



**DRAFT 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

MAYOR SARAH RAMBUDA MTREF BUDGET SPEECH FOR 2026/2027 - 2028/2029 FINANCIAL YEARS DELIVERED AT THE SPECIAL COUNCIL MEETING ON 31ST MARCH 2026 AT THULAMELA COUNCIL CHAMBER.

Madam Speaker, Cllr. Fhulufhelo Mutheiwana
Chief Whip of Council, Cllr. Ndivhuwo Radamba
Members of the Mayoral Committee
MPAC Chair, Cllr. O.T Malindi
All Section 79 Chairpersons Committee
Fellow Councillors
The Municipal Manager, Mr. Muthotho Sigidi
Top Management Team, and all staff members
Fellow Residents of Thulamela
Ladies and Gentlemen

Good morning
Ndi mats Sheloni
Avuxeni

Let me take this opportunity to thank you for giving me the honour to once again present the Budget and Medium-Term Revenue and Expenditure Framework (MTREF).

Honourable Speaker South Africa celebrates Human Rights Month in March, anchored by Human Rights Day on March 21st, to commemorate the 1960 Sharpeville massacre and promote human rights, dignity, and equality. enshrined in the constitution.

The 2026 commemorations focus on deepening a culture of social justice and upholding democratic rights.

It serves to remind citizens of the sacrifices made during the struggle for democracy and to fight against discrimination, poverty, and injustice.

Madam Speaker, I am today tabling the Thulamela Local Municipality for 2026/2027 – 2028/2029 and for the MTREF Medium Term Revenue Expenditure Framework up to 2028/2029 for approval.

This budget has already been scrutinized and accepted as credible and funded by both Provincial Treasury and National Treasury.

In terms of the Municipal Finance Management Act (Act 56, of 2003) Chapter 4, section 16, the Council of a Municipality must approve for each financial

year an annual budget for the municipality before the start of that financial year.

(2) In order for a municipality to comply with section (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

(3) When an annual budget is tabled in terms of section 16(2) above it must be accompanied by (e) any proposed amendments to the budget-related policies.

The budget process is also guided by National Treasury Circulars to all municipalities to conform to sections in the MFMA.

The projected income for 2026/2027 financial year is R 1, 359,7 billion while the previous year was R 1,203,2 million. Revenue has increased by R156,5 million as detailed per attachment.

Honourable Speaker, tariffs have generally increased by 3.7% as per MFMA Circular No: 132 except in cases where cost benefit analysis has been applied.

Circulars 132 has been used to effect an increase of 3.7% rate on the tariffs for 2026/2027 financial year however some tariffs are based on cost recovery.

Fellow Councillors, salaries and Wages increased by 4.7% as per signed collective agreement.

The remuneration for Councilors has increased by 4,1%, while awaiting the Upper Limits Gazette.

Provision for Doubtful Debt has increased by 3,7%.

Depreciation is the requirement of GRAP presentation in respect of assets. It has been provided for R98,9 million in 2026/2027 financial year.

General expenditure has increased by R10 million (3%) because of some operations needed to be done in 2025/2026 financial year only.

Honourable Speaker, the capital budget for 2026/2027 financial year has increased by R88,4 million compared to what was budgeted for in 2025/2026 financial year. This is caused by an increase in allocation on own funding from R48 million to R141 million primarily to address damage by heavy rains.

Speaker, I herewith table the Thulamela Local Municipality Operating and Capital Budget for the 2026/2027-.2029/2029 MTREF for adoption by Council

I thank you
Ndi a livhuwa

1.2 Resolution



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**EXTRACT RESOLUTION OF THULAMELA
MUNICIPALITY SPECIAL COUNCIL MEETING NO.
02/2026 HELD ON THE 31 MARCH 2026.**

RESOLUTION NO. SC 17/02/2026

**DRAFT ANNUAL BUDGET, TARIFFS, BUDGET RELATED
POLICIES FOR 2026/2027-2028/2029 FINANCIAL
YEARS, MFMA CIRCULAR 132, DRAFT MSCOA ROAD
MAP AND DRAFT PROCUREMENT PLAN.**

Council resolved:

- a) To adopt annual draft budget, draft budget related policies, draft municipal tariffs, and MFMA Circulars 132, MSCOA road map plan and procurement plan for 2026/2027-2027/2028 financial years.

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CHAIRPERSON OF COUNCIL
31 MARCH 2026

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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.

The National Treasury has lowered its 2024 economic growth forecast to 1.1 per cent, from the 1.3 per cent projected in the 2024 Budget Review, weighed down by stop-start economic growth and stubborn inflation in the first half of the year. The economy has since strengthened in response to the suspension of power cuts since March 2024, improved confidence following the formation of the government of national unity in June, better than-expected inflation outcomes in recent months and reduced borrowing costs. All these factors are expected to continue to support the economy over the period ahead.

GDP growth is projected to average 1.8 per cent from 2025 to 2027, up from 1.2 per cent in the preceding three years. The pace of growth is still being limited by persistent – though gradually easing – constraints, particularly in logistics infrastructure. Faster growth depends largely on maintaining macroeconomic stability, the continued implementation of structural economic reforms, improving state capabilities and supporting higher infrastructure investment.

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, 129 and 132 (**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 will be 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 126 which prohibits municipalities to approve 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.
- 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 129 and 132 (*amongst others*) indicated that municipalities are no longer supposed to pass a deficit budget.

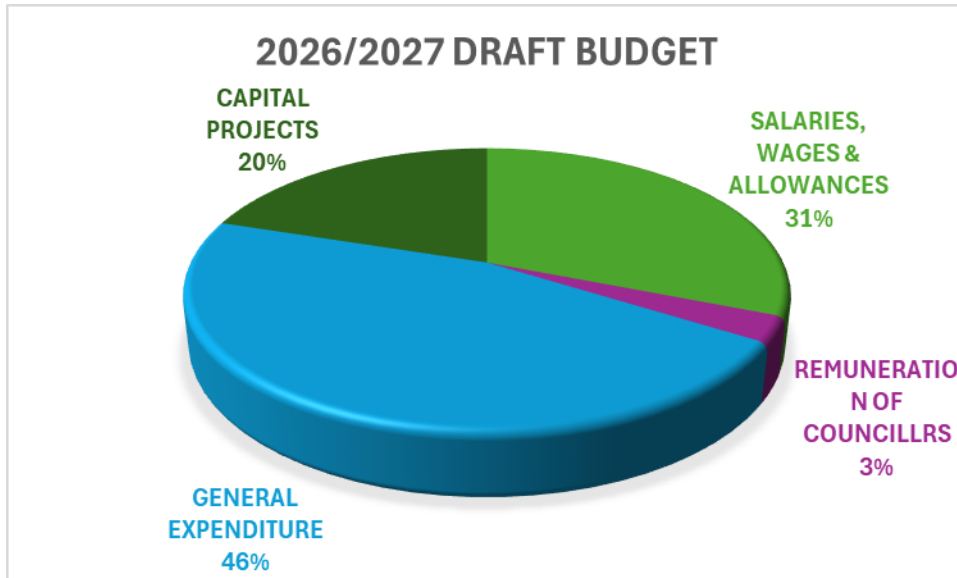
The service delivery priorities of the municipality were reviewed as part of this year's planning and budget process, where appropriate, funds were transferred from low to high-priority programs to maintain sound financial management in line with vision 2030.

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.

BUDGET SUMMARY				
	SPECIAL ADJUSTMENT BUDGET 2025/2026	2026/2027 DRAFT BUDGET PROPOSAL	2027/2028 DRAFT BUDGET PROPOSAL	2028/2029 DRAFT BUDGET PROPOSAL
SALARIES, WAGES & ALLOWANCES	401 257 761	421 587 871	438 615 801	461 139 872
REMUNERATION OF COUNCILLRS	37 916 129	39 471 035	41 089 347	42 774 011
GENERAL EXPENDITURE	321 922 147	332 399 174	345 709 060	352 329 347
REPAIRS AND MAINTENANCE	91 151 528	117 722 292	121 607 127	125 498 555
PROVISION	68 198 641	70 721 991	73 055 816	75 393 603
DEPRECIATION AND IMPAIRMENT	98 965 475	105 627 198	109 112 895	112 604 508
CAPITAL PROJECTS	208 324 128	272 255 000	311 150 426	300 840 366
TOTAL EXPENDITURE	1 227 735 809	1 359 784 559	1 440 340 473	1 470 580 261
REVENUE	- 1 227 735 809	-1 359 784 559	- 1 440 340 473	- 1 470 580 261

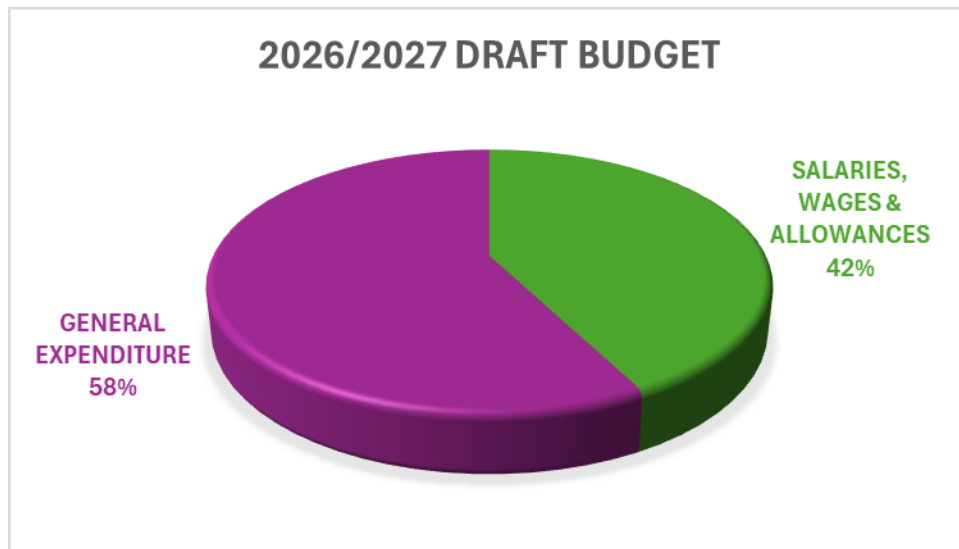
Municipal Tariffs have generally increased by 3.7%.



From the diagram above, General expenses consume a large piece of (46%) the total budget. It consists of operational expenditure, provisions, debt impairment and depreciation. The second highest percentage goes to the employee-related costs budget (31%), 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 461 million for 2026/2027 financial year. Salaries and Wages increased by 4,7% 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 55 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. 359 billion (**of which 57% is grants and 43% own revenue**). The variance of 11% 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 R626 million. Variance is 8% which is caused by a drastic increase in Repairs and maintenance votes to cater for the damaged infrastructure caused by recent floods. However, most of the expenditure was increased by 3,7% as per circular 132.

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

Capital expenditure is funded as:

FUNDING SOURCE	SPECIAL ADJUSTMENT BUDGET 2025/2026	DRAFT BUDGET 2026/2027	DRAFT BUDGET 2027/2028	DRAFT BUDGET 2028/2029
MUNICIPAL INFRASTRUCTURE GRANT	132 776 001	119 237 000	126 640 000	110 590 366
FINANCE MANAGEMENT GRANT	230 000	320 000	100 000	300 000
INFRASTRUCTURE SKILLS DEVELOPMENT GRANT	350 000	200 000	200 000	50 000
NEIGHBORHOOD DEVELOPMENT PARTNERSHIP GRANT	2 100 000	11 548 000	-	-
DISASTER RECOVERY GRANT	24 509 000	-	-	-
OWN REVENUE	48 359 127	140 950 000	184 210 426	189 900 000
TOTAL CAPITAL	208 324 128	272 255 000	311 150 426	300 840 366

The capital budget was R208,2 million in 2025/2026 financial year adjustment budget and has now increased to R 272 million in 2026/2027. Variance is R63,9 million (31%). This is caused by reconstruction of road infrastructure and disaster grants projects (R15 million) which will be funded from own revenue, pending approval of roll-over. The projects are tabled as follows:

Segment Desc	AMOUNT
RECONSTRUCTION OF HOLLYWOOD TO SIBASA	15 000 000
RECONSTRUCTION OF ITSANO TO SHAYANDIMA	18 000 000
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
	60 300 000

The marginal increase in our own revenue and expenditure, as well as the introduction of circular 126 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*
Revenue			
Revenue from exchange transactions			
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
Total revenue from exchange transactions		166 794 573	176 434 311
Revenue from non-exchange transactions			
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
Total revenue from non-exchange transactions		901 604 635	908 207 512
Total revenue		1 068 399 208	1 084 641 823
Expenditure			
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)
Total expenditure		(1 035 547 265)	(938 853 012)
Surplus for the year		32 851 943	145 788 811

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
R thousands										
Financial Performance										
Property rates	94 455	96 846	106 619	121 872	128 162	128 162	87 543	132 904	137 290	146 307
Service charges	28 461	27 695	27 695	32 697	26 013	26 013	17 901	26 975	27 866	28 757
Investment revenue	61 240	83 816	77 673	93 500	80 000	80 000	48 850	82 960	85 698	88 440
Transfer and subsidies - Operational	981 920	600 457	637 640	646 148	646 148	646 148	479 740	634 835	630 041	670 615
Other own revenue	63 072	85 311	84 965	112 497	188 053	188 053	41 277	351 465	432 946	426 010
Total Revenue (excluding capital transfers and contributions)	829 147	894 125	934 592	1 006 714	1 068 376	1 068 376	675 311	1 229 140	1 313 840	1 360 130
Employee costs	325 609	342 881	377 400	391 144	401 258	401 258	282 964	421 588	438 616	461 140
Remuneration of councillors	31 787	34 193	35 075	39 916	37 916	37 916	23 123	39 471	41 089	42 774
Depreciation, amortisation and impairment	80 140	83 318	91 153	85 933	98 965	98 965	49 915	105 627	109 113	112 605
Interest, Dividends and Rent on Land	3 141	5 024	6 149	3 208	3 213	3 213	197	3 333	3 443	3 553
Inventory consumed and bulk purchases	14 645	17 859	24 433	24 266	23 636	23 636	8 828	28 245	29 177	30 110
Transfers and subsidies	2 786	1 697	1 687	2 299	2 099	2 099	-	2 479	2 960	2 642
Other expenditure	411 589	423 682	496 405	410 461	452 124	452 124	207 487	496 786	505 192	516 916
Total Expenditure	869 917	908 424	1 034 302	957 228	1 019 212	1 019 212	542 514	1 087 530	1 129 190	1 189 740
Surplus/(Deficit)	(40 830)	(14 299)	(99 710)	49 486	48 964	48 964	132 797	141 610	184 650	190 390
Transfers and subsidies - capital (monetary allocations)	134 925	160 088	133 572	134 851	134 851	134 851	(128 697)	130 645	126 500	110 450
Transfers and subsidies - capital (in-kind)	27	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	94 121	145 789	33 862	184 337	183 815	183 815	4 100	272 255	311 150	300 840
Share or surplus/loss attributable to associates	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	94 121	145 789	33 862	184 337	183 815	183 815	4 100	272 255	311 150	300 840
Capital expenditure & funds sources										
Capital expenditure	207 234	300 104	49 080	184 337	183 815	183 815	106 425	272 255	311 150	300 840
Transfers recognised - capital	118 604	146 139	84 895	134 976	135 456	135 456	96 701	131 305	126 940	110 940
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	88 630	153 965	(35 815)	49 361	48 359	48 359	9 724	140 950	184 210	189 900
Total sources of capital funds	207 234	300 104	49 080	184 337	183 815	183 815	106 425	272 255	311 150	300 840
Financial position										
Total current assets	1 098 835	997 765	1 091 803	1 402 793	1 297 979	1 297 979	1 237 960	1 756 286	1 968 518	2 183 923
Total non current assets	2 063 665	2 376 212	2 321 254	2 343 539	2 330 392	2 330 392	2 377 764	2 521 308	2 721 136	2 907 091
Total current liabilities	196 462	179 263	169 784	178 456	179 543	179 543	111 088	182 925	188 562	194 379
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	3 150 799	3 183 651	3 523 961	3 404 912	3 404 912	3 445 298	4 066 745	4 473 168	4 868 712
Cash flows										
Net cash from (used) operating	496 390	(658 035)	(732 353)	262 801	186 555	186 555	186 555	686 646	493 511	486 104
Net cash from (used) investing	(284 632)	(307 071)	(188 407)	(184 337)	(180 815)	(180 815)	(180 815)	(272 255)	(311 150)	(300 840)
Net cash from (used) financing	(506)	(545)	(623)	-	-	-	-	-	-	-
Cash/cash equivalents at the year end:	1 199 655	60 868	(310)	1 264 399	1 191 674	1 191 674	1 191 674	1 666 482	1 848 842	2 034 106
Cash backing/surplus reconciliation										
Cash and investments available	1 199 655	60 868	(310)	1 264 399	1 191 674	1 191 674	1 191 674	1 666 482	1 848 842	2 034 106
Application of cash and investments	219 755	147 111	146 030	156 338	152 643	152 643	46 022	159 407	196 826	198 202
Balance - surplus (shortfall)	979 900	(86 244)	(146 340)	1 108 061	1 039 032	1 039 032	1 145 652	1 507 075	1 652 016	1 835 904
Asset management										
Asset register summary (MVD)	1 743 542	1 986 655	1 993 229	1 681 858	1 665 714	1 665 714	-	1 599 794	1 543 104	1 454 839
Depreciation	76 269	82 647	81 584	81 847	94 880	94 880	-	101 390	104 736	108 088
Renewal and Upgrading of Existing Assets	22 612	27 773	15 805	4 600	15 982	15 982	-	17 500	67 742	57 850
Repairs and Maintenance	123 841	122 375	45 658	86 913	95 152	95 152	-	121 722	121 607	125 499
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	(1 175)	(2 598)	(11 436)	(13 350)	(19 410)	(19 410)	-	(12 496)	(20 128)	(20 792)
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
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 INIUMAMEIA - 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			2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Revenue - Functional										
Governance and administration		754 902	794 298	831 472	871 488	950 454	950 454	1 104 263	1 184 259	1 230 900
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	208 815	246 642	325 608	325 608	487 999	569 368	575 485
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		2 629	26 789	19 550	12 887	12 646	12 646	15 077	20 199	16 890
Community and social services		329	350	322	365	365	365	379	391	404
Sport and recreation		1 602	1 142	1 619	2 086	1 700	1 700	1 763	1 821	1 879
Public safety		666	775	898	757	902	902	935	966	997
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	178 375	211 968	202 606	202 606	201 536	195 689	181 311
Planning and development		33 561	39 451	43 600	51 618	43 953	43 953	54 972	45 192	45 962
Road transport		134 381	156 272	134 775	160 350	158 653	158 653	146 564	150 487	135 349
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		38 627	37 403	38 766	45 222	37 521	37 521	38 910	40 194	41 480
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		38 627	37 403	38 766	45 222	37 521	37 521	38 910	40 194	41 480
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	964 099	1 054 212	1 068 164	1 141 565	1 203 227	1 203 227	1 369 785	1 440 340	1 470 580
Expenditure - Functional										
Governance and administration		334 833	391 581	385 006	398 269	437 149	437 149	442 617	461 022	478 720
Executive and council		141 458	160 258	137 072	148 485	138 892	138 892	110 673	115 321	120 145
Finance and administration		192 967	230 480	246 807	245 403	293 875	293 875	327 788	341 408	354 145
Internal audit		409	843	1 127	4 381	4 381	4 381	4 156	4 293	4 430
Community and public safety		99 017	75 469	89 797	101 885	102 163	102 163	116 413	122 447	123 146
Community and social services		1 855	2 570	2 459	3 537	3 526	3 526	3 915	4 044	4 173
Sport and recreation		26 001	27 277	26 924	28 315	28 991	28 991	33 778	35 301	36 882
Public safety		1 018	(29 104)	424	1 511	4 284	4 284	4 276	1 318	1 360
Housing		70 143	74 725	59 990	68 522	65 362	65 362	74 445	81 784	80 731
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		350 142	364 197	447 673	335 642	364 387	364 387	402 067	418 412	434 965
Planning and development		51 961	58 893	63 816	73 184	75 506	75 506	76 779	80 029	83 151
Road transport		298 181	305 304	383 857	262 458	288 881	288 881	325 288	338 383	351 815
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		85 996	77 176	111 825	121 432	115 713	115 713	126 432	127 310	132 908
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		85 996	77 176	111 825	121 432	115 713	115 713	126 432	127 310	132 908
Other	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	869 988	908 424	1 034 302	957 228	1 019 412	1 019 412	1 087 530	1 129 190	1 169 740
Surplus/(Deficit) for the year		94 111	145 789	33 862	184 337	183 815	183 815	272 255	311 150	300 840

- 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 R272 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 Ithulemeia - 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	Budget Year +1	Budget Year +2
Revenue by Vote	1									
Vote 1 - Financial services		176 526	201 108	206 800	243 109	322 272	322 272	484 569	565 852	571 882
Vote 2 - Community and Operations		2 113	1 622	2 241	2 531	2 583	2 583	2 679	2 767	2 856
Vote 3 - Engineering and Planning Services		159 387	205 291	176 289	197 436	189 735	189 735	180 759	190 445	172 620
Vote 4 - Corporate and protection		18 277	17 110	16 560	22 005	19 816	19 816	20 520	21 171	21 822
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	43 617	51 639	43 974	43 974	54 994	45 214	45 985
Vote 8 -		-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	964 099	1 054 212	1 088 164	1 141 585	1 203 227	1 203 227	1 359 785	1 440 340	1 470 580
Expenditure by Vote to be appropriated	1									
Vote 1 - Financial services		44 541	56 235	70 120	75 179	86 199	86 199	110 462	114 554	119 061
Vote 2 - Community and Operations		103 285	50 137	192 747	59 523	70 756	70 756	81 211	84 299	87 449
Vote 3 - Engineering and Planning Services		290 668	338 861	291 139	322 350	324 513	324 513	366 121	380 694	391 719
Vote 4 - Corporate and protection		147 211	107 825	151 228	168 584	184 429	184 429	187 223	192 637	201 386
Vote 5 - Municipal manager		57 205	73 714	53 444	41 941	47 405	47 405	48 002	49 864	51 768
Vote 6 - Council		130 378	148 224	123 801	133 126	123 084	123 084	94 139	97 964	101 925
Vote 7 - Economic Development and Strategic Services		96 701	133 428	151 823	156 426	182 925	182 925	200 267	209 070	216 321
Vote 8 -		-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	969 988	968 424	1 034 302	957 128	1 019 312	1 019 312	1 087 426	1 129 083	1 169 629
Surplus/(Deficit) for the year	2	94 111	145 788	53 862	184 457	183 915	183 915	272 359	311 257	300 951

- 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

LIM343 Ithulameia - 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
Revenue											
Exchange Revenue											
Service charges - Electricity	2	-	-	-	-	-	-	-	-	-	-
Service charges - Water	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Management	2	28 461	27 695	27 695	32 697	26 013	26 013	17 901	26 975	27 866	28 757
Sale of Goods and Rendering of Services	2	6 085	10 388	16 976	39 592	33 362	33 362	4 152	34 597	35 738	36 882
Agency services	2	10 464	10 784	10 197	13 250	12 000	12 000	7 377	12 444	12 855	13 256
Interest											
Interest earned from Receivables	2	10 301	9 830	11 200	12 672	11 635	11 635	7 751	12 065	12 464	12 862
Interest earned from Current and Non Current Assets	2	61 240	83 816	77 673	93 500	80 000	80 000	48 850	82 960	85 698	88 440
Dividends	2	-	-	-	-	-	-	-	-	-	-
Rent on Land	2	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets	2	2 593	2 855	3 549	3 755	4 260	4 260	2 709	4 418	4 563	4 709
Licence and permits	2	-	727	1 204	1 067	981	981	679	1 017	1 051	1 084
Special rating levies	2	-	-	-	-	-	-	-	-	-	-
Construction Contract Revenue	2	-	24 522	12 710	5 679	5 679	5 679	-	12 000	17 021	13 610
Development Charges	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	7 448	5 818	5 590	6 412	92 451	92 451	2 589	246 215	319 598	312 990
Non-Exchange Revenue											
Property rates	2	94 455	96 646	106 619	121 872	128 162	128 162	87 543	132 904	137 290	146 307
Surcharges and Taxes	2	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	2	7 114	2 050	3 550	4 546	3 685	3 685	111	3 822	3 948	4 074
Licences or permits	2	785	(0)	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational	2	581 920	600 457	637 540	646 148	646 148	646 148	479 740	634 835	630 041	670 615
Interest	2	16 498	18 335	19 988	25 524	24 000	24 000	15 909	24 888	25 709	26 532
Fuel Levy	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	-	-	-	-	-	-	-	-	-	-
Gains on disposal of Fixed and Intangible Assets	2	-	-	-	-	-	-	-	-	-	-
Other Gains	2	1 784	-	0	-	-	-	-	-	-	-
Discontinued Operations											
Total Revenue (excluding capital transfers and contributions)		829 147	894 125	934 592	1 066 714	1 068 376	1 068 376	675 311	1 229 140	1 313 840	1 360 130

Total operating revenue increased from R1,068 billion in 2025/2026 to R1,229 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 R26,975 million (3.7%) as per circular 132.
- **Property rates** have increased to R132, 904 million (3.7%) as per circular 132.
- **Sales of goods and rendering services** have increased to R34 597 million (3.7%) as per circular 132.

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

	2026/2027 Draft Budget	2027/2028 Draft Budget	2028/2029 Draft Budget
ADVERTISING	(88 145)	(91 054)	(93 968)
APPLICATION OF SUBDIVISION	(155 550)	(160 683)	(165 825)
SPECIAL / WRITTEN CONSENTS New	(352 580)	(364 215)	(375 870)
PROPERTY SITE IDENTIFICATION	(311 100)	(321 366)	(331 650)
MISCELLANEOUS FEES	(32)	(33)	(34)
BUILDING PLANS APPROVAL	(414 800)	(428 488)	(442 200)
PROPERTY REZONING	(155 550)	(160 683)	(165 825)
BURIAL FEE	(378 557)	(391 049)	(403 563)
CLEARANCE CERTIFICATE	(51 850)	(53 561)	(55 275)
APPLICATION FEE FOR WAY LEAVE BY -LAW	(518 500)	(535 611)	(552 750)
ESCORT(FUNERALS FUNWALK MARATHON WE	(21 777)	(22 496)	(23 216)
PROPERTY TRANSFER FEES	(757 114)	(782 098)	(807 126)
APPLICATION OF DEED GRANT	(216 318)	(223 457)	(230 607)
TENDER DOCUMENTS	(24 888)	(25 709)	(26 532)
TRADING OF ANIMALS	(8 653)	(8 938)	(9 224)
SELLING OF SITES	(31 110 000)	(32 136 630)	(33 165 002)
BREAKDOWN FEE NEW	(31 110)	(32 137)	(33 165)
	(34 596 524)	(35 738 208)	(36 881 832)

- **Agency services** have increased by R12, 444 million (3.7%) as per circular 132.
- **Interest received from receivables** increased by 3.7% as per circular 132
- **Interest earned from Current and Non-Current Assets** increased by 3.7% as per circular 132
- **Rental from Fixed Assets** has increased from R3.6 million and is comprised of:

	2026/2027 Draft Budget	2027/2028 Draft Budget	2028/2029 Draft Budget
BUSINESS OFFICE AND MARKET STALLS RENTA	(684 420)	(707 006)	(729 630)
RENTAL COUNCIL PROPERTY 0531001034	(1 762 900)	(1 821 076)	(1 879 350)
BILLBOARDS ADVERTISEMENT	(1 970 300)	(2 035 320)	(2 100 450)
	(4 417 620)	(4 563 402)	(4 709 430)

- **Licenses and permits** comprise of:

	2026/2027 Draft Budget	2027/2028 Draft Budget	2028/2029 Draft Budget
HAWKERS FINES ENVIROMENTAL HEALTH NEW	(226 881)	(234 368)	(241 868)
POUND FEE ENVIROMENTAL HEALTH	(59 488)	(61 451)	(63 417)
SPAZA/HAWKERS LICENCE ENVIROMENTAL HEALTH	(570 350)	(589 172)	(608 025)
LICENSE FEES ENVIROMENTAL HEALTH NEW	(25 510)	(26 352)	(27 195)
BUSINESS APPLICATION FEE NEW	(41 480)	(42 849)	(44 220)
BUSINESS REGISTRATION FEE NEW	(41 480)	(42 849)	(44 220)
BUSINESS ANNUAL RENEWAL FEE	(51 850)	(53 561)	(55 275)
	(1 017 039)	(1 050 602)	(1 084 220)

- **Construction Contract Revenue** of R12 million is INEP grant which is now classified as such per circular 132.
- **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 R80 000 LGSETA Discretionary Grant.

Operational Grants	2026/2027 Draft Budget	2027/2028 Draft Budget	2028/2029 Draft Budget
LGSETA DISCRETIONARY GRANT	(800 000)	(800 000)	(800 000)
National Governments: Expanded Public Works Progr	(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)
	(634 835 000)	(630 041 000)	(670 615 000)

Operational Revenue increased mostly increased by 3.7% except R241,622 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:

	2026/2027 Draft Budget	2027/2028 Draft Budget	2028/2029 Draft Budget
RECOVERIES FROM WRITE OFF	(241 622 830)	(314 854 247)	(308 095 095)
OTHER TARRIFFS SPATIAL PLANNING New	(176 290)	(182 108)	(187 935)
TELEPHONE RECOVERIES FROM EMPLOYEES	(21 632)	(22 346)	(23 061)
INSURANCE RECOVERIES FROM EMPLOYEES	(1 622 386)	(1 675 925)	(1 729 555)
Commission: Transaction Handling Fees New	(13 211)	(13 647)	(14 084)
RENTAL OF FIBRE CONNECTION	(108)	(111)	(115)
SUNDRY / OTHER REVENUE 035 1001059 new	(103 700)	(107 122)	(110 550)
CONSOLIDATION FEE 0571001154 New	(9 333)	(9 641)	(9 949)
REFUND FOR INSURANCE New	(362 950)	(374 927)	(386 925)
Request for Information: Plan Printing and Duplicates	(207 400)	(214 244)	(221 100)
RURAL LAND SALES 0571001015 New	(1 451 800)	(1 499 709)	(1 547 700)
SKILLS DEVELOPMENT FUND 0031001081 SETA REFU	(622 200)	(642 733)	(663 300)
STAFF AND COUNCILLORS RECOVERIES	(1 037)	(1 071)	(1 105)

Expenditure

Expenditure												
Employee related costs	2	325 609	342 651	377 400	391 144	401 258	401 258	252 964	421 588	438 616	461 140	
Remuneration of councilors	2	31 787	34 193	35 075	39 916	37 916	37 916	23 123	39 471	41 089	42 774	
Bulk purchases - electricity	2	-	-	-	-	-	-	-	-	-	-	
Inventory consumed	2,8	14 645	17 869	24 433	24 266	23 836	23 836	8 828	28 245	29 177	30 110	
Debt impairment	2,3	63 741	21 636	64 833	81 354	59 354	59 354	36 431	61 550	63 581	65 616	
Depreciation, amortisation and impairment	2	80 140	83 318	91 153	85 933	98 965	98 965	49 915	105 627	109 113	112 605	
Interest, Dividends and Rent on Land	2	3 141	5 024	6 149	3 208	3 213	3 213	197	3 333	3 443	3 553	
Contracted services	2	229 668	261 943	158 306	181 181	238 638	238 638	99 247	258 315	268 405	272 910	
Transfers and subsidies	2	2 766	1 697	1 687	2 299	2 099	2 099	-	2 479	2 560	2 642	
Irrecoverable debts written off	2	27 448	35 525	6 222	4 694	4 694	4 694	3 578	4 867	5 028	5 189	
Operational costs	2	83 244	100 628	110 148	139 082	145 287	145 287	68 231	157 751	163 731	168 613	
Disposal of Fixed and Intangible Assets	2	7 789	3 083	155 683	2 063	2 063	2 063	-	2 139	2 210	2 281	
Other Losses	2	-	867	3 212	2 088	2 088	2 088	-	2 166	2 237	2 309	
Total Expenditure		869 977	908 424	1 034 302	957 228	1 019 412	1 019 412	542 514	1 087 530	1 129 190	1 169 740	
Surplus/(Deficit)		(40 830)	(14 299)	(99 710)	49 486	49 964	49 964	132 797	141 610	184 650	190 390	
Transfers and subsidies - capital (monetary allocations)	6	134 925	160 088	133 572	134 851	134 851	134 851	(128 697)	130 645	126 500	110 450	
Transfers and subsidies - capital (in-kind)	6	27	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after capital transfers & contributions		94 121	145 789	33 862	184 337	183 815	183 815	4 100	272 255	311 150	300 940	
Income Tax		-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) after income tax		94 121	145 789	33 862	184 337	183 815	183 815	4 100	272 255	311 150	300 940	
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-	
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) attributable to municipality		94 121	145 789	33 862	184 337	183 815	183 815	4 100	272 255	311 150	300 940	
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-	-	
Intercompany/Parent subsidiary transactions	7	-	-	-	-	-	-	-	-	-	-	
Surplus/(Deficit) for the year	1	94 121	145 789	33 862	184 337	183 815	183 815	4 100	272 255	311 150	300 940	

Total operational expenditure has increased from R1,019 billion in 2025/2026 to R1,087 billion in 2026/2027 financial year.

- **Employee related costs** for 2025/2026 financial year were R401 million, and it increased to R 422 million for 2026/2027 and has increased by 4,7% as per the signed collective agreement negotiations with the Bargaining Council.
- **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 R62 million as per circular 132.
- **Depreciation and Amortization** is the requirement of GRAP presentation in respect of assets. It has been provided for R106 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 3,7% rate stipulated in circular 132.
 - The breakdown of Inventory is illustrated below:

	2026/2027 Draft Budget	2027/2028 Draft Budget	2028/2029 Draft Budget
Consumables: Standard Rated (stationery)	3 200 000	3 305 600	3 411 379
Consumables: Standard Rated(stationery traffic)	26 500	27 374	28 250
Maintenance Electrical Material STORES	3 000 000	3 099 000	3 198 168
Env Health CLEANING MATERIAL	3 245 810	3 352 922	3 460 215
WASTE AND REFUSE TOOLS	500 000	516 500	533 028
Expenditure: Sports Stadia Marker	145 107	149 896	154 693
Inventory Consumed: Materials and Supplies(Libra	82 877	85 612	88 352
Maintenance of Stadium Recreation	120 000	123 960	127 927
governance disaster houses STORES	500 000	516 500	533 028
Expenditure:Inventory Consumed:Materials and Su	163 594	168 993	174 400
PS TRAFFIC MISCELLANEOUS	5 400	5 578	5 757
SECURITY EQUIPMENT	32 437	33 508	34 580
ENVIRONMENTAL CAMPAING PROMOTIONAL MA	197 030	203 532	210 045
Maintenance of Cemtries 053400425	18 000	18 594	19 189
Maintenance of Road Surface	8 000 000	8 264 000	8 528 448
Maintenance of Vehicles	2 500 000	2 582 500	2 665 140
Maintenance of Trucks & Tractors	2 000 000	2 066 000	2 132 112
Maintenance Swimming Pools Chemicals	150 000	154 950	159 908
Maintenance of Parks & Gardens	200 000	206 600	213 211
Materials and Supplies:MAINTENANCE OF BUILDIN	4 000 000	4 132 000	4 264 224
BUILDING TOOLS	51 798	53 507	55 220
Maintanance Machinery-Survey Instuments	106 000	109 498	113 002

- **Contracted services** have increased from R239 million to R258 million (8%). The increase is caused by a large increase in repairs and maintenance votes like re-gravelling of streets, maintenance of road surface, building and electrical materials, as well as security services. 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. R46,1 million, security services R39 million, property registration conveyancer R3,1 million, Valuer R1,8 million, street bins R1 million and the rest is covering OHS pro-active programme, catering for imbizos etc.

Consultancy and professional service fees of legal advice and litigation R33,5 million, business and advisory R2,2 million, research and advisory R8,9 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:**

Segment description	2026/27 Budget	2027/28 Budget	2028/29 Budget
Consultants and Professional Services	45 028 344	42 740 528	44 205 026
Outsourced Services	104 113 661	117 021 017	116 584 695
Contractors	109 173 079	108 643 791	112 120 388
	181 180 660	189 432 798	199 317 867

- **Repairs and maintenance** is representing only 7.6% 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.

Segment Desc	2026/2027 Budget	2027/2028 Budget	2028/2029 Budget
LED Poverty Alleviation Fund	478 505	494 296	510 113
Governance Disaster Relief	2 000 000	2 066 000	2 132 112

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 9%. It has increased due to the following major items (*amongst others*): electricity, Insurance, Protective clothing, Training and Audit fees. It is illustrated as follows:

SEGMENT DESCRIPTION	2026/2027 BUDGET	2027/2028 BUDGET	2028/2029 BUDGET
RENTAL OF EQUIPMENT	6 740 500	6 962 936	7 185 750
ADVERTISING	1 080 346	1 115 998	1 151 709
CAPITAL EXPENSES	10 816	11 173	11 530
BANK CHARGES 035200206	270 346	279 267	288 204
BURSARIES	170 181	175 797	181 423
COMMUNICATION: CELLPHONES	12 444 000	12 854 652	13 266 001
POSTAGE	522 306	539 543	556 808
ANTI FRAUD AND CORRUPTION	103 596	107 015	110 439
Communication: Telephone Fax Telegraph and Telex	2 281 400	2 356 686	2 432 100
Cost relating to the Sale of sites new	5 000 000	5 165 000	5 330 280
Expenditure: Operational Cost: Deeds	97 478	100 695	103 917
Renewal Of Public Driving Permit	150 000	154 950	159 908
Expenditure Operational Cost Dumping Fees District Council N	5 697 796	5 885 824	6 074 170
Entertainment	67 332	67 709	68 532
Expenditure: Operational Cost: External Audit Fees	6 740 500	6 962 937	7 185 750
HR Strategic Sessions 003200700	500 000	516 500	533 028
MAPUNGUBWE SPORTS EVENT BUS HIRE CHARGES	64 812	66 951	69 094
SPORTS DEVELOPMENT HIRE CHARGES	64 812	66 951	69 094
MAYORAL CUP TOURNAMENT HIRE CHAGES BUS	26 547	27 423	28 301
EAP PROACTIVE PROGRAM: WELLNESS HIRE CHARGES	270 346	279 267	288 204
EAP PROACTIVE PROGRAM: Hire Charges	270 346	279 267	288 204
MANDELA DAY HIRE CHARGES	31 079	32 104	33 132
Expenditure: Operational Cost: Hire Charges	510 536	527 384	544 260
IMBIZO TANTS CHAIRS AND DECORATION	385 764	398 494	411 246
IMBIZO TRANSPORT BUS	79 413	82 034	84 659
Bus transport for public hearing MPAC	35 673	36 850	38 029
FARMERS MARKET (LED)HIRE	17 007	17 568	18 130

CHARGES			
LED BROCHURE	113 956	117 716	121 483
TOURISM MEDIA TOUR HIRE CHARGES	28 362	29 298	30 235
CAPACITY BUILDING OF TOURISM ESTABLISHMENT HIRE CHARGES	26 257	27 123	27 991
Operational Cost: Hire Charges (LED Shows)	311 100	321 366	331 650
MAYOR TALKS WITH BUSINESS	113 956	117 716	121 483
HIRE CHARGES PARTNERSHIP	10 000	10 330	10 661
Gen HIV Youth: Hire charges NEW	124 233	128 332	132 439
Domestic low: domestic indigent	2 000 000	2 066 000	2 132 112
Insurance Underwriting: Excess Payments	270 387	279 310	288 248
Insurance Underwriting: Premiums	20 000 000	20 660 000	21 321 120
Licenses: License Agency Fees	1 400 000	1 446 200	1 492 478
LICENCE AGENCY FEES	75 908	78 413	80 923
Licensing & Registration 003 200238 NEW	1 200 000	1 239 600	1 279 267
Water Expenditure	3 000 000	3 099 000	3 198 168
ELECTRICITY	12 000 000	12 396 000	12 792 672
PRINTING PUBLICATION AND BOOKS	2 230 637	2 304 183	2 380 852
MEMBERSHIP FEE	5 546 843	5 738 569	5 930 603
TRAINING	5 446 185	5 614 919	5 793 957
SEMINARS AND CONFERENCES	4 636 367	5 300 201	5 370 910
Ward committee Seating allowances Cllr Mahosi MPAC	226 896	234 383	241 883
Expenditure: Operational Cost: Servitudes and Land Surveys	51 798	53 507	55 220
Development of land use NEW	2 120 000	2 189 960	2 260 039
SIGNAGE FOR LED PROJECTS	103 596	107 015	110 439
SKILLS DEVELOPMENT FUND LEVY NEW	3 234 517	3 339 203	3 444 810
ACCOMODATION	5 088 429	5 090 216	5 092 005
Domestic: Food and Beverage (Served)	1 037	1 071	1 105
Incidental Cost (TRAVELLING SUBSISTENCE AND INCIDENTAL CLAIM	150 209	155 166	160 132
AIR TRANSPORT	1 149 208	1 210 529	1 251 910
CAR RENTAL	546 154	560 129	581 131
Transport without Operator: Own Transport	6 569 220	6 788 085	7 017 303
NON-EMPLOYEES TRAVEL	100 000	103 300	106 606

CLAIMS INTERVIEW			
PROTECTIVE CLOTHING	11 796 105	12 185 376	12 575 308
Expenditure: Operational Cost: Remuneration to Ward Committees	8 372 913	8 649 219	8 925 994
FUEL & OIL 003 200244 NEW	13 481 000	13 925 873	14 371 501
Expenditure: Operational Cost: Workmen's Compensation Fund	2 592 500	2 678 052	2 763 750
	157 750 705	163 316 335	168 308 290

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

Vote 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
Capital Expenditure - Functional											
Governance and administration		12 254	3 026	1 798	8 000	4 254	4 254	189	12 160	9 350	4 600
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		12 254	3 026	1 798	8 000	4 254	4 254	189	12 160	9 350	4 600
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		34 007	62 871	13 007	19 201	15 701	15 701	4 023	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	168	-	-	1	1	-	6 560	600	-
Housing		27 075	60 930	12 707	4 201	7 200	7 200	3 228	12 000	10 600	13 500
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		148 100	214 299	32 343	131 637	158 363	158 363	102 213	203 224	245 900	275 640
Planning and development		9 275	169	30	125	375	375	18	3 340	4 340	10 190
Road transport		138 825	214 130	32 313	131 512	157 988	157 988	102 195	199 884	241 560	265 450
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		12 873	19 908	1 931	25 499	5 497	5 497	-	28 811	35 400	6 200
Energy sources		-	-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		12 873	19 908	1 931	25 499	5 497	5 497	-	28 811	35 400	6 200
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	207 234	300 104	49 080	184 337	183 815	183 815	106 425	272 255	311 150	309 840
Funded by:											
National Government		118 604	146 139	84 895	134 976	135 456	135 456	96 701	131 305	126 940	110 940
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit institutions, Private Enterprises, Public Corporations, Higher Educ institutions)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	118 604	146 139	84 895	134 976	135 456	135 456	96 701	131 305	126 940	110 940
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		88 630	153 965	(35 815)	49 361	48 359	48 359	9 724	140 950	184 210	189 900
Total Capital Funding	7	207 234	300 104	49 080	184 337	183 815	183 815	106 425	272 255	311 150	309 840

- 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 R88 million to R272 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 (R140,9 million) in 2026/2027 financial year.

- Road's transport comprises 73% 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 Inuameia - Table A6 Budgeted Financial Position

Description	###	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
ASSETS											
Current assets											
Cash and cash equivalents	1	1 026 519	921 273	1 013 940	1 264 399	1 191 674	1 191 674	1 128 638	1 666 482	1 875 869	2 085 162
Short term investments	2	-	-	-	-	-	-	-	-	-	-
Trade and other receivables from exchange transactions	3	(224 167)	(221 972)	(219 109)	(196 330)	(196 055)	(196 055)	(219 088)	23 734	24 734	27 454
Receivables from non-exchange transactions	3	10 798	19 230	28 544	50 860	18 065	18 065	55 557	31 655	33 451	36 797
Current portion of non-current receivables	4	-	-	-	-	-	-	-	-	-	-
Inventory	5	28 191	26 962	21 771	29 417	29 847	29 847	23 269	29 820	29 792	29 762
VAT Receivable	6	254 563	250 241	244 618	252 160	252 160	252 160	247 626	2 308	2 384	2 461
Other current assets	7	2 930	2 031	2 039	2 287	2 287	2 287	1 958	2 287	2 287	2 287
Total current assets		1 098 835	997 765	1 091 803	1 402 793	1 297 979	1 297 979	1 237 960	1 756 286	1 968 518	2 183 923
Non current assets											
Investments	8	(0)	-	-	-	-	-	-	-	-	-
Investment property	9	-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	10	2 062 828	2 375 577	2 320 822	2 339 557	2 330 003	2 330 003	2 377 450	2 516 577	2 713 373	2 899 308
Biological assets	11	-	-	-	-	-	-	-	-	-	-
Living resources	12	-	-	-	-	-	-	-	-	-	-
Heritage assets	13	-	-	-	-	-	-	-	-	-	-
Intangible assets	14	837	634	432	3 982	388	388	314	4 732	7 763	7 783
Trade and other receivables from exchange transactions	15	-	-	-	-	-	-	-	-	-	-
Non-current receivables from non-exchange transactions	15	-	-	-	-	-	-	-	-	-	-
Other non-current assets	16	-	-	-	-	-	-	-	-	-	-
Total non current assets		2 063 665	2 376 212	2 321 254	2 343 539	2 330 392	2 330 392	2 377 764	2 521 308	2 721 136	2 907 091
TOTAL ASSETS		3 162 500	3 373 977	3 413 057	3 746 332	3 628 370	3 628 370	3 615 724	4 277 594	4 689 654	5 091 015
LIABILITIES											
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	474	451	451	451
Trade and other payables from exchange transactions	20	110 109	114 508	103 439	111 660	112 090	112 090	40 127	144 000	143 924	143 848
Trade and other payables from non-exchange transactions	21	28 013	4 057	(0)	(0)	(0)	(0)	4 132	-	-	0
Provision	22	26 681	26 852	29 274	30 052	30 052	30 052	29 274	35 509	41 146	46 963
VAT Payable	23	27 913	32 173	34 067	32 984	32 984	32 984	34 530	2 308	2 384	2 461
Other current liabilities	24	2 817	1 247	1 806	3 309	3 309	3 309	1 806	-	-	-
Total current liabilities		196 462	179 263	189 784	178 456	179 543	179 543	111 088	182 925	188 562	194 379
Non current liabilities											
Financial liabilities	25	-	-	67	-	-	-	67	-	-	-
Provision	26	26 597	27 924	36 083	27 924	27 924	27 924	36 083	27 924	27 924	27 924
Long term portion of trade payables	27	-	-	-	-	-	-	-	-	-	-
Other non-current liabilities	28	13 866	15 991	22 461	15 991	15 991	15 991	22 461	-	-	-
Total non current liabilities		40 463	43 915	58 611	43 915	43 915	43 915	58 611	27 924	27 924	27 924
TOTAL LIABILITIES		236 925	223 178	228 395	222 371	223 458	223 458	169 699	210 849	216 486	222 303
NET ASSETS		2 925 575	3 150 799	3 184 661	3 523 961	3 404 912	3 404 912	3 446 025	4 066 745	4 473 168	4 868 712
COMMUNITY WEALTH/EQUITY											
Accumulated surplus/(deficit)	29	2 925 575	3 150 799	3 183 651	3 523 961	3 404 912	3 404 912	3 445 298	4 066 745	4 473 168	4 868 712
Reserves and funds	30	-	-	-	-	-	-	-	-	-	-
Other	31	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	32	2 925 575	3 150 799	3 183 651	3 523 961	3 404 912	3 404 912	3 445 298	4 066 745	4 473 168	4 868 712

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
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		61 790	--	--	54 843	74 334	74 334	74 334	86 708	89 569	95 117
Service charges		17 434	--	--	14 714	15 088	15 088	15 088	17 697	18 281	18 866
Other revenue		118 618	--	--	79 454	72 557	72 557	72 557	620 312	464 959	458 058
Transfers and Subsidies - Operational	1	703 942	--	--	646 148	646 148	646 148	646 148	634 835	630 041	670 615
Transfers and Subsidies - Capital	1	158 912	136 145	--	134 851	134 851	134 851	134 851	130 645	126 500	110 450
Interest		58 884	--	--	110 688	95 625	95 625	95 625	104 312	107 754	111 202
Dividends		--	--	--	--	--	--	--	--	--	--
Payments											
Suppliers and employees		(623 190)	(794 180)	(732 553)	(775 589)	(849 940)	(849 940)	(849 940)	(905 369)	(941 018)	(975 547)
Finance charges		--	--	--	(8)	(8)	(8)	(8)	(14)	(15)	(15)
Transfers and Subsidies	1	--	--	--	(2 299)	(2 099)	(2 099)	(2 099)	(2 479)	(2 560)	(2 642)
NET CASH FROM/(USED) OPERATING ACTIVITIES		496 390	(658 035)	(732 553)	262 901	186 555	186 555	186 555	686 646	493 511	486 104
CASH FLOWS FROM INVESTING ACTIVITIES											
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)	(180 815)	(180 815)	(180 815)	(295 510)	(336 825)	(328 285)
Retention (Capital)		--	--	--	--	--	--	--	23 255	25 674	27 445
NET CASH FROM/(USED) INVESTING ACTIVITIES		(284 632)	(307 071)	(188 407)	(184 337)	(180 815)	(180 815)	(180 815)	(272 255)	(311 150)	(300 840)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		--	--	--	--	--	--	--	--	--	--
Borrowing long term/refinancing		--	--	--	--	--	--	--	--	--	--
Increase (decrease) in consumer deposits		--	--	--	--	--	--	--	--	--	--
Payments											
Repayment of borrowing		(506)	(545)	(623)	--	--	--	--	--	--	--
NET CASH FROM/(USED) FINANCING ACTIVITIES		(506)	(545)	(623)	--	--	--	--	--	--	--
NET INCREASE/ (DECREASE) IN CASH HELD		211 252	(965 652)	(921 584)	78 464	5 739	5 739	5 739	414 391	182 360	185 264
Cash/cash equivalents at the year begin:	2	998 403	1 026 519	921 273	1 185 935	1 185 935	1 185 935	1 185 935	1 252 091	1 666 482	1 848 842
Cash/cash equivalents at the year end:	2	1 199 655	60 868	(310)	1 264 399	1 191 674	1 191 674	1 191 674	1 666 482	1 848 842	2 034 106

- 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 | Ithumela - Table A8 Cash backed reserves/accumulated surplus reconciliation

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	Pre-audit	Budget Year	Budget Year #1	Budget Year #2
R thousand											
Cash and investments available											
Cash/equivalents at the year end	1	1 199 655	60 868	(310)	1 264 399	1 191 674	1 191 674	1 191 674	1 666 482	1 848 842	2 034 106
Other current investments > 90 days		--	--	--	--	--	--	--	--	--	--
Non current investments	1	(0)	--	--	--	--	--	--	--	--	--
Cash and investments available:		1 199 655	60 868	(310)	1 264 399	1 191 674	1 191 674	1 191 674	1 666 482	1 848 842	2 034 106
Application of cash and investments											
Unspent conditional transfers		28 013	4 057	(0)	(0)	(0)	(0)	4 132	--	--	--
Unspent borrowing		--	--	--	--	--	--	--	--	--	--
Statutory requirements	2	(7 341)	445	11 511	(13 069)	(13 069)	(13 069)	(13 227)	67 547	73 667	75 034
Other working capital requirements	3	170 086	114 508	103 439	136 045	132 350	132 350	86 197	56 351	82 014	76 206
Other provisions		29 498	28 100	31 080	33 362	33 362	33 362	(31 080)	35 509	41 146	46 963
Long term investments committed	4	--	--	--	--	--	--	--	--	--	--
Reserves to be backed by cash/investments	5	--	--	--	--	--	--	--	--	--	--
Total Application of cash and investments:		219 735	147 111	146 030	156 338	152 643	152 643	46 022	159 407	196 626	198 202
Surplus/(shortfall) - Excluding Non-Current Creditors Trf to Debt Relief Benefits		979 900	(86 244)	(146 340)	1 108 061	1 039 032	1 039 032	1 145 652	1 507 075	1 652 016	1 835 904
Creditors transferred to Debt Relief - Non-Current portion		--	--	--	--	--	--	--	--	--	--
Surplus/(shortfall) - Including Non-Current Creditors Trf to Debt Relief Benefits		979 900	(86 244)	(146 340)	1 108 061	1 039 032	1 039 032	1 145 652	1 507 075	1 652 016	1 835 904

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

LIM343 | Hulumela - Table A9 Asset Management

Description	###	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
R thousand										
CAPITAL EXPENDITURE										
Total Capital Expenditure	4	207 234	300 104	49 080	184 337	183 815	183 815	272 255	311 150	300 840
Roads Infrastructure		123 464	187 591	32 313	118 712	145 212	145 212	179 284	191 242	248 450
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		6 902	23 484	-	1	3 000	3 000	1 300	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		1 025	1 240	39	24 001	4 001	4 001	19 461	16 000	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		131 381	212 315	32 351	142 714	152 213	152 213	200 045	207 242	248 450
Community Facilities		24 676	28 253	10 168	4 002	4 000	4 000	26 200	39 000	21 000
Sport and Recreation Facilities		9 419	9 570	2 089	15 000	8 500	8 500	6 700	10 500	5 000
Community Assets		34 098	37 823	12 257	19 002	12 500	12 500	32 900	49 500	28 000
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		12 541	19 286	2 157	-	-	-	9 300	9 600	12 500
Housing		-	-	-	-	-	-	-	-	-
Other Assets		12 541	19 286	2 157	-	-	-	9 300	9 600	12 500
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Sevillides		-	-	-	-	-	-	-	-	-
Licences and Rights		1 501	-	-	-	-	-	2 450	1 100	600
Intangible Assets		1 501	-	-	-	-	-	2 450	1 100	600
Computer Equipment		6 716	1 298	1 795	1 800	2 280	2 280	3 090	4 200	3 150
Furniture and Office Equipment		2 248	1 130	477	2 225	2 225	2 225	2 740	2 690	2 040
Machinery and Equipment		722	2 259	42	5 496	1 497	1 497	5 830	4 200	1 100
Transport Assets		18 019	25 993	-	13 100	13 100	13 100	15 900	32 619	7 000
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		207 234	300 104	49 080	184 337	183 815	183 815	272 255	311 150	300 840
ASSET REGISTER SUMMARY - PPE (NDV)	5	1 743 542	1 985 655	1 993 229	1 681 858	1 665 714	1 665 714	1 599 794	1 543 104	1 454 839
Roads Infrastructure		1 185 384	1 380 798	1 317 953	1 232 651	1 224 651	1 224 651	1 163 439	1 100 206	1 034 951
Storm water Infrastructure		-	357	4 014	0	(2 560)	(2 560)	(5 215)	(7 957)	(10 787)
Electrical Infrastructure		54 232	77 575	80 193	76 918	76 918	76 918	73 294	69 551	65 687
Water Supply Infrastructure		-	-	-	-	-	-	400	400	400
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		6 381	6 336	18 404	4 246	3 563	3 563	1 622	(383)	(2 452)
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		(0)	(0)	0	-	-	-	-	-	-
Information and Communication Infrastructure		0	0	0	0	0	0	750	950	1 150
Infrastructure		1 245 907	1 465 066	1 420 564	1 313 815	1 302 572	1 302 572	1 234 290	1 162 787	1 088 949
Community Assets		265 411	273 271	346 335	121 154	118 379	118 379	109 370	100 458	93 640
Heritage Assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other Assets		-	(237)	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		837	634	432	3 982	388	388	4 732	7 763	7 783
Computer Equipment		13 781	11 326	9 732	8 977	9 457	9 457	8 219	7 968	6 524
Furniture and Office Equipment		7 056	6 704	6 044	6 992	7 212	7 212	8 172	9 402	9 524
Machinery and Equipment		13 569	13 906	11 630	13 077	13 214	13 214	13 614	12 003	10 312
Transport Assets		74 836	92 931	82 096	92 195	92 825	92 825	100 132	121 892	117 686

Land		122 054	122 054	116 396	121 666	121 666	121 666	121 265	120 849	120 421
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	1 743 542	1 985 655	1 993 229	1 681 858	1 665 714	1 665 714	1 599 794	1 543 104	1 454 839
EXPENDITURE OTHER ITEMS		200 109	205 021	127 242	168 760	190 031	190 031	223 112	226 343	233 586
<i>Depreciation</i>	7	76 269	82 647	81 584	81 847	94 880	94 880	101 390	104 736	108 088
<i>Repairs and Maintenance by Asset Class</i>	3	123 841	122 375	45 658	86 913	95 152	95 152	121 722	121 607	125 499
<i>Roads Infrastructure</i>		99 386	93 736	19 345	42 748	52 748	52 748	68 700	70 967	73 238
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		12 346	11 355	8 703	13 357	10 357	10 357	12 000	8 264	8 528
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	-	4	104	104	104	109	113	116
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		95	-	15	104	150	150	156	161	166
<i>Infrastructure</i>		111 827	105 091	28 067	56 314	63 360	63 360	80 065	79 505	82 049
<i>Community Facilities</i>		-	37	30	66	66	66	168	174	179
<i>Sport and Recreation Facilities</i>		146	418	100	261	301	301	370	382	394
<i>Community Assets</i>		146	455	130	327	367	367	538	556	574
<i>Heritage Assets</i>		-	-	-	-	-	-	-	-	-
<i>Revenue Generating</i>		-	-	-	-	-	-	-	-	-
<i>Non-revenue Generating</i>		-	-	-	-	-	-	-	-	-
<i>Investment properties</i>		-	-	-	-	-	-	-	-	-
<i>Operational Buildings</i>		3 065	5 602	4 557	12 555	12 555	12 555	14 170	14 638	15 106
<i>Housing</i>		-	-	-	-	-	-	-	-	-
<i>Other Assets</i>		3 065	5 602	4 557	12 555	12 555	12 555	14 170	14 638	15 106
<i>Biological or Cultivated Assets</i>		-	-	-	-	-	-	-	-	-
<i>Sevitudes</i>		-	-	-	-	-	-	-	-	-
<i>Licences and Rights</i>		-	-	-	-	-	-	-	-	-
<i>Intangible Assets</i>		-	-	-	-	-	-	-	-	-
<i>Computer Equipment</i>		-	83	1 626	2 610	3 763	3 763	3 943	4 073	4 204
<i>Furniture and Office Equipment</i>		15	-	-	808	808	808	1 200	1 240	1 279
<i>Machinery and Equipment</i>		3 934	5 278	4 413	4 798	4 798	4 798	6 406	6 617	6 829
<i>Transport Assets</i>		4 853	5 865	6 866	9 500	9 500	9 500	14 500	14 978	15 458
<i>Land</i>		-	-	-	-	-	-	-	-	-
<i>Zoo's, Marine and Non-biological Animals</i>		-	-	-	-	-	-	-	-	-
<i>Mature</i>		-	-	-	-	-	-	-	-	-
<i>Immature</i>		-	-	-	-	-	-	-	-	-
<i>Living Resources</i>		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		200 109	205 021	127 242	168 760	190 031	190 031	223 112	226 343	233 586
<i>Renewal and upgrading of Existing Assets as % of total capex</i>		10.9%	9.3%	32.2%	2.5%	8.7%	8.7%	6.4%	21.8%	19.2%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>		29.6%	33.6%	19.4%	5.6%	16.8%	16.8%	17.3%	64.7%	53.5%
<i>R&M as a % of PPE & Investment Property</i>		7.1%	6.2%	2.3%	5.2%	5.7%	5.7%	7.6%	7.9%	8.7%
<i>Renewal and upgrading and R&M as a % of PPE and Investment Property</i>		8.4%	7.6%	3.1%	5.5%	6.7%	6.7%	8.7%	12.3%	12.7%

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 R17.5 million, R67,7 million and R57.8 million.

Table A10 Basic Service Delivery Measurement

LIMJAJ Thulamela - Table A10 Basic service delivery measurement

Description	###	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
Household service targets	1									
Refuse:										
Removed at least once a week		118 194	120 068	60 034	60 034	60 034	60 034	61 234	61 734	62 234
Minimum Service Level and Above sub-total		118 194	120 068	60 034	60 034	60 034	60 034	61 234	61 734	62 234
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		40 660	40 660	20 330	20 330	20 330	20 330	20 330	20 330	20 330
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		98 108	98 108	48 117	48 117	48 117	48 117	48 117	48 117	48 117
Below Minimum Service Level sub-total		142 448	142 448	70 287	70 287	70 287	70 287	70 287	70 287	70 287
Total number of households	5	260 642	262 516	130 321	130 321	130 321	130 321	131 521	132 021	132 521
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	4 095	4 095	1 287	1 287	1 287	6 229	8 000	10 000
Refuse (removed at least once a week)		1 944	1 572	1 811	1 639	1 639	1 639	1 556	1 626	1 667
Informal Settlements		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)										
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)										
Total cost of FBS provided	8	-	-	-	-	-	-	-	-	-
Highest level of free service provided per household										
Property rates (R value threshold)		-	-	-	-	-	-	-	-	-
Water (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (average litres per week)		-	-	-	-	-	-	-	-	-
Revenue cost of subsidised services provided (R'000)	9									
Property rates (arrm adjustment) (impermissable values per section 17 of MPRA)		-	-	-	-	-	-	-	-	-
Property rates exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA		(1 175)	(1 261)	(9 575)	(9 178)	(16 000)	(16 000)	(10 665)	(16 592)	(17 140)
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 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)	(1 831)	(3 536)	(3 653)
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsides	6	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
total revenue cost of subsidised services provided		(1 175)	(2 598)	(11 436)	(13 350)	(19 410)	(19 410)	(12 496)	(20 128)	(20 792)

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

PLANNING ACTIVITY	RESPONSIBLE PERSON	TIME SCHEDULE
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 Mscoa classification on the	Budget and IDP manager	December 2025 – January 2026

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 schedule format and upload	Council	31 March 2026

Mscosa data string on portal		
Submission of Draft budget (including data strings) to the national and provincial Treasury and other stakeholders	CFO	01 - 16 th April 2026
Budget and IDP public participation period in all wards	Communities	April 2026
Submission of monthly budget statements and Mscosa 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 mscosa data strings	CFO	15 May 2026
Approval final Draft Budget together with the budget related policies, draft SDBIP and upload Mscosa 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 th June 2026
Budget speech SDBIP	Mayor	June 2026
Submission of monthly budget statements and mscosa data strings	CFO	12 June 2026
Mscosa 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 mscosa 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 will be made available on municipality's website and hard copies will be available at various Tribal Council offices.

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

Community consultation process will take place during April 2026

After consideration of all budget submission the mayor will be given the opportunity to respond, if necessary, to revise the budget and table 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 March 2026 for their consideration, in line with section 23 of the MFMA. Budget inputs from the Provincial Treasury will be 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 Thulamela - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	MTDP Service Outcome	IUDF	#REF!	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework			
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29	
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			570 160	617 800	637 274	624 846	624 846	624 846	616 254	614 861	655 415	
Ensure compliance with policies, Act and regulations	100% compliance with the MFMA and the Municipal Budget and Reporting Regulation (MBRR) annually. To collect 40% of own revenue to ensure financial viability			141 667	201 222	223 053	245 842	325 908	325 908	487 900	599 398	575 485	
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			65 345	40 768	44 217	58 109	50 167	50 167	41 985	43 372	44 780	
Economic growth and development that lead to job creation	To halve unemployment and poverty a year before 2030			42 458	49 962	64 243	51 818	43 953	43 953	54 972	45 192	45 982	
Promote basic quality services and infrastructure	Building of new access roads and timeously maintaining of existing roads			139 816	158 333	165 274	160 330	158 853	158 853	145 594	152 497	135 349	
Promote basic quality services and infrastructure	To ensure everyone has access to electricity and eradicate informal settlement			-	-	-	-	-	-	12 000	17 021	13 810	
Allocations to other priorities				0									
Total Revenue (excluding capital transfers and contributions)				1	868 478	1 068 105	1 134 061	1 141 686	1 208 227	1 208 227	1 369 786	1 440 940	1 470 680

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

Strategic Objective	MTDP Service Outcome	IUDF	#REF!	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			171 496	157 592	178 399	148 485	138 892	138 892	110 673	115 321	120 145	
Ensure compliance with policies, Act and regulations	100% compliance with the MFMA and the Municipal Budget and Reporting Regulation (MBRR) annually. To collect 40% of own revenue to ensure financial viability			154 605	212 665	229 672	245 403	293 875	293 875	331 944	345 700	358 575	
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	168 401	167 973	175 323	
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	76 779	80 029	83 151	
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	325 288	338 383	351 815	
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	74 445	81 784	80 731	
Allocations to other priorities													
Total Expenditure				1	814 844	1 014 246	921 352	957 228	1 019 412	1 019 412	1 087 530	1 129 190	1 169 740

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

Strategic Objective	MTDP Service Outcome	IUDF	#REF!	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 (MBRR) 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	199 884	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	
Allocations to other priorities				3									
Total Capital Expenditure				1	310 312	328 584	190 045	184 337	183 815	183 815	272 255	311 150	300 840

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 Municipal 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 Measurable performance objectives

Description	Unit of measurement	2023/24	2023/24	2024/25	Current Year 2025/26			2025/27 Medium Term Revenue & Expenditure Framework		
		Approved Budget	Approved Budget	Approved Budget	Original Budget	Approved Budget	Final Year Forecast	Original Year forecast	Approved Year forecast	Original Year forecast
GOVERNANCE AND ADMIN										
Finance and admin										
Finance and circular	Monthly, quarterly, mid year	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Corporate accountability	ICBP 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%
Executive and Council	Number of EXCO and Public participation									
To ensure maximum participation by locals	Number of initiatives	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Special programmes										
disadvantaged groups	Number of meetings and	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Risk and Internal audit										
services support to the municipality	Quarterly risk management	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
COMMUNITY AND PUBLIC SAFETY										
Waste Management										
Refuse removal										
Provision of clean and healthy environment	No. of households having	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Landfill										
Provision of clean and healthy environment	Approval of designs	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%
Public safety										
Law enforcement										
To ensure traffic safety and law enforcement	Summons reports	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Licensing										
To render registration and licensing services	Licensing report	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%
ECONOMIC AND ENVIRONMENTAL SERVICES										
Planning and development										
Spatial planning										
land use control in order to promote sustainable	Number of sites demarcated	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Local economic development										
within the municipal area	EPWP job opportunities	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	Show, initiate and workshops	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	Number of exhibition & fairs	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
EDP										
by 2030, by promoting urban regeneration and	Approved credible EDP	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Roads										
Roads storm water										
services	No of streets and lots	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	No of km tarred	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sub-function 2 - (name)	Insert measure's description									
Sub-function 3 - (name)	Insert measure's description									
Add so on for the rest of the votes										

LIM343 Thulamela - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited	Audited	Original	Adjusted	Full Year	Pre-audit	Budget Year	Budget Year	Budget Year
Borrowing Management											
Credit Rating		100%	100%	100%	100%	100%	100%	100%			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating	0.4%	0.6%	0.7%	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%
Financed funding of own capital expenditure	Borrowing/Capital expenditure excl. transfers	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital											
Gearing											
Liquidity											
Current Ratio	Current assets/current liabilities	5.6	5.6	6.4	7.9	7.2	7.2	11.1	9.6	10.4	11.2
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current	5.6	5.6	6.4	7.9	7.2	7.2	11.1	9.6	10.4	11.2
Liquidity Ratio	Monetary Assets/Current Liabilities	4.1	3.9	4.7	6.0	5.5	5.5	8.2	9.2	10.1	10.9
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%	405.5%	169.6%	169.6%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		229.3%	0.0%	0.0%	96.2%	150.6%	150.6%	405.5%	169.6%	169.6%	173.7%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	35.4%	33.2%	31.6%	33.0%	28.1%	28.1%	48.3%	5.2%	5.0%	5.1%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors >										
Debtors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65e))	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Creditors to Cash and Investments		9.2%	188.1%	-3326.7%	8.8%	9.4%	9.4%	3.4%	8.6%	7.8%	7.1%
Other indicators											
	Total Volume Losses (kW) technical										
	Total Volume Losses (kW) 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 (M)										
	Total Cost of Losses (Rand '000)										
Water Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital	39.3%	38.3%	40.4%	38.9%	37.6%	37.6%	37.5%	34.3%	33.4%	33.9%
Remuneration	Total remuneration/(Total Revenue - capital	43.1%	42.1%	44.1%	42.6%	41.1%	41.1%	66.3%	37.5%	36.5%	37.0%
Repairs & Maintenance	R&M/(Total Revenue excluding capital	14.9%	13.7%	4.9%	8.6%	8.9%	8.9%	10.0%	9.9%	9.3%	9.2%
Finance charges & Depreciation	FCAD/(Total Revenue - capital revenue)	10.0%	9.9%	10.4%	8.9%	9.6%	9.6%	7.4%	8.9%	8.6%	8.5%
RP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating	1 520.6	1 434.2	8.4	10.5	11.2	11.2	6.5	11.4	11.8	12.2
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual	652.2%	606.6%	537.5%	388.6%	420.4%	420.4%	1109.3%	86.2%	85.8%	87.5%
iii. 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](#)

2.4.1 Property Rates policy

2.4.2 Budget policy

2.4.3 Virement policy

2.4.4 Tariff policy

2.4.5 Indigent policy

2.4.6 Credit control and debt collection policy

2.4.7 Banking and investment policy

2.4.8 Fixed assets policy

2.4.9 Inventory policy

2.4.10 Supply chain management Policy

2.4.11 Cost containment policy

2.4.12 Revenue enhancement strategy and implementation plan,

2.4.13 Funding and Reserve policy

2.4.14 Policy on Unauthorized, Fruitless, and Irregular expenditure

2.4.15 Service standards policy

2.4.16 Borrowing policy

2.4.17 Consultants' reduction policy

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 129 and 132.
- 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 3,7 growth rate was used on the tariffs and 4.7 % 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 3,7% tariff increase rate.

Expenditure

- Annual increase of 3,7% has been used in line with Circular 132. The overall salary expenses have increased by 4.7%.

- 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 4.7% pending upper limits gazette, while Salaries and Wages increased by 4.1% as per the Bargaining Council agreement and as illustrated in circular 132.

LIM343 Thulamela - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councilor remuneration		2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
R thousand		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
		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Allowances and Service Related Benefits										
Basic Salary		20 859	22 740	23 670	25 155	24 052	24 952	25 038	26 965	27 134
Cell phone Allowance		3 626	3 654	3 457	4 456	3 956	3 956	4 125	4 256	4 474
Housing Allowance		-	-	-	-	-	-	-	-	-
In-kind Benefits		-	-	-	-	-	-	-	-	-
Market Related Non-pensionable Allowance		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Office-bearer Allowance		-	-	-	-	-	-	-	-	-
Out of pocket Expenses		-	(0)	-	26	26	26	27	28	30
Traveling Allowance		4 000	4 409	4 490	5 221	5 501	5 501	5 011	5 425	5 565
Use of Personal Facilities		-	-	-	-	-	-	-	-	-
Total Allowances and Service Related Benefits		28 485	30 813	31 560	35 858	33 862	33 862	35 211	36 717	36 233
Social Contributions										
Medical Aid Benefits		194	208	215	358	371	371	386	402	419
Pension Fund Contributions		3 125	3 172	3 300	3 654	3 654	3 654	3 814	3 970	4 133
Total Social Contributions		3 319	3 380	3 515	4 012	4 025	4 025	4 200	4 372	4 552
INRA Councillors		31 787	34 193	35 075	39 870	37 887	37 887	39 411	41 089	40 785
% increase			7.5%	2.9%	13.9%	(3.9%)	-	4.1%	4.1%	4.1%
Senior Managers of the Municipality										
Salaries and Allowances										
Basic Salary		4 485	4 457	4 063	7 466	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	1 843	1 939	2 040
Voluntary Work		-	-	-	-	-	-	-	-	-
Total Allowance		1 042	849	875	1 774	1 774	1 774	1 858	1 954	2 056
Service Related Benefits										
Aiding		-	-	-	-	-	-	-	-	-
Bonus		-	-	-	-	-	-	-	-	-
Danger Allowance		-	-	-	-	-	-	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-
Fire Brigade		-	-	-	-	-	-	-	-	-
In-kind Benefits		-	-	-	-	-	-	-	-	-
Leave Pay		-	-	-	-	-	-	-	-	-
Lifeguard/Duty Squads		-	-	-	-	-	-	-	-	-
Long Service Award		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Standby Allowance		-	-	-	-	-	-	-	-	-
Tools Allowance		-	-	-	-	-	-	-	-	-
Uniform/Special/Protective Clothing		-	-	-	-	-	-	-	-	-
Leave gratuity		-	-	-	-	-	-	-	-	-
Long term Service Award		-	-	-	-	-	-	-	-	-
Total Service Related Benefits		-	-	-	-	-	-	-	-	-
Total Salaries and Allowances		5 527	5 357	5 133	9 282	8 923	8 923	10 075	10 599	11 150
Social Contributions										
Group Life Insurance		1	1	1	1	1	1	1	1	1
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	581	612
Post-retirement Benefit										
Medical		-	-	-	-	-	-	-	-	-
Other Benefits		-	-	-	-	-	-	-	-	-
Pension		-	-	-	-	-	-	-	-	-
Total Post-retirement Benefit		-	-	-	-	-	-	-	-	-
Costs Capitalised to PPE		-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality		5 734	5 496	5 247	10 288	9 451	9 451	10 628	11 181	11 762
% increase			(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	23 125	24 328	25 593
Allowance		-	-	-	-	-	-	-	-	-
Accommodation, Travel and Incidental		-	-	-	-	-	-	-	-	-
Cellular and Telephone		48	105	79	103	95	95	208	212	217
Housing Benefits		325	359	360	441	454	454	473	498	524
Non-pensionable		-	-	-	-	-	-	-	-	-
Travel or Motor Vehicle		20 871	23 287	25 299	27 098	28 511	28 511	29 803	31 353	32 863
Voluntary Work		-	-	-	-	-	-	-	-	-
Total Allowance		21 244	23 751	25 738	27 643	28 660	28 660	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 202562027 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



THULAMELA MUNICIPALITY

QUALITY CERTIFICATE

I, **SIGIDI K.T.**, the Acting Municipal Manager of Thulamela Municipality, hereby certify that the Draft Annual budget and supporting documentation for 2026/2027 have been prepared in accordance with the Municipal Finance Management Act (Act No 56 of 2003) and the regulations made under the Act, and that the budget and supporting documents are consistent with the Integrated Development Plan of the municipality.



K.T SIGIDI
Municipal Manager;
Thulamela Municipality
LIM 343

Date 31 March 2026