FINANCE MANAGAMENT GRANT(FMG)	(2 000 000)	(2 100 000)	(2 300 000)
MIG - Operational Grant	(6 250 000)	(6 750 000)	(7 100 000)
Governance EQUITABLE SHARE	(616 264 000)	(614 891 000)	(655 415 000)
	<b>(634 835 000)</b>	<b>(630 041 000)</b>	<b>(670 615 000)</b>

**Operational Revenue** increased mostly increased by 3.4% except R282,740 million for recoveries of previously provided for impairment on long outstanding debtors that are planned for possible write-offs due to unrecoverability, for instance: Government debts to the tune of about R100 million and the rest of other categories that falls within Prescription Act as motivated and substantiated to promote rehabilitation and improve payment rate.

The breakdown is illustrated below:

Segment Description	2026/2027	2027/2028	2028/2029
	Approved Budget	Approved Budget	Approved Budget
RECOVERIES FROM WRITE OFF	(282 740 131)	(345 543 801)	(344 500 014)
OTHER TARRIFFS SPATIAL PLANNING	(175 780)	(181 581)	(187 391)
TELEPHONE RECOVERIES FROM EMPLOYEES	(21 569)	(22 281)	(22 994)
INSURANCE RECOVERIES FROM EMPLOYEES	(1 617 693)	(1 671 077)	(1 724 551)
Commission: Transaction Handling Fees New	(13 173)	(13 608)	(14 043)
RENTAL OF FIBRE CONNECTION	(108)	(111)	(115)
SUNDRY / OTHER REVENUE	(103 400)	(106 812)	(110 230)
CONSOLIDATION FEE	(9 306)	(9 613)	(9 921)
REFUND FOR INSURANCE	(361 900)	(373 843)	(385 806)
Request for Information: Plan Printing and Duplicates	(206 800)	(213 624)	(220 460)
RURAL LAND SALES 0571001015 New	(1 447 600)	(1 495 371)	(1 543 223)
SKILLS DEVELOPMENT FUND SETA REFUND	(620 400)	(640 873)	(661 381)
STAFF AND COUNCILLORS RECOVERIES	(1 034)	(1 068)	(1 102)
	<b>(287 318 894)</b>	<b>(350 273 664)</b>	<b>(349 381 231)</b>

## **Expenditure**

**Total operational expenditure** has increased from R1,019 billion in 2025/2026 to R1,122 billion in 2026/2027 financial year.

- **Employee related costs** for 2025/2026 financial year were R401 million, and it increased to R 427 million for 2026/2027 and has increased by 4,75% as per the signed collective agreement negotiations with the Bargaining Council. However, the municipality intends to recruit additional personnel when the organogram is reviewed.
- **Remuneration of councilors** for 2025/2026 financial year was R38 million, and it increased to R 39 million for 2026/2027 (4.1%) while waiting for Upper Limits Gazette.
- **Debt Impairment** has increased from R59 million to R61 million as per circular 134.
- **Depreciation and Amortization** is the requirement of GRAP presentation in respect of assets. It has been provided for R105 million in 2026/2027 financial year, minor increase for additions/unbundled assets.
- **Inventory consumed and other expenditure.**
  - Inventory has increased from R24 million to R28 million. It consists of stationery, cleaning materials, materials to be used for repairs and maintenance of facilities, vehicles, plants and equipment, road surface as well as materials to build disaster houses. Repairs and maintenance which was also increased (in some cases) above the 3,4% rate stipulated in circular 134.
  - The breakdown of Inventory is illustrated below:

Segment Description	2026/2027 Approved Budget	2027/2028 Approved Budget	2028/2029 Approved Budget
Consumables: Standard Rated	3 200 000	3 305 600	3 411 379
Consumables: Standard Rated(stationery)	26 884	27 771	28 660
Maintenance Electrical Material STORES	3 000 000	3 099 000	3 198 168
SECURITY EQUIPMENT	32 344	33 411	34 480
PS TRAFFIC MISCELLANEOUS	5 377	5 554	5 732
Expenditure:Inventory Consumed:Materials and Supplies	161 718	167 054	172 400
Env Health CLEANING MATERIAL	3 236 420	3 343 222	3 450 205
WASTE AND REFUSE TOOLS	500 000	516 500	533 028
Expenditure: Sports Stadia Marker	144 688	149 462	154 245
Inventory Consumed: Materials and Supplies(Library Sup	82 637	85 364	88 096
governance disaster houses STORES	500 000	516 500	533 028
ENVIRONMENTAL CAMPAING PROMOTIONAL MATEF	196 460	202 943	209 437
BUILDING TOOLS	51 648	53 353	55 060
Maintenance of Cemeteries 053400425	18 000	18 594	19 189
Maintenance Swimming Pools Chemicals 0530200320	150 000	154 950	159 908
Maintenance of Parks & Gardens 053400410	200 000	206 600	213 211
Maintenance of Stadium Recreation 053400416	120 000	123 960	127 927
Materials and Supplies:MAINTENANCE OF BUILDING S	4 000 000	4 132 000	4 264 224
Maintenance of Road Surface 040 400412 STORES	8 000 000	8 264 000	8 528 448
Maintenance of Vehicles 0400400420 STORES	2 500 000	2 582 500	2 665 140
Maintenance of Trucks & Tructors 040 400418 STORES	2 000 000	2 066 000	2 132 112
Maintanance Machinery-Survey Instuments 0570400423	106 000	109 498	113 002
	<b>28 232 175</b>	<b>29 163 837</b>	<b>30 097 079</b>

- **Contracted services** have increased from R239 million to R288 million (17%). This is caused by increase in (*amongst others*) in Repairs and Maintenance, Conveyancer fees for registration of unregistered properties, Security costs for additional finished sites, Legal/ labour costs and Professional fees

They consist of the following:

**Outsourced services** of electricity projects R8 million, Business and advisory services (covering ICT, finance, risk and Audit committees, occupational health, and safety issues etc. R55,1 million, security services R39 million, property registration conveyancer R9,1 million, Valuer R1,8 million, street bins R1 million and the rest covers OHS pro-active programme, catering for imbizos etc.

**Consultancy and professional service fees** of legal advice and litigation R32,5 million, business and advisory R2,2 million, research and advisory R13,9 million, etc., and

**Contractors.** Main cost drivers of contractors are Repairs and maintenance R98,6 million, Energy efficiency grant expense R4 million, technical assistance R1 million, Audio visual services R1,6 million and employee's wellness programme R2 million.

The rest are for catering, event promoters, pest control and fumigation, Event promoters, etc. **and are outlined as follows:**

<b>Segment description</b>	<b>2026/27 Budget</b>	<b>2027/28 Budget</b>	<b>2028/29 Budget</b>
Consultants and Professional Services	59 021 145	54 612 593	56 456 996
Outsourced Services	119 029 462	129 325 763	129 283 196
Contractors	110 169 850	109 673 455	113 183 005
	288 220 457	293 611 811	298 923 196

- **Repairs and maintenance** is representing only 7.7% of the total PPE which is almost equal to the required rate of 8% as per MFMA circular 86, however the amount provided as per SA34C will try to deal with all items that need to be repaired or maintained in 2026/2027 financial year. The reason is that currently we have rehabilitated our infrastructure which is roads storm water. And our mechanical staff has also been trained to attend the major repairs in-house.

The Municipality has new assets that are on service plan and will not need to be repaired and maintained at a cost.

- **Transfers and subsidies** consist of poverty relief, disaster relief and LED poverty alleviation.

<b>Segment Description</b>	<b>2026/2027 Approved Budget</b>	<b>2027/2028 Approved Budget</b>	<b>2028/2029 Approved Budget</b>
LED Poverty Aliviation Fund New	377 410	389 865	402 340
Governance Disaster Relief 0090200304	2 000 000	2 066 000	2 132 112
	<b>2 377 410</b>	<b>2 455 865</b>	<b>2 534 452</b>

Poverty relief is utilized for indigent relief for rates and services; Disaster relief is for food parcels to communities during disaster while LED poverty alleviation is utilized to assist our communities in small scale farming and backyard garden. These include the following (*amongst others*): brickyard, chicken farming, feedlot, ago processing and borehole.

- **Operational costs** have increased by 8%. It has increased due to the following major items (*amongst others*): electricity, Insurance, Protective clothing, Training and Audit fees. It is illustrated as follows:

<b>Segment Description</b>	<b>2026/2027 Approved Budget</b>	<b>2027/2028 Approved Budget</b>	<b>2028/2029 Approved Budget</b>
Rental of Equipment	6 721 000	6 942 793	7 164 962
Advertising	1 079 245	1 114 860	1 150 536
CAPITAL EXPENSES	10 785	11 141	11 497
BANK CHARGES	269 564	278 459	287 370
BURSARIES	3 018 359	3 117 965	3 217 739
Communication	15 203 601	15 705 320	16 207 890
Anti Fraud & Corruption	103 297	106 705	110 120
Cost relating to the Sale of sites new	5 000 000	5 165 000	5 330 280
Expenditure: Operational Cost: Deeds	97 196	100 403	103 616
Renewal Of Public Driving Permit	150 000	154 950	159 908
Operational Cost Dumping Fees District Council N	5 681 313	5 868 796	6 056 598
Entertainment	66 816	67 635	68 455
Expenditure: Operational Cost: External Audit Fees	6 721 000	6 942 793	7 164 962
HR Strategic Sessions	500 000	516 500	533 028
HIRE CHARGES	1 724 207	1 781 105	1 838 101
IMBIZO TANTS CHAIRS AND DECORATION	384 648	397 341	410 056
IMBIZO TRANSPORT BUS	79 184	81 797	84 414
Bus transport for public hearing MPAC	35 570	36 743	37 919
LED BROCHURE	113 626	117 376	121 132
CAPACITY BUILDING OF TOURISM ESTABLISHMENT	26 181	27 045	27 910
MAYOR TALKS WITH BUSINESS	113 626	117 376	121 132
Domestic low: domestic indigent	2 000 000	2 066 000	2 132 112
Insurance	20 269 605	20 938 502	21 608 534
Licences: Licence Agency Fees	1 475 689	1 524 387	1 573 167
Licensing & Registration	1 200 000	1 239 600	1 279 267
Water Expenditure	3 000 000	3 099 000	3 198 168
Electricity departmental 055 200220 NEW	12 000 000	12 396 000	12 792 672
LAW REPORTS AND BOOKS	303 541	313 558	323 592
Printing Publications and Books Diary/Calendar	1 920 649	1 983 964	2 050 387
MEMBERSHIP FEES	5 532 404	5 723 653	5 915 210
TRAINING	2 588 500	2 662 931	2 747 504
INDUCTION	107 836	111 394	114 959
EAP PROACTIVE PROGRAMS PHYSICAL WELLNESS	200 000	206 600	213 211
Catering conference fo Ward committee	79 184	81 797	84 414
AGRICULTURAL HIGH SCHOOL SUPPORT PROGRAM	8 272	8 545	8 818
TOURISM SCHOOL AWARENESS CAMPAING	41 319	42 682	44 048
Planning Tribunal Administration	723 800	747 685	771 611
Ward committee Seating allowances Cllr Mahosi MPAC	226 239	233 705	241 184
Development of land use NEW	2 120 000	2 189 960	2 260 039
Operational Cost: Servitudes and Land Surveys	51 648	53 353	55 060
SIGNAGE FOR LED PROJECTS	103 297	106 705	110 120
Seminars Conferences Workshops and Events	3 454 728	4 079 569	4 111 216
Operational Cost:Skills Development Fund Levy	3 242 945	3 347 911	3 453 796
Domestic: Accommodation	5 044 698	5 460 033	5 349 618
Domestic:Food and Beverage (Served)	1 000	1 033	1 066
Incidental Cost(TRAVELLING SUBSISTENCE AND INCI	149 775	154 717	159 668
Public Transport: Air Transport	1 109 696	1 169 716	1 209 786
Transport without Operator: Car Rental	1 179 118	1 213 983	1 255 910
Transport without Operator:Own Transport	6 005 565	6 205 829	6 416 416
SECURITY UNIFORM	517 000	534 061	551 151
Operational Cost:Uniform and Protective Clothing	10 613 120	10 963 353	11 314 180
PROMOTIONAL MATERIAL	641 576	662 748	683 956
STALL UNIFORM FOR EXHIBITIONS	20 659	21 341	22 024
Operational Cost:Remuneration to Ward Committees	8 348 691	8 624 198	8 900 172
FUEL & OIL 003 200244 NEW	13 442 000	13 885 586	14 329 925
Operational Cost:Workmen's Compensation Fund	2 585 000	2 670 305	2 755 755
	<b>157 406 770</b>	<b>163 376 509</b>	<b>168 246 346</b>

**Table A5 – Budgeted Capital Expenditure by vote, standard classification, and funding source**

Vote Description	R	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>Capital expenditure - Vote</b>	1										
<b>Capital Expenditure - Functional</b>											
Governance and administration		12 254	3 026	1 798	8 000	4 254	4 254	214	12 160	9 330	4 600
Executive and council		--	--	--	--	--	--	--	--	--	--
Finance and administration		12 254	3 026	1 798	8 000	4 254	4 254	214	12 160	9 330	4 600
Internal audit		--	--	--	--	--	--	--	--	--	--
Community and public safety		34 007	62 871	13 007	19 201	15 700	15 700	4 240	28 060	20 500	14 400
Community and social services		--	--	--	--	--	--	--	1 500	--	--
Sport and recreation		4 195	1 773	301	15 000	8 500	8 500	795	8 000	9 300	900
Public safety		2 738	188	--	--	--	--	--	6 500	600	--
Housing		27 075	60 930	12 707	4 201	7 200	7 200	3 445	12 000	10 600	13 500
Health		--	--	--	--	--	--	--	--	--	--
Economic and environmental services		148 130	214 299	170 145	131 637	182 872	182 872	132 695	209 224	245 900	275 640
Planning and development		9 275	189	35	125	375	375	18	3 340	4 340	10 190
Road transport		138 825	214 130	170 115	131 512	182 497	182 497	132 677	205 884	241 560	265 450
Environmental protection		--	--	--	--	--	--	--	--	--	--
Trading services		12 873	19 908	1 931	25 438	5 438	5 438	--	28 811	35 400	6 200
Energy services		--	--	--	--	--	--	--	--	--	--
Water management		--	--	--	--	--	--	--	--	--	--
Waste water management		--	--	--	--	--	--	--	--	--	--
Waste management		12 873	19 908	1 931	25 438	5 438	5 438	--	28 811	35 400	6 200
Other		--	--	--	--	--	--	--	--	--	--
<b>Total Capital Expenditure - Functional</b>	3	207 234	300 104	198 982	154 337	206 324	206 324	137 149	278 255	311 130	300 640
<b>Funded by:</b>											
National Government		118 804	146 139	118 859	134 876	139 965	139 965	113 136	131 305	126 940	110 940
Provincial Government		--	--	--	--	--	--	--	--	--	--
District Municipality		--	--	--	--	--	--	--	--	--	--
Transfers and subsidies - capital (monetary allocations) (Nat / Prov / Deptn Agencies, Households, Non-profit Institutions, Private Enterprise, Public Corporations, Higher Education Institutions)		--	--	--	--	--	--	--	--	--	--
Transfers recognised - capital	4	118 804	146 139	118 859	134 876	139 965	139 965	113 136	131 305	126 940	110 940
Borrowing	6	--	--	--	--	--	--	--	--	--	--
Internally generated funds		88 630	153 965	70 223	40 381	40 359	40 359	24 014	146 950	154 210	189 000
<b>Total capital financing</b>	1	207 234	300 104	198 982	154 337	206 324	206 324	137 149	278 255	311 130	300 640

- Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
- The capital budget for 2026/2027 financial year has increased by R70 million to R278 million compared to R208 million that was budgeted for in 2025/2026 financial year. The budget provides that a municipality may approve multi-year or single year capital budget appropriations. Capital will be funded by MIG grant, Neighborhood Development Grant, ISD Grant and own funds (R147 million) in 2026/2027 financial year.
- Road's transport comprises 74% of the budget. This is caused by the backlog of roads infrastructure within the municipality, and the high-cost rate of tar per km which ranges between R9-10 million.

- The grant (MIG) for Sports and Recreation is for 2026/2027 amounts to R6,5 million.
- The budget for waste management is decreasing in the outer years because the municipality is waiting for conformation of a new site for the establishment of the new landfill.

**Table A6 – Budgeted Financial Position**

LIM343 Thulamela - Table A6 Budgeted Financial Position

Description	R thousand	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>ASSETS</b>											
Current assets											
Cash and cash equivalents	1	1 026 519	921 273	1 013 940	1 264 399	1 191 874	1 191 874	1 196 577	1 424 424	1 532 440	1 838 120
Short term investments	2	--	--	--	--	--	--	--	--	--	--
Trade and other receivables from exchange transactions	3	(224 187)	(221 971)	(217 269)	(196 330)	(196 055)	(196 055)	(216 174)	28 378	29 734	30 454
Receivables from non-exchange transactions	3	10 798	19 230	26 877	50 880	18 055	18 055	41 403	29 832	31 955	33 451
Current portion of non-current receivables	4	--	--	--	--	--	--	--	--	--	--
Inventory	5	28 191	26 982	21 771	29 417	28 847	28 847	34 000	29 820	29 792	29 763
VAT Receivable	6	254 593	250 241	244 918	252 180	252 180	252 180	249 901	2 035	2 102	2 169
Other current assets	7	2 930	2 031	2 039	2 287	2 287	2 287	1 958	2 287	2 287	2 287
<b>Total current assets</b>		<b>1 986 836</b>	<b>987 787</b>	<b>1 091 876</b>	<b>1 402 793</b>	<b>1 298 879</b>	<b>1 298 879</b>	<b>1 287 386</b>	<b>1 616 676</b>	<b>1 628 010</b>	<b>1 798 246</b>
Non current assets											
Investments	8	(0)	--	--	--	--	--	--	--	--	--
Investment property	9	--	--	--	--	--	--	--	--	--	--
Property, plant and equipment	10	2 062 828	2 277 123	2 218 409	2 336 557	2 354 512	2 354 512	2 305 225	2 522 879	2 719 987	2 906 045
Biological assets	11	--	--	--	--	--	--	--	--	--	--
Living resources	12	--	--	--	--	--	--	--	--	--	--
Heritage assets	13	--	--	--	--	--	--	--	--	--	--
Intangible assets	14	837	634	432	3 082	388	388	314	4 733	7 785	7 788
Trade and other receivables from exchange transactions	15	--	--	--	--	--	--	--	--	--	--
Non-current receivables from non-exchange transactions	16	--	--	--	--	--	--	--	--	--	--
Other non-current assets	16	--	--	--	--	--	--	--	--	--	--
<b>Total non current assets</b>		<b>2 062 828</b>	<b>2 277 123</b>	<b>2 218 409</b>	<b>2 340 539</b>	<b>2 354 901</b>	<b>2 354 901</b>	<b>2 306 539</b>	<b>2 527 611</b>	<b>2 727 762</b>	<b>2 914 031</b>
<b>TOTAL ASSETS</b>		<b>4 049 664</b>	<b>3 264 910</b>	<b>3 310 285</b>	<b>3 743 332</b>	<b>3 653 780</b>	<b>3 653 780</b>	<b>3 593 925</b>	<b>4 144 287</b>	<b>4 355 772</b>	<b>4 712 277</b>
<b>LIABILITIES</b>											
Current liabilities											
Bank overdraft	17	--	--	--	--	--	--	--	--	--	--
Financial liabilities	18	545	--	743	--	657	657	743	657	657	657
Consumer deposits	19	384	425	455	451	451	451	477	451	451	451
Trade and other payables from exchange transactions	20	110 159	114 530	138 087	111 880	111 090	111 090	87 516	144 004	143 958	149 774
Trade and other payables from non-exchange transactions	21	28 013	4 057	(8)	(8)	(8)	(8)	28 261	--	--	--
Provision	22	28 681	26 852	29 274	30 052	30 052	30 052	29 274	35 483	41 114	46 914
VAT Payable	23	27 913	32 173	34 087	32 984	32 984	32 984	34 901	2 035	2 102	(4 301)
Other current liabilities	24	2 817	1 247	1 806	3 309	3 309	3 309	1 806	--	--	--
<b>Total current liabilities</b>		<b>198 482</b>	<b>179 286</b>	<b>204 412</b>	<b>178 468</b>	<b>178 643</b>	<b>178 643</b>	<b>162 979</b>	<b>182 640</b>	<b>187 982</b>	<b>193 486</b>
Non current liabilities											
Financial liabilities	25	--	--	87	--	--	--	87	--	--	--
Provision	26	28 597	27 924	38 083	27 924	27 924	27 924	38 083	27 924	27 924	27 924
Long term portion of trade payables	27	--	--	--	--	--	--	--	--	--	--
Other non-current liabilities	28	13 886	15 901	22 481	15 901	15 901	15 901	22 481	--	--	--
<b>Total non current liabilities</b>		<b>42 483</b>	<b>43 825</b>	<b>60 551</b>	<b>43 825</b>	<b>43 825</b>	<b>43 825</b>	<b>60 561</b>	<b>27 924</b>	<b>27 924</b>	<b>27 924</b>
<b>TOTAL LIABILITIES</b>		<b>240 965</b>	<b>223 111</b>	<b>264 963</b>	<b>222 293</b>	<b>222 468</b>	<b>222 468</b>	<b>223 540</b>	<b>210 564</b>	<b>215 906</b>	<b>221 410</b>
<b>NET ASSETS</b>		<b>3 808 700</b>	<b>3 041 799</b>	<b>3 045 322</b>	<b>3 521 039</b>	<b>3 431 312</b>	<b>3 431 312</b>	<b>3 370 385</b>	<b>3 933 723</b>	<b>4 139 866</b>	<b>4 490 867</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated surplus/(deficit)	29	3 925 575	3 052 325	3 085 176	3 523 981	3 429 421	3 429 421	3 378 825	3 833 823	4 139 866	4 428 657
Reserves and funds	30	--	--	--	--	--	--	--	--	--	--
Other	31	--	--	--	--	--	--	--	--	--	--
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>		<b>3 925 575</b>	<b>3 052 325</b>	<b>3 085 176</b>	<b>3 523 981</b>	<b>3 429 421</b>	<b>3 429 421</b>	<b>3 378 825</b>	<b>3 833 823</b>	<b>4 139 866</b>	<b>4 428 657</b>

1. Table A6 is consistent with international standards of good financial management practice and improves understand ability for councillors and management of the impact of the budget on the statement of financial position.
2. This format of presenting the statement of financial position is aligned to GRAP, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity, i.e., assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

3. Table A6 is supported by an extensive table of notes SA3 which providing a detailed analysis of the major components of several items, including:
  - (a) Call investments deposits
  - (b) Consumer debtors.
  - (c) Property, plant, and equipment.
  - (d) Trade and other payables.
  - (e) Provisions noncurrent.
  - (f) Changes in net assets; and
  - (g) Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition, the funding compliance assessment is informed directly by forecasting the statement of financial position.
6. For the 2025/2026 financial year the municipality budget will be funded by grants and own revenue as cash reserves cannot be utilized due to circular 126.
7. We assume to spend all our grant allocations; hence we do not budget for unspent conditional grants.

**Table A7 Budgeted Cash Flow Statement**

LIM343 Thulamela - Table A7 Budgeted Cash Flows

Description	R thousand	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
Receipts											
Property rates		61 790	-	-	54 843	74 334	74 334	74 334	76 861	79 398	81 938
Service charges		17 434	-	-	14 714	15 088	15 088	15 088	15 601	16 115	16 631
Other revenue		118 618	-	-	79 454	72 557	72 557	72 557	426 416	501 007	497 682
Transfers and Subsidies - Operational	1	703 942	-	-	646 148	646 148	646 148	646 148	634 635	630 041	670 615
Transfers and Subsidies - Capital	1	158 912	136 145	-	134 851	159 360	159 360	159 360	130 645	126 500	110 450
Interest		58 884	-	-	110 688	95 625	95 625	95 625	109 004	112 601	116 205
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(623 190)	(794 180)	(734 461)	(775 589)	(849 940)	(849 940)	(849 940)	(940 383)	(971 601)	(1 007 217)
Finance charges		-	-	-	(8)	(8)	(8)	(8)	(14)	(15)	(15)
Transfers and Subsidies	1	-	-	-	(2 299)	(2 099)	(2 099)	(2 099)	(2 377)	(2 456)	(2 534)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>496 390</b>	<b>(658 035)</b>	<b>(734 461)</b>	<b>262 801</b>	<b>211 064</b>	<b>211 064</b>	<b>211 064</b>	<b>450 588</b>	<b>491 591</b>	<b>483 755</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
Receipts											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		0	-	-	-	-	-	-	-	-	-
Insurance Refund - Capital		-	-	-	-	-	-	-	-	-	-
Interest on Short Term Investment (Greater than 90 days) and Long Term Investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(284 632)	(307 071)	(188 407)	(184 337)	(205 324)	(205 324)	(205 324)	(302 110)	(336 825)	(328 285)
Retention (Capital)		-	-	-	-	23 855	25 674	27 445	-	-	-
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(284 632)</b>	<b>(307 071)</b>	<b>(188 407)</b>	<b>(184 337)</b>	<b>(205 324)</b>	<b>(205 324)</b>	<b>(205 324)</b>	<b>(278 255)</b>	<b>(311 150)</b>	<b>(300 840)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		(506)	(545)	(623)	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(506)</b>	<b>(545)</b>	<b>(623)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>211 252</b>	<b>(965 652)</b>	<b>(923 491)</b>	<b>78 464</b>	<b>5 739</b>	<b>5 739</b>	<b>5 739</b>	<b>172 333</b>	<b>180 441</b>	<b>182 915</b>
Cash/cash equivalents at the year begin:	2	988 403	1 026 519	921 273	1 185 935	1 185 935	1 185 935	1 185 935	1 252 091	1 424 424	1 604 864
Cash/cash equivalents at the year end:	2	1 199 655	60 866	(2 218)	1 264 399	1 191 674	1 191 674	1 191 674	1 424 424	1 604 864	1 787 779

- The budgeted cash flow statement is the first measurement in determining if the budget is funded.
- It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
- Supplies and employees' payments are decreasing compared to audited figures, which is caused by implementation of circular number 126.
- The Budgeted cash flow shows a favorable closing balance which clearly indicate that the municipality will be able to finance the budget over the medium-term.

**Table A8 Cash Backed Reserves/Accumulated Surplus**

LIM343 Thulamela - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	R thousand	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited	Audited	Audited	Original Budget	Adjusted	Full Year	Pre-audit	Budget Year	Budget Year +1	Budget Year +2
<b>Cash and Investments available</b>											
Cash/cash equivalents at the year end	1	1 190 655	60 866	(2 218)	1 264 399	1 191 674	1 191 674	1 191 674	1 424 424	1 604 864	1 787 779
Other current investments > 90 days		-	-	-	-	-	-	-	-	-	-
Non-current investments	1	(6)	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>1 190 655</b>	<b>60 866</b>	<b>(2 218)</b>	<b>1 264 399</b>	<b>1 191 674</b>	<b>1 191 674</b>	<b>1 191 674</b>	<b>1 424 424</b>	<b>1 604 864</b>	<b>1 787 779</b>
<b>Application of cash and investments</b>											
Unspent conditions tenders		28 013	4 057	(6)	(6)	(6)	(6)	28 261	-	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	(7 841)	445	9 288	(13 090)	(13 090)	(13 090)	(11 187)	72 424	77 235	76 407
Other working capital requirements	3	170 088	114 530	138 067	138 045	131 350	131 350	108 894	83 618	79 231	83 448
Other provisions		29 498	29 100	31 980	33 382	33 382	33 382	(31 080)	35 493	41 114	48 914
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>		<b>219 756</b>	<b>147 132</b>	<b>179 436</b>	<b>169 338</b>	<b>161 843</b>	<b>161 843</b>	<b>94 688</b>	<b>191 636</b>	<b>197 680</b>	<b>208 787</b>
<b>Surplus/(shortfall) - Excluding Non-Current Creditors Trf to Debt Relief Benefits</b>		<b>970 900</b>	<b>(86 266)</b>	<b>(180 664)</b>	<b>1 105 061</b>	<b>1 040 032</b>	<b>1 040 032</b>	<b>1 096 987</b>	<b>1 232 888</b>	<b>1 407 284</b>	<b>1 581 012</b>
<b>Creditors transferred to Debt Relief - Non-Current portion</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Surplus/(shortfall) - Including Non-Current Creditors Trf to Debt Relief Benefits</b>		<b>970 900</b>	<b>(86 266)</b>	<b>(180 664)</b>	<b>1 105 061</b>	<b>1 040 032</b>	<b>1 040 032</b>	<b>1 096 987</b>	<b>1 232 888</b>	<b>1 407 284</b>	<b>1 581 012</b>

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. The table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded". The municipality shows the positive movement for all the years.
4. Non-compliance with section 18 of the MFMA is assumed that a shortfall would indirectly indicate that the budget is not appropriately funded.
5. From the table for the period 2022/2023 up to date, the cash backed reserved shows a positive movement, which proves that the municipality will be able to pay their expenses without borrowings. Considering the requirements of section 18 of the MFMA, it can be shown that municipality has funded all the projects by having the positive cash.
6. As part of the budgeting and planning guidelines that informed the compilation of the 2026/27 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

# Table A9 – Asset Management

LIM543 / IRIJAMEG - 13016 A9 Asset Management

Description	R thousand	2022/23	2023/24	2024/25	Current Year 2026/26			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
<b>Total Capital Expenditure</b>	4	207 234	300 104	186 882	184 937	208 324	208 324	278 255	311 150	300 840
Roads Infrastructure		123 454	187 591	170 115	118 712	159 721	159 721	185 284	191 242	248 450
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		8 902	23 484	-	1	3 000	3 000	1 300	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		1 025	1 240	39	24 001	4 000	4 000	19 481	18 000	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		131 391	212 315	170 154	142 714	176 721	176 721	206 045	207 242	248 450
Community Facilities		24 876	28 253	10 168	4 002	4 000	4 000	35 200	30 000	21 000
Sport and Recreation Facilities		9 419	9 570	2 069	15 000	8 500	8 500	6 700	10 500	5 000
Community Assets		34 996	37 823	12 257	19 992	12 900	12 900	32 900	49 500	28 000
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		12 541	10 285	2 157	-	-	-	9 300	9 500	12 500
Housing		-	-	-	-	-	-	-	-	-
Other Assets		12 541	19 296	2 157	-	-	-	9 300	9 600	12 500
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		1 501	-	-	-	-	-	2 450	1 100	600
Intangible Assets		1 501	-	-	-	-	-	2 450	1 100	600
Computer Equipment		8 718	1 298	1 796	1 800	2 280	2 280	3 090	4 200	3 150
Furniture and Office Equipment		2 048	1 130	477	2 225	2 225	2 225	2 740	2 880	2 040
Machinery and Equipment		722	2 258	42	6 488	1 488	1 488	6 800	4 200	1 100
Transport Assets		18 019	25 993	-	13 100	13 100	13 100	16 900	32 819	7 000
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>		207 234	300 104	186 882	184 937	208 324	208 324	278 255	311 150	300 840
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	1 743 542	1 887 442	1 890 818	1 681 858	1 885 715	1 885 715	1 600 098	1 543 719	1 455 777
Roads Infrastructure		1 185 384	1 200 907	1 135 345	1 232 851	1 234 851	1 234 851	1 183 818	1 100 588	1 035 499
Storm water Infrastructure		-	82 988	86 817	0	(2 580)	(2 580)	(5 207)	(7 941)	(10 783)
Electrical Infrastructure		54 232	77 335	79 950	78 918	78 918	78 918	73 305	59 572	65 720
Water Supply Infrastructure		-	-	-	-	-	-	400	400	400
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		8 381	5 385	17 303	4 248	3 583	3 583	1 628	(371)	(2 434)
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		(0)	(0)	0	-	-	-	-	-	-
Information and Communication Infrastructure		0	-	-	0	0	0	750	950	1 150
Infrastructure		1 245 997	1 396 614	1 319 215	1 313 815	1 302 572	1 302 572	1 234 491	1 183 178	1 089 571
Community Assets		285 411	273 281	348 054	121 154	118 379	118 379	109 415	100 548	93 777
Heritage Assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other Assets		-	4	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		837	854	432	3 982	388	388	4 733	7 785	7 788
Computer Equipment		13 781	11 335	9 503	8 977	9 457	9 457	8 232	7 904	6 583
Furniture and Office Equipment		7 058	6 704	5 790	6 992	7 212	7 212	8 177	9 413	9 540
Machinery and Equipment		13 589	13 905	11 571	13 077	13 215	13 215	13 821	12 018	10 334
Transport Assets		74 836	92 921	81 859	92 195	92 825	92 825	100 182	121 954	117 780
Land		122 054	122 054	116 398	121 888	121 888	121 888	121 288	120 852	120 425
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	1 743 542	1 887 442	1 890 818	1 681 858	1 885 715	1 885 715	1 600 098	1 543 719	1 455 777
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	1 743 542	1 887 442	1 890 818	1 681 858	1 885 715	1 885 715	1 600 098	1 543 719	1 455 777
Roads Infrastructure		1 185 384	1 200 907	1 135 345	1 232 851	1 234 851	1 234 851	1 183 818	1 100 588	1 035 499
Storm water Infrastructure		-	82 988	86 817	0	(2 580)	(2 580)	(5 207)	(7 941)	(10 783)
Electrical Infrastructure		54 232	77 335	79 950	78 918	78 918	78 918	73 305	59 572	65 720
Water Supply Infrastructure		-	-	-	-	-	-	400	400	400
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		8 381	5 385	17 303	4 248	3 583	3 583	1 628	(371)	(2 434)
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		(0)	(0)	0	-	-	-	-	-	-
Information and Communication Infrastructure		0	-	-	0	0	0	750	950	1 150
Infrastructure		1 245 997	1 396 614	1 319 215	1 313 815	1 302 572	1 302 572	1 234 491	1 183 178	1 089 571
Community Assets		285 411	273 281	348 054	121 154	118 379	118 379	109 415	100 548	93 777
Heritage Assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other Assets		-	4	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		837	854	432	3 982	388	388	4 733	7 785	7 788
Computer Equipment		13 781	11 335	9 503	8 977	9 457	9 457	8 232	7 904	6 583
Furniture and Office Equipment		7 058	6 704	5 790	6 992	7 212	7 212	8 177	9 413	9 540
Machinery and Equipment		13 589	13 905	11 571	13 077	13 215	13 215	13 821	12 018	10 334
Transport Assets		74 836	92 921	81 859	92 195	92 825	92 825	100 182	121 954	117 780
Land		122 054	122 054	116 398	121 888	121 888	121 888	121 288	120 852	120 425
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	1 743 542	1 887 442	1 890 818	1 681 858	1 885 715	1 885 715	1 600 098	1 543 719	1 455 777

EXPENDITURE OTHER ITEMS		200 106	206 021	190 961	188 780	190 081	190 081	228 828	227 082	234 949
Depreciation	7	70 250	82 947	85 322	81 947	94 680	94 680	101 105	104 442	107 784
Repairs and Maintenance by Asset Class	3	129 841	122 875	46 668	98 913	95 162	95 162	122 722	122 640	126 665
Roads Infrastructure		90 385	93 735	10 345	42 748	52 748	52 748	66 700	70 067	73 238
Storm water Infrastructure		--	--	--	--	--	--	--	--	--
Electrical Infrastructure		12 340	11 355	8 703	13 357	10 357	10 357	12 000	8 254	6 528
Water Supply Infrastructure		--	--	--	--	--	--	--	--	--
Sanitation Infrastructure		--	--	--	--	--	--	--	--	--
Solid Waste Infrastructure		--	--	4	104	144	144	100	113	110
Rail Infrastructure		--	--	--	--	--	--	--	--	--
Coastal Infrastructure		--	--	--	--	--	--	--	--	--
Information and Communication Infrastructure		95	--	15	104	150	150	155	161	165
Infrastructure		177 827	165 091	29 067	56 314	63 400	63 400	80 965	79 505	82 049
Community Facilities		--	37	30	66	66	66	168	174	170
Sport and Recreation Facilities		145	418	100	261	301	301	670	592	714
Community Assets		146	455	130	327	367	367	838	866	893
Heritage Assets		--	--	--	--	--	--	--	--	--
Revenue Generating		--	--	--	--	--	--	--	--	--
Non-revenue Generating		--	--	--	--	--	--	--	--	--
Investment properties		--	--	--	--	--	--	--	--	--
Operational Buildings		3 065	5 902	4 557	12 555	12 555	12 555	14 170	14 838	15 108
Housing		--	--	--	--	--	--	--	--	--
Other Assets		3 966	5 962	4 557	12 555	12 555	12 555	14 170	14 638	15 108
Biological or Cultivated Assets		--	--	--	--	--	--	--	--	--
Services		--	--	--	--	--	--	--	--	--
Licences and Rights		--	--	--	--	--	--	--	--	--
Intangible Assets		--	--	--	--	--	--	--	--	--
Computer Equipment		--	83	1 628	2 810	3 729	3 729	4 943	6 108	6 270
Furniture and Office Equipment		15	--	--	808	808	808	1 200	1 240	1 279
Machinery and Equipment		3 894	5 278	4 413	4 798	4 798	4 798	6 108	6 307	6 509
Transport Assets		4 863	5 865	6 868	9 600	9 600	9 600	14 600	14 979	15 468
Land		--	--	--	--	--	--	--	--	--
Zoo's, Marine and Non-biological Animals		--	--	--	--	--	--	--	--	--
Mature		--	--	--	--	--	--	--	--	--
Immature		--	--	--	--	--	--	--	--	--
Living Resources		--	--	--	--	--	--	--	--	--
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		<b>200 106</b>	<b>206 021</b>	<b>190 961</b>	<b>188 780</b>	<b>190 081</b>	<b>190 081</b>	<b>228 828</b>	<b>227 082</b>	<b>234 949</b>
Renewal and upgrading of Existing Assets as % of total capex		10.9%	9.2%	8.5%	2.5%	9.1%	9.1%	19.6%	31.4%	35.8%
Renewal and upgrading of Existing Assets as % of deprec		29.6%	33.6%	18.5%	5.6%	20.0%	20.0%	53.9%	93.6%	100.1%
R&M as a % of PPE & Investment Property		7.7%	6.9%	2.4%	5.2%	5.7%	5.7%	7.7%	8.0%	8.7%
Renewal and upgrading and R&M as a % of PPE and Investment Property		8.4%	8.0%	3.2%	5.5%	6.0%	6.0%	11.1%	14.3%	16.2%

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate to repairs and maintenance at least 8 per cent of carrying amount of PPE. The repairs and maintenance are mainly done In-house. Repairs and maintenance is 7.6% and is almost 8% rate norm. The municipality will try to deal with all items that need to be repaired or maintained in 2026/2027 financial year.
3. Upgrading of assets will be done on Roads Infrastructure for all the years of the MTERF for R23.5 million, R67,7 million and R57.8 million.
4. Renewal of assets will also be done on Roads Infrastructure at R31 million, R30 million and R50 million respectively for the entire MTREF.

**Table A10 Basic Service Delivery Measurement**

LIM943 Thulamela - Table A10 Basic service delivery measurement

Description	MM	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>Refuse</b>										
Removed at least once a week		110 194	120 960	80 034	80 034	80 034	80 034	81 234	81 734	82 234
Minimum Service Level and Above sub-total		110 194	120 960	80 034	80 034	80 034	80 034	81 234	81 734	82 234
Removed less frequently than once a week		1 250	1 250	625	625	625	625	625	625	625
Using communal refuse dump		2 430	2 430	1 215	1 215	1 215	1 215	1 215	1 215	1 215
Using own refuse dump		40 890	40 890	20 330	20 330	20 330	20 330	20 330	20 330	20 330
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		50 100	30 100	48 117	48 117	48 117	48 117	48 117	48 117	48 117
Below Minimum Service Level sub-total		142 440	142 440	70 207	70 207	70 207	70 207	70 207	70 207	70 207
Total number of households	5	252 642	262 916	150 241	150 241	150 241	150 241	151 441	151 941	152 441
<b>Households receiving Free Basic Service</b>										
Water (0 kilolitre per household per month)	7	-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (0kwh per household per month)		4 095	4 095	4 095	1 287	1 287	8 575	7 000	8 000	10 000
Refuse (removed at least once a week)		1 944	1 572	1 011	1 639	1 639	1 639	1 596	1 626	1 667
Informal Settlements		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>										
Water (0 kilolitre per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (0kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>										
Total cost of FBS provided	8	31 174	1 809	2 623	2 108	2 108	2 881	3 180	3 270	3 467
<b>Highest level of free services provided per household</b>										
Property rates (0 value threshold)		-	-	-	-	-	-	-	-	-
Water (0kilolitre per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (0kilolitre per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free per household per month)		-	-	-	-	-	-	-	-	-
Electricity (0wh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (average litres per week)		-	-	-	-	-	-	-	-	-
<b>Revenue cost of subsidised services provided (R'000)</b>										
Property rates (with adjustment) (impermissible values per section 17 of MPRSA)	9	-	-	-	-	-	-	-	-	-
Property rates, exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRSA		(1 170)	(1 291)	(9 575)	(9 176)	(18 002)	(18 002)	(14 534)	(18 544)	(17 080)
Water (in excess of 6 kilolitre per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 00 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	(1 337)	(1 861)	(4 172)	(3 410)	(3 410)	(1 667)	(3 526)	(3 642)
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total revenue cost or subsidised services provided		(1 170)	(2 588)	(11 436)	(13 352)	(18 412)	(18 412)	(16 201)	(20 070)	(18 722)

This table provides an overview of service delivery levels for each main Service.

The indigent budget includes free basic electricity for all indigents who use grids and non-grids electricity.

Water and sanitation within Thulamela Municipality are provided by Vhembe District Municipality.

## **PART 2 – SUPPORTING DOCUMENTATION**

### **2.1 Overview of the Annual Budget Process**

The budget plan was prepared and tabled to the council on the 29 August 2025 as required. The budget instructions were issued to the head of departments in November 2025 for submission of the budget proposals to the Chief Financial Officer for consolidation. The IDP and budget public participation will be held during April 2026 in all wards.

#### **BUDGET PROCESS PLAN 2025-2026**

<b>PLANNING ACTIVITY</b>	<b>RESPONSIBLE PERSON</b>	<b>TIME SCHEDULE</b>
Budget steering committee	Members	06 August 2025
Submission of monthly budget statements and mscoa data strings	CFO	14 August 2025
Mscoa steering Committee meeting	Members	15 August 2025
Approval of budget time schedule	Council	29 August 2025
Submission of monthly budget statements and mscoa data strings	CFO	12 September 2025
Income Budget submission for 2026/2027	Head of departments	25 September 2025
Submission of monthly budget statements and mscoa data strings	CFO	14 October 2025
Department Budget submission (operational budget and business plans)	Head of departments	29 October 2025
Budget steering committee	Members	14 November 2025
Submission of monthly budget statements and mscoa data strings	CFO	14 November 2025
Mscoa steering committee meeting	Members	04 December 2025
Adjustment budget submissions	Head of departments	11 December 2025
Submission of monthly budget statements and mscoa data strings	CFO	12 December 2025
Downloading Mscoa chart, capturing the IDP in the	Budget and IDP manager	December 2025 – January 2026

Mscoa classification on the financial system		
Compilation of detailed budgets, Mscoa classification across segments	Budget unit	December 2025 – January 2026
Strategic sessions to review IDP, policies and set service delivery objectives. Annual review of the budget related policies, consultation on tariffs, indigents, credit control, free basic services and to consider local, provincial, and national issues, performance, and current economic and demographic trends	Members	January – February 2026
Submission of monthly budget statements and mscoa data strings	CFO	15 January 2026
Budget steering committee meeting	Members	21 January 2026
Mid-year budget and performance assessment visits	Provincial Treasury & Management	January – February 2026
Budget steering committee meeting	Members	03 February 2026
Mscoa steering committee meeting	Members	06 February 2026
Submission of monthly budget statements and mscoa data strings	CFO	13 February 2026
Approval of budget adjustment, compliant B1 schedule format and upload Mscoa data string for the adjustment budget on portal	Council	27 February 2026
Submission of Adjustment budget (including data strings) to national and provincial Treasury and other stakeholders	CFO	02 March – 13 March 2026
Budget steering committee meeting	Members	05 March 2026
Submission of monthly budget statements and mscoa data strings	CFO	13 March 2026
Tabling of first Draft budget and budget related policies, Mscoa compliant A1	Council	31 March 2026

schedule format and upload Mscoa data string on portal		
Submission of Draft budget (including data strings) to the national and provincial Treasury and other stakeholders	CFO	01 - 16 <sup>th</sup> April 2026
Budget and IDP public participation period in all wards	Communities	April 2026
Submission of monthly budget statements and Mscoa data strings	CFO	16 April 2026
Budget and Benchmark Assessments	Provincial Treasury & Management	April – May 2026
Budget steering committee meeting	Members	05 May 2026
Submission of monthly budget statements and mscoa data strings	CFO	15 May 2026
Approval final Draft Budget together with the budget related policies, draft SDBIP and upload Mscoa data strings of the final budget	Council	29 May 2026
Submission of approved budget (including data strings) to the National and Provincial Treasury and other stakeholders	CFO	01 – 12 <sup>th</sup> June 2026
Budget speech SDBIP	Mayor	June 2026
Submission of monthly budget statements and mscoa data strings	CFO	12 June 2026
Mscoa steering committee meeting	Members	26 June 2026
Preparation, approval, and publication of SDBIP and signing of performance agreements	Senior managers	June – July 2026
Submission of monthly budget statement and mscoa data strings	CFO	14 July 2026

### **Political oversight of the budget process**

The link between priorities and spending plans lies in enhancing political oversight of the budget process. Section 53(1) (a) of the MFMA states that the

mayor of a municipality must provide political guidance over the budget process and priorities that must guide the preparation of the budget. This is essential to ensure that:

- The political Executive is responsible for policy prioritization.
- Policy priorities are linked to department spending plans and the delivery of quality services.

Political oversight of the budget process allows municipality to manage the tension between competing policy priorities and fiscal realities. The key to strengthening the linkage between priorities and departmental plans lies in enhancing political oversight of the IDP and budget processes.

The Executive committee and extensive community consultation process play a leading role in guiding the alignment of resource allocation with national, provincial, and local priorities.

The municipality sets out measurable performance objectives to link the financial inputs of the budget to service delivery on the ground. This is done in the form of quarterly service targets and monthly financial targets that are contained in the Service Delivery and Budget Implementation Plan (SDBIP). The plan must be agreed by the mayor within 28 days of approval of the final budget and forms the basis for the Municipality's in year monitoring.

Section 53 of the MFMA requires the mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget.

In addition, Chapter 2 of the Municipal Budget, and Reporting Regulations states that the mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

**The Budget Steering Committee** consists of the Municipal Manager and Heads of departments of the municipality meeting under the chairpersonship of the Councillor responsible for Finance matters **Cllr Kwindu C**

**The primary aims of the Budget Steering Committee are to ensure:**

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

**Schedule of Key deadlines relating to the budget process MFMA s 21(1)(b)**

The budget time schedule for the compilation of the draft 2026/2027 MTREF was approved by the Council prior to 29 August 2025

**Process of tabling and approval of the draft**

Tabling to Council of draft 2026/2027 MTREF for community consultation process was done on 31 March 2026.

**Consultation with stakeholders and outcomes.**

The draft 2026/2027 MTREF had been tabled before the council on 31 March 2026 for community consultation and were made available on municipality's website and hard copies were made available at various Tribal Council offices.

All documents in the appropriate format (Electronic & Printed) were provided to the Provincial Treasury in accordance with the MFMA, to give an opportunity for their inputs.

Community consultation process took place during April 2026

After consideration of all budget submission the mayor was given the opportunity to respond, to revise the budget and tabled amendments for consideration.

### **Stakeholders involved in consultations.**

The stakeholders involved are organized businesses, churches, non-governmental institutions, community-based organizations, and individual members of the public.

The budget will be submitted to the Provincial treasury, National treasury on 1st of June 2026 for their consideration, in line with section 23 of the MFMA. Budget inputs from the Provincial Treasury were considered prior to approval by the Council in May 2026.

## **2.2 Overview of alignment of annual budget with IDP**

Municipalities are required to develop five-year Integrated Development Plans which must be reviewed annually. It is also required that such plans must find expression in the Budget. The IDP and the budget are interrelated documents. The programs and Projects that have been reflected in the Integrated Development Plan have been budgeted for. The positions reflected in the Organizational structure will all be filled in the budget year 2026/2027. The IDP is the budget in words, just as the budget is the IDP in figures. The Draft budget has been aligned with IDP. The budget has been aligned to the IDP as detailed on table SA4 to SA6

### **1. Vision**

We, the people of Thulamela would like our Municipality to Achieve a city status by 2030, to promote urban regeneration and comprehensive rural development whilst encouraging Local Economic Development to improve the quality of lives of our People.

### **2. Mission**

“We build prosperity, eradicate poverty, and promote social, political and economic empowerment of all our people through

delivery of quality services, community participation, local economic development and smart administration.

### **3. Core Values and Operating Principles**

- Deliver on the mandate of the people of Thulamela.
- Achieving state-led development through an effective Intergovernmental Relations System (IGR).
- Drive integrated development.
  - Ensure transparency and accountability.
  - Provide quality service delivery and implement Batho Pele.
- Build institutional capacity and achieve transformation.
- Develop strategic partnerships.
- Achieve people-centered development.
  - Use e-governance to make government accessible to the people.

### **4. Aligning budget priorities**

To ensure integrated and focused service delivery between all spheres of government it was important for the Mutale Municipality to align its budget priorities with that of the National and provincial government. It is evident that all spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery and poverty alleviation and building institutional arrangements.

#### **NATIONAL PRIORITIES**

- Efficient and effective public services
- Job creation
- Procurement reforms and fighting corruption.

**LIM343 Ithulamela - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)**

Strategic Objective	MTDP Service Outcome	IUDF	###	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework			
				Audited	Audited	Audited	Original Budget	Adjusted	Full Year	Budget Year	Budget Year +1	Budget Year +2	
Promote public participation and accountability to the community	To assist management in improving the effectiveness of risk management, corporate governance and internal control all the times in order for municipality to achieve clean Audit. To ensure 100% participation of communities in all municipal programmes. To have clean audit.			570 189	617 800	637 274	624 846	624 846	624 846	616 264	614 891	655 415	
Ensure compliance with policies, Act and regulations	100% compliance with the MFMA and the Municipal Budget and Reporting Regulation (MSRR) annually. To collect 40% of own revenue to ensure financial viability			141 667	201 222	223 053	246 642	325 608	325 608	528 411	599 330	606 514	
Promote healthy and clean environment	To protect the environment and to clean our streets and public places continuously. To clean our area to have licensed landfill site. To provide access to all sporting and cultural activities to all citizens			65 346	40 768	44 217	58 109	50 167	50 167	41 865	43 246	44 630	
Economic growth and development that lead to job creation	To halve unemployment and poverty a year before 2030			42 458	49 982	64 243	51 618	43 953	43 953	54 861	45 077	45 844	
Promote basic quality services and infrastructure	Building of new access roads and timeously maintaining of existing roads			139 816	158 333	165 274	160 350	158 653	158 653	146 515	150 447	135 297	
Promote basic quality services and infrastructure	To ensure everyone has access to electricity and eradicate informal settlement			-	-	-	-	-	-	12 000	17 021	13 610	
<b>Total Revenue (excluding capital transfers and contributions)</b>				<b>1</b>	<b>959 476</b>	<b>1 068 105</b>	<b>1 134 061</b>	<b>1 141 565</b>	<b>1 203 227</b>	<b>1 203 227</b>	<b>1 399 916</b>	<b>1 470 012</b>	<b>1 501 310</b>

**LIM343 Ithulamela - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)**

Strategic Objective	MTDP Service Outcome	IUDF	###	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework			
				Audited	Audited	Audited	Original Budget	Adjusted	Full Year	Budget Year	Budget Year +1	Budget Year +2	
Promote public participation and accountability to the community	To assist management in improving the effectiveness of risk management, corporate governance and internal control all the times in order for municipality to achieve clean Audit. To ensure 100% participation of communities in all municipal programmes. To have clean audit.			171 486	157 592	178 399	148 485	138 892	138 892	113 060	117 835	122 781	
Ensure compliance with policies, Act and regulations	100% compliance with the MFMA and the Municipal Budget and Reporting Regulation (MSRR) annually. To collect 40% of own revenue to ensure financial viability			154 605	212 685	229 672	245 403	293 875	293 875	350 670	361 942	375 337	
Promote healthy and clean environment	To protect the environment and to clean our streets and public places continuously. To clean our area to have licensed landfill site. To provide access to all sporting and cultural activities to all citizens			147 009	157 253	44 217	159 176	156 895	156 895	168 555	168 133	175 490	
Economic growth and development that lead to job creation	To halve unemployment and poverty a year before 2030			55 261	67 514	154 258	73 184	75 506	75 506	87 691	88 719	92 120	
Promote basic quality services and infrastructure	Building of new access roads and timeously maintaining of existing roads			286 483	329 507	314 806	262 458	288 881	288 881	327 271	340 481	354 044	
Promote basic quality services and infrastructure	To ensure everyone has access to electricity and eradicate informal settlement			-	89 695	-	68 522	65 362	65 362	74 413	81 752	80 697	
<b>Total Expenditure</b>				<b>1</b>	<b>814 844</b>	<b>1 014 246</b>	<b>921 352</b>	<b>957 228</b>	<b>1 019 412</b>	<b>1 019 412</b>	<b>1 121 661</b>	<b>1 158 861</b>	<b>1 200 470</b>

**LIM343 Ithulamela - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)**

Strategic Objective	MTDP Service Outcome	IUDF	###	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework			
				Audited	Audited	Audited	Original Budget	Adjusted	Full Year	Budget Year	Budget Year +1	Budget Year +2	
Promote public participation and accountability to the community	To assist management in improving the effectiveness of risk management, corporate governance and internal control all the times in order for municipality to achieve clean Audit. To ensure 100% participation of communities in all municipal programmes. To have clean audit.			-	-	-	-	-	-	-	-	-	
Ensure compliance with policies, Act and regulations	100% compliance with the MFMA and the Municipal Budget and Reporting Regulation (MSRR) annually. To collect 40% of own revenue to ensure financial viability			15 544	8 750	5 420	8 000	4 254	4 254	12 160	9 350	4 600	
Promote healthy and clean environment	To protect the environment and to clean our streets and public places continuously. To clean our area to have licensed landfill site. To provide access to all sporting and cultural activities to all citizens			32 600	42 415	14 463	40 499	13 998	13 998	44 871	45 300	7 100	
Economic growth and development that lead to job creation	To halve unemployment and poverty a year before 2030			19 605	5 815	30	125	375	375	3 340	4 340	10 190	
Promote basic quality services and infrastructure	Building of new access roads and timeously maintaining of existing roads			206 905	226 760	170 132	131 512	157 988	157 988	205 884	241 560	265 450	
Promote basic quality services and infrastructure	To ensure everyone has access to electricity and eradicate informal settlement			35 659	42 854	-	4 201	7 200	7 200	12 000	10 600	13 500	
<b>Allocations to other priorities</b>				<b>3</b>									
<b>Total Capital Expenditure</b>				<b>1</b>	<b>310 312</b>	<b>326 564</b>	<b>190 045</b>	<b>184 337</b>	<b>183 815</b>	<b>183 815</b>	<b>278 255</b>	<b>311 150</b>	<b>300 840</b>

## **Public Participation**

One of the main features about the integrated development planning process is the involvement of community and stakeholder organizations in the process.

Public participation meetings are held in terms of Municipal Systems Act, Act 32 of 2000 section 16 and Municipal Finance Management Act, Act 56 of 2003 sections 22 and 23.

Both the draft IDP and budget were made public and presented to IDP Representative Forum as scheduled.

Participation of the affected and interested parties ensured that the IDP addresses the real issues that are experienced by the citizens of the municipality

### **2.3 Measurable performance objectives and indicators**

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has developed and implemented a performance management system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses, and reviews organizational performance which in turn is directly linked to individual employee's performance.

At any given time within the government, information from multiple years is being considered; plans and budget for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly **during the last stage**, the performance information process begins when policies are being developed, and continues through each of the planning, budget, implementation, and reporting stages. The planning, budgeting, and reporting cycle can be graphically illustrated as follows:

## **Planning, budgeting, and reporting cycle**

The performance of Thulamela municipality relates directly to the extent to which it has achieved success in realizing its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore has adopted one integrated performance management system which encompasses:

- Planning (setting goals, objectives, targets, and benchmarks).
- Monitoring (regular monitoring and checking on the progress against plan).
- Measurement (indicators and success).
- Review (identifying areas requiring change and improvement);
- Reporting (what information, to whom, from whom, how often and for what purpose); and
- Improvement (making changes where necessary).

The performance information concepts used by the municipality in its integrated performance management system are aligned to the ***Framework of Managing Programme Performance Information*** issued by the National Treasury:

### **2.3.1. Performance indicators and benchmarks**

#### **2.3.1.1. Borrowing Management**

Capital expenditure in local government can be funded by capital grants, own-source revenue and long-term borrowing. The ability of a municipality to raise long-term borrowing is largely dependent on its credit worthiness and financial position. The following financial performance indicators have formed part of the compilation of the 2026/2027 MTREF:

- Borrowing to asset ratio is a measure of long-term borrowing as a percentage of total asset base of municipal.
- Borrowing funding of own expenditure measures the degree to which own capital expenditure (excluding grants and contribution) has been founded by way of borrowing.

### **2.3.1.2 Safety of Capital**

- The debt-to-equity ratio is a financial ratio indicating the relative proportion of equity and debt used in financing the municipal's assets.
- The gearing ratio is a measure of total long-term borrowing over funds and reserves.

### **2.3.1.3 Liquidity**

- Current ratio is a measure of the current assets divided by the current liabilities.
- The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalent to extinguish or retire its current liabilities immediately.

### **2.3.1.4 Revenue Management**

- As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash flow.

### **2.3.2 Free Basic Services: basic social services package for indigent household**

The social package assists households that have difficulty paying for service and registered as indigent households in terms of the Indigent Policy of Thulamela municipality.

The key financial indicators and ratios are disclosed in Supporting Table SA8: Performance indicators and benchmarks.

LIM343 Thulamela - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
		Actuals (R million)	Actuals (R million)	Actuals (R million)	Original Budget	Approved (R million)	Final Year (R million)	Original Year (R million)	Approved Year (R million)	Original Year (R million)
<b>GOVERNANCE AND ADMIN</b>										
<b>Finance and admin</b>										
Finance and admin	Monthly, quarterly, mid year	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Corporate accountability	SOBP quarterly reports	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sub-function 3 - (name)	Insert measure's description	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>Executive and Council</b>	Number of EXCO and									
Public participation	Number of Inbizo,	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
To ensure maximum participation by locals										
Special programmes	Number of meetings and	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
disadvantaged groups										
Risk and Internal audit	Quarterly risk management	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
services support to the municipality										
<b>COMMUNITY AND PUBLIC SAFETY</b>										
<b>Waste Management</b>										
Refuse removal	No. of households having	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Provision of clean and healthy environment										
Landfill	Approval of designs	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Provision of clean and healthy environment										
Sub-function 3 - (name)	Insert measure's description	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Public safety										
Law enforcement	Summons reports	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
To ensure traffic safety and law enforcement										
Licensing	Licensing report	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
To render registration and licensing services										
Sub-function 3 - (name)	Insert measure's description	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>ECONOMIC AND ENVIRONMENTAL SERVICES</b>										
<b>Planning and development</b>										
Spatial planning	Number of sites demarcated	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
and site control in order to promote sustainable										
Local economic development	EPWP job opportunities	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
within the municipal area	Show, In-bizo and workshops									
	Number of exhibition & fairs									
DFP	Approved credits DFP	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
by 2023, by promoting urban regeneration and										
Roads										
Roads storm water	No. of streets and km	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
services	No. of km tarred									
Sub-function 2 - (name)	Insert measure's description									
Sub-function 3 - (name)	Insert measure's description									
And so on for the rest of the table										

LIM443 Ithulela - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2022/23	2023/24	2024/25	Current Year 2025/26				2025/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited	Audited	Original	Adjusted	Full Year	Pre-audit	Budget Year	Budget Year	Budget Year
<b>Borrowing Management</b>											
Credit Rating		100%	100%	100%	100%	100%	100%	100%			
Capital Charges to Operating Expenditure	Interest & Principal Paid/Operating	0.4%	0.6%	0.6%	0.3%	0.3%	0.3%	0.0%	0.3%	0.3%	0.3%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing	0.4%	0.6%	0.7%	0.3%	0.3%	0.3%	0.0%	0.3%	0.3%	0.3%
Borrowed Funding of own capital expenditure	Borrowing/Capital expenditure and transfers	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Debt to Equity Ratio	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Current Ratio	Current asset/current liabilities	5.6	5.6	5.3	7.9	7.3	7.3	8.0	8.3	8.7	9.0
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 day/current Monetary Assets/Current Liabilities	5.6	5.6	5.3	7.9	7.3	7.3	8.0	8.3	8.7	9.0
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	0.0%	229.3%	0.0%	0.0%	96.2%	150.6%	150.6%	275.9%	150.6%	150.6%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		229.3%	0.0%	0.0%	96.2%	150.6%	150.6%	275.9%	150.6%	150.6%	150.6%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	35.4%	33.2%	31.5%	33.0%	28.0%	28.0%	35.6%	4.6%	4.7%	4.7%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors >										
Creditors Management											
Creditors System Efficiency	% of Credits Paid Within Terms (Within MPMA + 15%)										
Creditors to Cash and Investments		0.2%	164.2%	4224.4%	8.6%	9.3%	9.3%	5.7%	10.1%	9.0%	8.4%
<b>Other Indicators</b>											
	Total Volume Losses (MW) technical										
	Total Volume Losses (MW) non technical										
Electricity Distribution Losses (2)	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Volumes System Input	Bulk Purchase Water treatment works Natural sources Total Volume Losses (M3)										
Water Distribution Losses (2)	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital)	39.3%	38.3%	40.5%	38.9%	37.6%	37.6%	36.1%	33.6%	33.1%	33.6%
Renewables	Total renewables/(Total Revenue - capital)	43.1%	42.1%	44.3%	42.8%	41.1%	41.1%	32.7%	36.1%	36.1%	36.6%
Repairs & Maintenance	RMA/(Total Revenue excluding capital)	14.9%	13.7%	4.9%	8.6%	8.9%	8.9%	13.9%	9.7%	9.1%	9.1%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	10.0%	9.3%	10.8%	8.9%	9.6%	9.6%	5.7%	6.6%	6.4%	6.3%
<b>DP regulation financial viability indicators</b>											
1. Debt coverage	(Total Operating Revenue - Operating	1 520.0	1 434.2	8.4	10.5	11.2	11.2	8.1	11.3	11.6	12.0
2. O/R Service Debtors to Revenue	Total outstanding service debtors/annual	852.2%	808.6%	535.6%	388.6%	419.0%	419.0%	760.0%	83.3%	83.4%	83.1%
3. Cost coverage	(Available cash + investments)/monthly fixed										

## 2.4 Overview of the budget-related policies

The following are the budget related policy detailed in Annexure C

1. Budget Policy
2. Funding and Reserve Policy
3. Indigent Subsidy Policy
4. Tariff Policy
5. Credit Control and Debt Collection Policy
6. Inventory Policy
7. Property Rates Policy
8. Asset disposal Management Policy
9. Fixed asset management policy
10. Banking and Investment Policy
11. Revenue Enhancement Strategy
12. Virement Policy
13. Supply Chain Management Policy
14. Service Standards Policy
15. Cost Containment Policy
16. Policy on Unauthorised, Irregular, Fruitless and Wasteful expenditure

- 17. Borrowing policy
- 18. Consultancy reduction policy
- 19. UIFW reduction strategy

Treasury Regulations and circulars were also utilized to compile the budget.

## 2.5 Overview of budget Assumptions

- The budget for 2026/2027 was done in terms of MFMA and municipal budget reporting regulation and treasury circulars e.g., circular 132 and 134.
- Budget was prepared in an environment of uncertainty and assumptions that need to be made about internal and external factors like loadshedding that could impact on the budget during the financial year.
- We have also looked at the following factors.
  - (a) Economic climate
  - (b) Poverty levels
  - (c) Inflation
  - (d) Service delivery cost increases
  - (e) Increase in staff costs and demands.

The inflation rate forecasts as per MFMA circular no.118 issued by National Treasury have been used on the MTERF. The maximum 3,4 growth rate was used on the tariffs and 4.75 % on salaries. However, some tariffs are based on cost recovery. The method used on Capital Budget is zero-based budgeting.

### Revenue

- The municipality is anticipating collecting 58 % of on all billed Revenue. This means the 42% has been budgeted as provision for bad debts.
- 2026/2027 Property rate tariff did not increase, and service charges are also subjected to a 3,4% tariff increase rate.

## **Expenditure**

- Annual increase of 3,4% has been used in line with Circular 132. The overall salary expenses have increased by 4.75%.
- An amount of R 71 million is provided as doubtful debts due to non-payment of our debtors on billed services and traffic fines. The expected collection rate for 2026/2027 financial year is 58% and 42% of billed revenue will be provided for bad debts.
- Depreciation has been provided based on the 2026/2027 asset register and also in line with GRAP.
- The amount also includes an estimated amount of Impairment loss, which has been based on the prior year's trend.

## **2.6 Overview of budget funding and funding reserve policy**

Section 18(1) of the MFMA states that an annual budget may only be funded from:

- Realistically anticipated revenues to be collected.
- Cash backed accumulated funds from previous years' surpluses not committed for other purposes; and
- Borrowed funds, but only for the capital budget referred to in section 17.

The budget is funded by the following sources:

- Rates, Service charges, and other charges
- Grant allocations

Achievement of this requirement in totality effectively means that a Council has 'balanced' its budget by ensuring that budgeted outflows will be offset by a combination of planned inflows. Refer Table A8: Cash backed reserves/accumulated surplus reconciliation' and Supporting Table SA10: Funding measurement.

## **2.7 Expenditure on allocations and grant programmes**

Expenditure for each grant for the MTREF period is in Table SA18, Table SA19 and Table SA20

## 2.8 Allocation and grants made by municipality and entities.

- The municipality does not have any entities, and no grant allocated to any as such.

## 2.9 Councilor allowances and employees' benefits

- The councilor allowances have been increased by 4.75% pending upper limits gazette, while Salaries and Wages increased by 4.1% as per the Bargaining Council agreement and as illustrated in circular 134.

LIM343 Thulamela - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councilor remuneration	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			
R thousand	A	B	C	U	V	F	G	H	I			
<b>Councillors (Political Office Bearers plus Other)</b>												
<b>Allowances and Service Related Benefits</b>												
Basic Salary	20 859	22 740	23 670	25 155	24 052	24 052	25 038	25 065	27 134			
Cell phone Allowance	3 606	3 654	3 457	4 466	3 966	3 966	4 125	4 258	4 474			
Housing Allowance	-	-	-	-	-	-	-	-	-			
In-kind Benefits	-	-	-	-	-	-	-	-	-			
Market Related Non-pensionable Allowance	-	-	-	-	-	-	-	-	-			
Motor Vehicle Allowance	-	-	-	-	-	-	-	-	-			
Office-bearer Allowance	-	-	-	-	-	-	-	-	-			
Out of pocket Expenses	-	(0)	-	25	25	25	27	28	30			
Residing Allowance	4 103	4 428	4 283	5 221	3 821	3 821	3 911	3 828	3 300			
Use of Personal Facilities	-	-	-	-	-	-	-	-	-			
<b>Total Allowances and Service Related Benefits</b>	<b>28 467</b>	<b>30 812</b>	<b>31 590</b>	<b>35 865</b>	<b>31 862</b>	<b>31 862</b>	<b>35 221</b>	<b>36 717</b>	<b>38 221</b>			
<b>Social Contributions</b>												
Medical Aid Benefits	194	208	215	368	371	371	386	402	419			
Person Fund Contributions	3 125	3 172	3 300	3 654	3 654	3 654	3 814	3 970	4 133			
<b>Total Social Contributions</b>	<b>3 319</b>	<b>3 380</b>	<b>3 515</b>	<b>4 022</b>	<b>4 025</b>	<b>4 025</b>	<b>4 200</b>	<b>4 372</b>	<b>4 552</b>			
<b>TOTAL COUNCILLORS</b>	<b>31 787</b>	<b>34 193</b>	<b>35 105</b>	<b>39 887</b>	<b>35 887</b>	<b>35 887</b>	<b>39 421</b>	<b>41 089</b>	<b>42 774</b>			
<b>% increase</b>		7.5%	2.9%	13.9%	(5.3%)	-	4.1%	4.1%	4.1%			
<b>Senior Managers of the Municipality</b>												
<b>Salaries and Allowances</b>												
Basic Salary	4 485	4 457	4 063	7 456	7 199	7 199	7 538	7 530	8 342			
Bonuses	22	51	166	649	649	649	679	715	752			
Allowance	-	-	-	-	-	-	-	-	-			
Accommodation, Travel and Incidental	-	-	-	-	-	-	-	-	-			
Cellular and Telephone	-	-	-	-	-	-	-	-	-			
Housing Benefits	-	-	-	14	14	14	15	16	16			
Non-pensionable	-	-	-	-	-	-	-	-	-			
Travel or Motor Vehicle	1 042	849	875	1 750	1 750	1 750	1 842	1 939	2 040			
Voluntary Work	-	-	-	-	-	-	-	-	-			
<b>Total Allowance</b>	<b>1 042</b>	<b>849</b>	<b>875</b>	<b>1 774</b>	<b>1 774</b>	<b>1 774</b>	<b>1 858</b>	<b>1 954</b>	<b>2 056</b>			

Service Related Benefits										
Aiding	3	-	-	-	-	-	-	-	-	
Bonus	3	-	-	-	-	-	-	-	-	
Danger Allowance	3	-	-	-	-	-	-	-	-	
Entertainment	3	-	-	-	-	-	-	-	-	
Fire Brigade	3	-	-	-	-	-	-	-	-	
In-kind Benefits	3	-	-	-	-	-	-	-	-	
Leave Pay	3	-	-	-	-	-	-	-	-	
Lifeguard/Duty Squads	3	-	-	-	-	-	-	-	-	
Long Service Award	3	-	-	-	-	-	-	-	-	
Overtime	3	-	-	-	-	-	-	-	-	
Security	3	-	-	-	-	-	-	-	-	
Standby Allowance	3	-	-	-	-	-	-	-	-	
Tools Allowance	3	-	-	-	-	-	-	-	-	
Uniform/Special/Protective Clothing	3	-	-	-	-	-	-	-	-	
Leave gratuity	3	-	-	-	-	-	-	-	-	
Long term Service Award	3	-	-	-	-	-	-	-	-	
Total Service Related Benefits		-	-	-	-	-	-	-	-	
Total Salaries and Allowances		5 548	5 357	5 103	9 889	9 623	9 623	10 075	10 599	11 150
Social Contributions										
Emerging Council		1	1	1	1	1	1	1	1	1
Group Life Insurance		-	-	-	-	-	-	-	-	-
Medical		176	130	91	270	307	307	322	338	356
Pension		-	-	14	112	202	202	212	223	235
Unemployment Insurance		10	9	8	16	17	17	18	19	20
Total Social Contributions		186	139	114	399	526	526	553	582	612
Post-retirement Benefit	3									
Medical		-	-	-	-	-	-	-	-	-
Other Benefits		-	-	-	-	-	-	-	-	-
Pension		-	-	-	-	-	-	-	-	-
Total Post-retirement Benefit		-	-	-	-	-	-	-	-	-
Costs Capitalized to FPE		-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		5 734	5 496	5 217	10 288	10 151	10 151	10 628	11 181	11 762
% increase	4		(4.2%)	(5.1%)	97.2%	(1.3%)	-	4.7%	5.2%	5.2%
Other Municipal Staff										
Salaries and Allowances										
Basic Salary		211 537	222 997	244 522	245 220	252 861	252 861	265 942	274 823	288 840
Bonuses		16 446	17 169	17 996	21 693	22 088	22 088	23 126	24 328	25 593
Allowance										
Accommodation, Travel and Incidental		-	-	-	-	-	-	-	-	-
Cellular and Telephone	3	48	105	79	103	95	95	208	212	217
Housing Benefits	3	325	359	360	441	454	454	473	498	524
Non-pensionable	3	-	-	-	-	-	-	-	-	-
Travel or Motor Vehicle	3	20 871	23 287	25 299	27 068	28 511	28 511	29 803	31 353	32 863
Voluntary Work	3	-	-	-	-	-	-	-	-	-
Total Allowance		21 344	23 751	25 738	27 643	29 060	29 060	30 485	32 063	33 724

## 2.10 Monthly targets for revenue, expenditure, and cash flows

Disclosure on monthly targets for revenue, expenditure and cash flow is made in the following MTREF tables:

- (A) TABLE SA25 - Budgeted monthly revenue and expenditure
- (B) TABLE SA26 - Budgeted monthly revenue and expenditure (municipal vote)
- (C) TABLE SA27 - Budgeted monthly revenue and expenditure (standard classification)
- (D) TABLE SA28 - Budgeted monthly capital expenditure (municipal vote)
- (E) TABLE SA29 - Budgeted monthly capital expenditure (standard classification)
- (F) TABLE SA30 - Budgeted monthly cash flow

## 2.11 Annual budgets and services delivery and budget implementation plans – internal departments

- In terms of section 53(1)(c)(ii) of the MFMA the Service Delivery and Budget Implementation Plan must be approved by the mayor within 28

days after the final approval of the budget. The monthly and quarterly service delivery targets and performance indicators will be revised to correspond with the 2026/2027 budget. The draft SDBIP is attached as an Annexure to the budget.

## **2.12 Annual budget and Service Delivery Agreements-Municipal entities and other external mechanisms**

- The list of external mechanisms is detailed on Supporting MTREF Table SA32

## **2.13 Contracts having future budgetary implications.**

- In terms of the Municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

## **2.14 Capital Expenditure Details**

Capital Details are shown in the following MTREF Tables:

- TABLE SA 34a – Capital expenditure on new assets by assets class
- TABLE SA 34b and 34e – Capital Expenditure on the renewal of existing assets by assets class
- For this three-year budget renewal of any existing assets budgeted will be done on the first year only.
- TABLE SA 34c – Repairs and maintenance expenditure by assets class
- TABLE SA 34d - Depreciation by assets classification
- TABLE SA 35 – Future financial implications of the capital budget
- TABLE SA 36 – Detailed capital budget per municipal vote
- TABLE SA 37– Projects delayed from previous financial year.

## **2.15 Legislation Compliance Status**

The following explains the budgeting process in terms of the requirements in the MFMA. It is based on National Treasury's guide to the MFMA. The budget has been done in compliance with the process detailed below.

### **The budget preparation process**

The mayor is leading the budget preparation process through a coordinated cycle of events that commences at least ten months prior to the start of each financial year.

#### **Overview**

- The MFMA requires a Council to adopt three-year capital and operating budgets that consider, and are linked to, the municipality's current and future development priorities and other finance-related policies (such as those relating to free basic service provision).
- These budgets must clearly set out revenue by source and expenditure by vote over three years and must be accompanied by performance objectives for revenue and expenditure, a cash flow statement and any on borrowings, investments, municipal entities, service delivery agreements, grant allocations and details of employment costs.
- The budget may be funded only from reasonable estimates of revenue and cash-backed surplus funds from the previous year.

#### **Budget preparation timetable**

A schedule of key deadlines was prepared for tabling in Council by the Mayor prior to the end of August as required.

#### **Budget preparation and review of IDP and policy**

- The mayor has co-ordinate the budget preparation process and the review of Council's IDP and budget-related policy, with the assistance of the municipal manager.
- The mayor has also ensured that the IDP review forms an integral part of the budget process and that any changes to strategic priorities as contained in the IDP document have realistic projections of revenue

and expenditure. In developing the budget, the management has considered national and provincial budgets, the national fiscal and macro-economic policy and other relevant agreements or Acts of Parliament.

### **Tabling of the Annual budget**

The initial Annual budget was tabled by the Mayor before Council on the 31 March 2026.

### **Publication of the Annual budget**

Once Annual budget was approved, the municipality will submit both hardcopy and electronic copy of budget document to the National and provincial treasury.

### **Opportunity to comment on Annual budget.**

The various stakeholders were given the opportunity to comment on the draft budget as required by the legislation.

## **2.16 Municipal manager's quality certificate**