



**DRAFT BUDGET
OF
THULAMELA MUNICIPALITY
2025/2026-2027/2028
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.

TABLE OF CONTENT

No.	Description	Page no.
	Table of content	
	Abbreviations	4
1	PART 1- ANNUAL BUDGET	
1.1	The Mayor's report.	5-9
1.2	Resolution	10
1.3	Executive Summary	11-17
1.4	Annual Budget Tables	17- 32
2.	PART 2-SUPPORTING DOCUMENTATION	
2.1	Overview of annual budget process	32-36
2.2	Overview of alignment of annual budget with Integrated Development Plan	36-38
2.3	Measurable performance objectives and indicators	38-42
2.4	Overview of budget- related policies	42-43
2.5	Overview of budget assumptions	43-44
2.6	Overview of budget funding	44
2.7	Expenditure on allocations and grant programs	44
2.8	Allocation and grants made by municipality	44
2.9	Councilor allowances and employee benefits	45
2.10	Monthly targets for revenue, expenditure and cash flow	45-46
2.11	Annual budgets and services delivery and budget implementation plans – internal departments	46
2.12	Annual budget and Service Delivery Agreements-Municipal entities and other external mechanisms	46
2.13	Contracts having future budgetary implications	46
2.14	Capital Expenditure Details	47
2.15	Legislation compliance status	47-49
2.18	Municipal manager's quality certification	50

- ANNEXURE A – MTREF TABLE A1-A10
 - ANNEXURE A – MTREF TABLE SA1-SA37
 - ANNEXURE B – MUNICIPAL TARIFFS 2025/2026 FINANCIAL YEAR
 - ANNEXURE C – MUNICIPAL BUDGET RELATED POLICIES
 - ANNEXURE D – INTEGRATED DEVELOPMENTAL PLAN (IDP)
 - ANNEXURE E - SERVICE DELIVERY IMPLEMENTATION PLAN
 - ANNEXURE F - PROCUREMENT PLAN
- STRATEGIC RISK REGISTER (*note that: to be reviewed in April 2025 it will be included in the final budget after review by risk committee and Audit committee*)

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

PRESENTATION OF DRAFT ANNUAL BUDGET, TARIFFS, BUDGET RELATED POLICIES FOR 2025/2026 - 2027/2028 FINANCIAL YEARS, MFMA CIRCULAR 129, DRAFT MSCOA ROAD MAP AND DRAFT PROCUREMENT PLAN BY THE MAYOR OF THULAMELA MUNICIPALITY HER WORSHIP, CLLR AS RAMBUDA DURING THE SPECIAL COUNCIL SITTING HELD ON THE 28 MARCH 2025 AT COUNCIL CHAMBER.

Madam Speaker: Cllr Fhulufhelo Mutheiwana.

Honourable Acting Chief Whip: Cllr. Tshivhangwaho Makungo

Members of the Executive Committee: EXCO

Chairperson of MPAC: Cllr. Malindi O.T and Section 79 chairpersons

All Councillors present here today

Ward Committee Members

Municipal Manager Mr. Masala Makumule

All Senior Managers, Middle Managers and our Officials

Our Traditional Leaders

Fellow Thulamela community

All protocol observed

Members of the Media

Ladies and Gentlemen

Ndi Matsheloni

Avuxeni

Good Morning

Madam speaker, we are meeting this morning as a Council to present the Draft Annual Budget tariffs, budget related policies Speech for 2025/2026 – 2027/2028 Financial years as expected by the legislation.

Exactly 11 months ago, the people of South Africa went to the polls to decide the future of our country.

Ahead of the elections they expressed their concerns and their hopes, their wishes and their expectations.

Through their votes, they determined that the leaders of our country should set aside their political differences and come together as one to overcome the severe challenges that confront our communities.

Madam Speaker the President of the Republic of South Africa His Excellency Cyril Matamela Ramaphosa has given us marching orders on the 06th of February 2025 such as: job creation, provision of sustainable service delivery to mention just a few.

It is my obligation as the Mayor of Thulamela Municipality to submit the Draft Annual Budget for the current financial years of 2025/2026-2027/2028 in accordance with Section 28(4) of Municipal Finance Management Act.

Madam Speaker

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.

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

Honourable Speaker, I am deeply honoured to present to you the Draft Annual budget, tariffs, budget related policies for 2025/2026 -2027/2028 financial years.

Madam speaker

The projected income for 2025/2026 financial year is R 1, 139 billion while the previous year was R 1,111 million. Revenue has increased by R28,3 million as detailed below:

Segment Desc	Adjustment	2025/2026 new budget proposals	2026/2027 new budget proposals	2028 Draft Budget
INSURANCE RECOVERIES FROM EMPLOYEES	- 1 500 000	- 1 566 000	- 1 636 470	- 1 677 382
REFUND FOR INSURANCE New	- 100 000	- 104 400	- 109 098	- 111 825
BURIAL FEE 053001004 New	- 350 000	- 365 400	- 381 843	- 391 389
ESCORT(FUNERALS FUNWALK/MARATHON WEDDING PAS	- 60 000	- 62 640	- 65 459	- 67 095
CONSOLIDATION FEE 0571001154 New	- 5 000	- 5 220	- 5 455	- 5 591
RURAL LAND SALES 0571001015 New	- 2 300 000	- 3 000 000	- 3 135 000	- 3 213 375
BUILDING PLANS APPROVAL 0571001031 New	- 600 000	- 626 400	- 654 588	- 670 953
FINES ILLEGAL USE OF LAND 0571001037	- 9 000	- 9 396	- 9 819	- 10 064
UNDEVELOPMENT SITE NEW	- 10 000	- 10 440	- 10 910	- 11 183
INTEREST ON RENTAL OF PROPERTY	- 150 000	- 156 600	- 163 647	- 167 738
BUSINESS OFFICE AND MARKET STALLS RENTAL	- 500 000	- 522 000	- 545 490	- 559 127
BUSINESS ANNUAL RENEWAL FEE	- 100 000	- 104 400	- 109 098	- 111 825
BUSINESS APPLICATION FEE NEW	- 110 000	- 114 840	- 120 008	- 123 008
BUSINESS REGISTRATION FEE NEW	- 150 000	- 156 600	- 163 647	- 167 738
Commission: Transaction Handling Fees New	- 10 000	- 10 440	- 10 910	- 11 183
INTEREST RECEIVED 035 1001026	- 83 404 400	- 92 000 000	- 96 140 000	- 98 543 500
SUNDRY / OTHER REVENUE 035 1001059 new	- 150 000	- 156 600	- 163 647	- 167 738
STAFF AND COUNCILLOFS RECOVERIES	- 15 000	- 15 660	- 16 365	- 16 774
CLEARANCE CERTIFICATE 0351001006 New	- 70 000	- 73 080	- 76 369	- 78 278
INTEREST ON PROPERTY RATES	- 24 300 000	- 25 369 200	- 26 510 814	- 27 173 584
ASSESSMENT RATES AGRICU 0351001007	- 42 000	- 43 848	- 45 821	- 46 967
ASSESSMENT RATES BUSINESS 0351001002	- 27 000 000	- 30 000 000	- 31 350 000	- 32 133 750
ASSESSMENT RATES INDUSTRIAL 035	- 6 600	- 6 890	- 7 200	- 7 380
REVENUE FOREGONE CHURCH RATES	- 1 400 000	- 1 461 600	- 1 527 372	- 1 565 556
ASSESSMENT RATES GOVERNMENT 0351001009	- 40 000 000	- 43 000 000	- 44 935 000	- 46 058 375
REVENUE FOREGONE PROPERTY RATES	- 7 400 000	- 7 725 600	- 8 073 252	- 8 275 083
ASSESSMENT RESIDENTIAL 0351001003	- 55 000 000	- 60 000 000	- 62 700 000	- 64 267 500
FINANCE MANAGMENT GRANT(FMG) 0351001053	- 1 800 000	- 1 900 000	- 2 000 000	- 2 100 000
Buildings ENEGRY EFFICIENCY GRANT 0551001090	- 4 000 000	- 4 000 000	- 5 000 000	-
SKILLS DEVELOPMENT FUND 0031001081 SETA REFUND N	- 1 000 000	- 1 044 000	- 1 090 980	- 1 118 255
LG SETA DISCRETIONERY GRANT	-	- 800 000	-	-
TELEPHONE RECOVERIES FROM EMPLOYEES	- 20 000	- 20 880	- 21 820	- 22 365
HAWKERS FINES ENVIROMENTAL HEALTH NEW	- 100 000	- 104 400	- 109 098	- 111 825
LICENCE FEES ENVIROMENTAL HEALTH NEW	- 8 000	- 8 352	- 8 728	- 8 946
POUND FEE ENVIROMENTAL HEALTH	- 55 000	- 57 420	- 60 004	- 61 504
SPAZA/HAWKERS LICENCE ENVIROMENTAL HEALTH	- 500 000	- 522 000	- 545 490	- 559 127
INEP GRANT 0091001087 NEW	- 14 617 000	- 6 681 000	- 12 458 000	- 13 021 000
Governance EQUITABLE SHARE 091001018	- 622 657 000	- 624 846 000	- 624 329 000	- 652 565 000
BREAKDOWN FEE NEW	- 3 000	- 3 132	- 3 273	- 3 355
National Government: Neighbourhood development Partner	- 16 425 000	- 2 100 000	- 5 500 000	- 10 600 000
Infrastructure Skills Development Grant Revenue 002	- 5 500 000	- 4 800 000	- 5 000 000	- 5 500 000
RENTAL OF FIBRE CONNECTION	- 100	- 104	- 109	- 112
MISCELLANEOUS FEES 057001377 New	- 30	- 31	- 33	- 34
DEPT OF ROAD VEHICLE REGISTRATION NEW	- 11 500 000	- 13 000 000	- 13 585 000	- 13 924 625
Traffic Fines 011001016	- 4 300 000	- 4 489 200	- 4 691 214	- 4 808 494
National Government: Municipal Infrastructure Grant (Sche	- 111 347 000	- 132 751 000	- 128 236 000	- 134 407 000
National Governments: Expanded Public Works Programme	- 3 683 000	- 3 802 000	-	-
MIG- Operational Grant	- 5 800 000	- 6 000 000	- 6 500 000	- 6 700 000
APPLICATION FEE FOR WAY LEAVE BY-LAW	- 60 000	- 62 640	- 65 459	- 67 095
Receivables: Service Charges	- 12 000 000	- 12 528 000	- 13 091 760	- 13 419 054
REFUSE RESIDENTIAL 0411001014	- 19 326 806	- 20 177 185	- 21 085 158	- 21 612 287
DUMPING SITE	- 600 000	- 626 400	- 654 588	- 670 953
REFUSE BUSINESS 0411001175	- 12 500 000	- 13 050 000	- 13 637 250	- 13 978 181
REVENUE FOREGONE REFUSE NEW	- 4 000 000	- 4 176 000	- 4 363 920	- 4 473 018
FINES ILLEGAL DUMPING SPOT	- 50	- 52	- 55	- 56
TRADING OF ANIMALS 041001127 New	- 8 000	- 8 352	- 8 728	- 8 946
SALE OF EMPTY CONTAINERS	- 8 000	- 8 352	- 8 728	- 8 946
Waste management :Refuse bin	- 1 000	- 1 044	- 1 091	- 1 118
CONDEMNATION AND CONTAINERS	- 16 400	- 17 122	- 17 892	- 18 339
RENTAL COUNCIL PROPERTY 0531001034	- 2 000 000	- 2 088 000	- 2 181 960	- 2 236 509
TENDER DOCUMENTS New	- 55 000	- 57 420	- 60 004	- 61 504
SPECIAL / WRITTEN CONSENTS New	- 250 000	- 261 000	- 272 745	- 279 564
APPLICATION OF DEED GRANT 0571001220 New	- 200 000	- 208 800	- 218 196	- 223 651
BILLBOARDS ADVERTISEMENT	- 1 100 000	- 1 148 400	- 1 200 078	- 1 230 080
PROPERTY SITE IDENTIFICATION 0571001038 New	- 360 000	- 375 840	- 392 753	- 402 572
PROPERTY TRANSFER FEES 0571001041 New	- 700 000	- 730 800	- 763 686	- 782 778
OTHER TARRIFFS SPATIAL PLANNING New	- 180 000	- 187 920	- 196 376	- 201 286
Request for Information: Plan Printing and Duplicates New	- 290 000	- 302 760	- 316 384	- 324 294
ADVERTISING New	- 60 000	- 62 640	- 65 459	- 67 095
APPLICATION OF SUBDIVISION 0571001216 NEW	- 83 920	- 87 612	- 91 555	- 93 844
PROPERTY REZONING 0571001326 New	- 100 000	- 104 400	- 109 098	- 111 825
SELLING OF SITES 0571001036 New	- 35 000 000	- 36 540 000	- 38 184 300	- 39 138 908
Penalty fee Fines: Building	- 40 000	- 41 760	- 43 639	- 44 730
	- 1 111 396 306	- 1 139 722 873	- 1 156 907 803	- 1 201 974 923

Detailed analysis of the grant is as follows:

GRANTS		2025/2026 new budget proposals	Difference	2026/2027 new budget proposals	2028 Draft Budget
FINANCEMANAGEMENT GRANT(FMG)	- 1 800 000	- 1 900 000	- 100 000	- 2 000 000	- 2 100 000
ENERGY EFFICIENCY GRANT	- 4 000 000	- 4 000 000	-	- 5 000 000	-
INEP GRANT 0091001087 NEW	- 14 617 000	- 6 681 000	7 936 000	- 12 458 000	- 13 021 000
EQUITABLE SHARE	- 622 657 000	- 624 846 000	- 2 189 000	- 624 329 000	- 652 565 000
Neighbourhood development Partners Gra	- 16 425 000	- 2 100 000	14 325 000	- 5 500 000	- 10 600 000
Infrastructure Skills Development Grant (IS	- 5 500 000	- 4 800 000	700 000	- 5 000 000	- 5 500 000
Municipal Infrastructure Grant (MIG)	- 111 347 000	- 132 751 000	- 21 404 000	- 128 236 000	- 134 407 000
LGSETA DISCRETIONERY GRANT	-	- 800 000	- 800 000	-	-
MIG- Operational Grant	- 5 800 000	- 6 000 000	- 200 000	- 6 500 000	- 6 700 000
Expanded Public Works Programme (EPWP)	- 3 683 000	- 3 802 000	- 119 000	-	-
	- 785 829 000	- 787 680 000	- 1 851 000	- 789 023 000	- 824 893 000

Madam speaker

Tariff has generally increased by 4.4% as per MFMA Circular No: 129 except in cases where cost benefit analysis has been applied.

Circulars 129 has been used to effect an increase of 4.4% rate on the tariffs for 2025/2026 financial year however some tariffs are based on cost recovery.

EXPENDITURE BUDGET				
	2024/2026 Adjustment	2025/2026 new budget proposals	2026/2027 new budget proposals	2027/2028 TABB BUDGET
SALARIES, WAGES & ALLOWANCES	379 611 507	395 662 849	402 740 963	412 708 517
REMUNERATION OF COUNCILLRS	37 961 129	39 916 127	41 512 772	42 550 592
GENERAL EXPENDITURE	282 182 948	281 181 640	280 165 683	282 948 295
REPAIRS AND MAINTANCE	52 292 403	69 384 820	70 939 637	72 713 128
PROVISION	85 897 422	90 467 580	103 351 797	117 458 165
DEPRECIATION AND IMPAIRMENT	83 406 329	88 787 111	92 870 353	95 192 112
TOTAL EXPENDITURE	921 351 738	965 400 128	991 581 205	1 023 570 809

Madam Speaker

Salaries and Wages increased by 5.1% as per MFMA circular 129.

The remuneration for Councilors has increased by 5,1%, while awaiting the Upper Limits Gazette.

Honourable Speaker, Provision for Doubtful Debt has increased by R4,5 million.

This is caused by revenue collection.

Depreciation is the requirement of GRAP presentation in respect of assets. It has been provided for R88,7 million in 2025/2026 financial year.

General expenditure has increased by R21 million due to the following major items in specific departments:

MUNICIPAL MANAGER	27 187 811	32 206 210	5 018 400	Business and advisory, licence agency fees and security services
FINANCE	19 053 879	22 096 437	3 042 558	Business and advisory services
COMMUNITY SERVICES	20 405 635	24 326 435	3 920 800	Dumping fees, Bins, removing vehicles additional tools, dumping sinage, cleaning materials and cost provisions
TECHNICAL SERVICES	85 054 651	94 086 964	14 649 313	Repairs and maintenance 34 million, electricity 1 million, technical assistance and the rest is inflation
PLANNING AND DEVELOPMENT	17 977 790	24 698 051	6 720 261	SDF, Land use and cost of sales of sites

The capital budget for 2025/2026 financial year has decreased by R45,1 million compared to what was budgeted for in 2024/2025 financial year.

Total capital budget will be funded as follows:

Source of Fund	Draft 2025/2026	Draft 2026/2027	Draft 2027/2028
MUNICIPAL Infrastructure Grant	132 776 000	128 456 000	137 735 000
Neighborhood Development Grant	2 100 000	0	0
Own funding	39 261 128	36 870 598	40 669 114
TOTAL	174 137 128	165 326 598	178 404 114

Madam speaker, the application of sound financial management principle is very essential in ensuring that the municipality remains viable and sustainable as we provide better services to the communities of Thulamela local Municipality.

Madam speaker, we also need to pay attention to revenue collection, collection of traffic fines as well as collection of rates and taxes.

We also need to ensure that our indigent register is up to date so that those who can afford to pay for municipal services can do so

In conclusion madam speaker, I therefore table the annual draft budget, draft budget related policies, draft municipal tariffs, for final adoption by council.

Ndi a livhuwa
Thank you.

1.2 Resolution



Private Bag A2066
Tlohoayandon
0952
Limpopo Province
Tel: 015 962 7500
Fax: 015 962 4020


EXTRACT RESOLUTION OF THULAMELA
MUNICIPALITY SPECIAL COUNCIL MEETING NO.
02/2025 HELD ON THE 28TH OF MARCH 2025.

RESOLUTION NO. SC 06/03/2025

SUBMISSION OF SECTION 71 REPORT (FEBRUARY
2025).

Council resolved:

- a) To note the section 71 report for February 2025.


.....
CHAIRPERSON OF COUNCIL
28 MARCH 2025

T
H
U
L
A
M
E
L
A

M
U
N
I
C
I
P
A
L

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 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.

South Africa has experienced over a decade of weak economic growth, GDP has averaged only 0.8 per cent annually since 2012, entrenching high levels of unemployment and poverty. To turn the tide and raise economic growth sustainably, the government is prioritizing energy and logistics reforms, along with measures to arrest the decline in state capacity. Successful efforts to improve the fiscal position, complete structural reforms and bolster the capacity of the state will, in combination, reduce borrowing costs, raise confidence, increase investment and employment, and accelerate economic growth.

The National Treasury estimates real economic growth of 0.6 per cent in 2023. This is a decrease from growth of 0.8 per cent projected in the 2023 MTBPS due to weaker than expected outcomes in the third quarter of 2023, resulting in downward revisions to household spending growth and spending on gross fixed investment. GDP growth is projected to average 1.4 per cent from 2026 to 2028 as the frequency of power cuts declines, lower inflation supports household consumption, and employment and credit extensions recover gradually. New energy projects will improve fixed investments and business sentiment.

The Annual draft budget for 2025/2026 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, 126 and 129 (*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 2024. On the 28 March 2025, the draft Integrated Development Plan, draft Budget, draft Organizational structure, and draft tariff structure were tabled to the council. Public Participation will be conducted during April 2025 in all forty wards.

The main challenges experienced during the compilation of the 2025/2026 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 2025/2026 Budget and Medium-Term Revenue and Expenditure Framework:

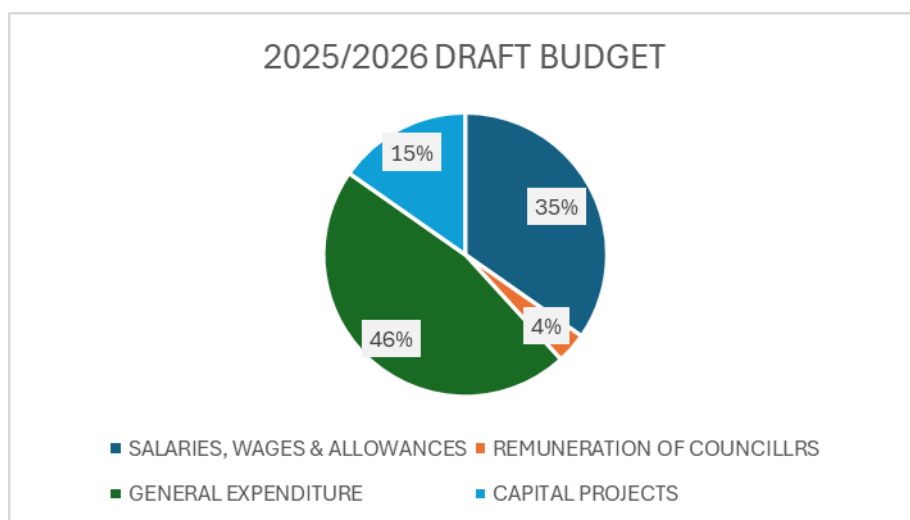
- Section 18 (1) of Municipal Finance Management Act
- The adjustment Budget for 2024/25 Budget year.
- Budget allocated by national and provincial funding through the Division of Revenue Act (DORA).
- Zero rated budgeting was used on capital budget.
- Tariff and property rate increases are affordable 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 126 and 129 (*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 budget for 2025/2026 financial year.



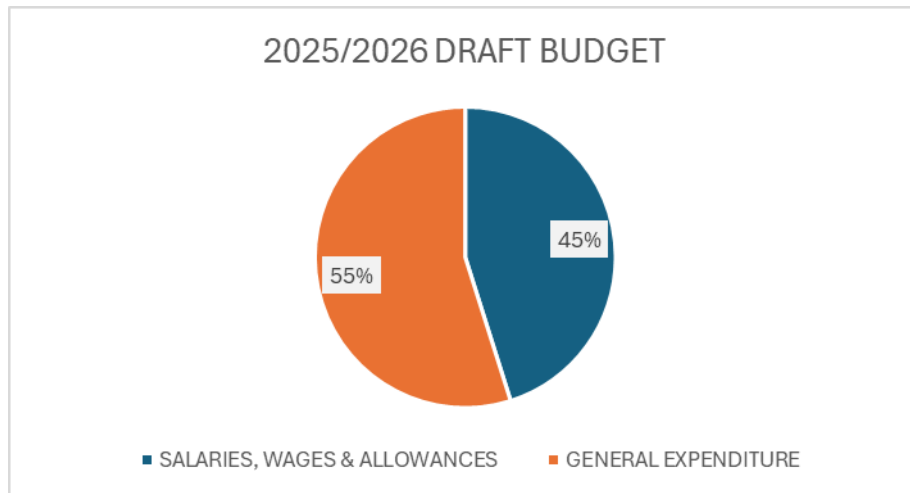
Municipal Tariffs have generally increased by 4.4%.

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 (35%), while capital expenditure is 15% of the total budget.

General expenditure includes R6,6 million 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 R417,5 million and it has increased to R 435,5 million for 2025/2026 financial year. Salaries and Wages increased by 5,15% as per the signed

collective agreement with the Bargaining Council. The remuneration for councilors has increased by 5,15% while we are waiting for the release of the upper limit Gazette. The salary norm is 45%, which is above the accepted norm of 25-40% as per Treasury circular.



From the diagram above, a large 55% operational expenditure will be spent on general expenditure while 45% will be spent on salaries (including remuneration of Councilors).

Revenue has been growing; this is mainly because of Grants that are increasing every year. The municipality is depending on grants to conduct most of its operations. The municipality will ensure the proper implementation of the Revenue Enhancement Strategy to boost revenue collections.

Total expenditure has been increasing in line with circulars provided by Treasury every time. The decrease in revenue has encouraged us to 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 Revenue enhancement implementation plan, which will also be an annexure to the budget.

Capital expenditure is decreasing. This is caused by the low revenue base and poor collections. But for this coming year 2025/26, our capital budget has decreased by R25,9 million because of some project that has to be put on hold to avoid the utilization of cash reserves as it will result in approving a deficit budget.

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

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Sale of goods	17	9 172 414	5 309 554
Service charges	18	28 022 435	27 517 489
Rendering of services	19	2 943 590	2 825 909
Rental of facilities and equipment	20	2 854 645	2 592 664
Interest on receivables from exchange transactions	21	11 156 055	10 300 653
Agency services	22	10 783 704	10 464 321
Licences and permits	23	726 645	784 773
Commissions received	24	12 821	14 919
Other income	25	3 648 649	5 665 640
Interest received - investment	26	83 815 978	61 239 715
Actuarial gains		-	1 784 174
Total revenue from exchange transactions		153 336 936	128 499 811
Revenue from non-exchange transactions			
Property rates	27	96 773 042	94 454 843
Skills development levy fund	28	1 247 757	661 223
Interest on receivables from non-exchange receivables	29	18 523 795	16 497 571
Government grants & subsidies	30	788 745 076	716 844 571
Public contributions and donations	31	-	26 800
Fines, Penalties and Forfeits	32	2 054 230	7 113 905
Total revenue from non-exchange transactions		907 343 900	835 598 913
Total revenue		1 060 680 836	964 098 724
Expenditure			
Employee related costs	33	(344 854 705)	(325 609 318)
Remuneration of councillors	34	(33 514 658)	(31 787 005)
Depreciation and amortisation	35	(82 249 858)	(76 268 614)
Impairment loss/Reversal of impairments	36	(671 231)	(3 881 535)
Finance costs	37	(3 065 262)	(3 140 804)
Lease rentals on operating lease	38	(4 596 531)	(4 447 659)
Debt Impairment	39	(81 300 341)	(91 188 890)
Attributable Construction contract costs - INEP	40	(24 491 398)	(19 292 711)
Contracted services	41	(205 934 522)	(210 374 965)
Transfers and Subsidies	42	(1 696 803)	(2 766 278)
Loss on disposal of assets and liabilities	4	(3 083 299)	(7 788 528)
Actuarial losses	11	(230 018)	-
Inventories losses/write-downs		(636 908)	-
General Expenses	43	(113 086 465)	(93 440 195)
Total expenditure		(899 411 999)	(869 986 502)
Surplus for the year		161 268 837	94 112 222

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

1. job creation.
2. Local Economic Development
3. basic delivery service (access to water, sanitation, electricity, refuse removal and municipal roads)

4. financial management (clean audit, revenue enhancement, asset management etc.)
5. public participation

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.

Furthermore, the National Treasury through circular 126 prohibits municipalities from approving a deficit budget. As a result, we are not able to utilize the cash reserves to increase our capital. They also give a minimal allocation of R2,1million in respect of Neighborhood Partnership Development Grant which is solely utilized to implement capital projects. The Grant has decreased from R16,4 million to R2,1 million resulting in a net decrease of R14,3 million.

In the year 2025/2026, the following multi-year projects will be continued: UIF shell garage (MIG), Maniini K to L street (own and MIG), De Paradise to old KFC access road (Neighborhood and own), Makhuvha ring road (MIG), Mapate access road (MIG), Lwamondo to Thavhani road (MIG), Upgrading of internal streets in Shayandima (own fund) *etc. amongst others* coupled with other projects like construction of culverts *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.

The projected income for 2025/2026 financial year is R 1 139, 7 million while the previous year was R 1 111,3 million. Revenue has increased by R28,3 million due to the following reasons (*inter alia*):

- Service charges.
- Property rates
- Interest received from investments.
- Equitable share grant
- Municipal Infrastructure Grant
- Sales of goods and rendering of services

The Capital Budget for 2025/2026 financial year is 15% of total budget.

- The capital budget was R190,0 million in 2024/2025 financial year adjustment budget and has now decreased to R 174,1 million in 2025/2026. The decrease

in capital in the coming 2025/26 MTREF is caused by a decrease of R14,3 million in Neighborhood Development Grant and re-prioritization of own funded projects that have been removed to ensure compliance with circular 126 which prohibit municipalities to adopt and approve deficit budget. As a result, cash reserves cannot be utilized to fund capital.

- Nevertheless, poverty is still the highest challenge in our municipality.

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 2025/2026 Budget.

Table A1 –Budget Summary

LJM343 Thulamela - Table A1 Budget Summary

Description	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousands										
Financial Performance										
Property rates	90 948	94 455	96 773	108 499	113 249	113 249	113 249	123 864	129 437	132 673
Service charges	26 980	28 461	28 998	36 699	28 452	28 452	28 452	29 704	31 041	31 817
Investment revenue	27 666	60 538	83 816	90 000	83 404	83 404	83 404	92 000	96 140	98 543
Transfer and subsidies - Operational	520 083	577 528	628 644	659 557	658 057	658 057	658 057	652 829	655 287	680 686
Other own revenue	70 330	62 836	60 251	114 180	100 462	100 462	100 462	106 475	111 267	113 248
Total Revenue (excluding capital transfers and contributions)	736 007	823 818	898 482	1 008 934	983 624	983 624	983 624	1 004 872	1 023 172	1 056 968
Employee costs	296 658	317 649	339 001	374 256	379 612	379 612	379 612	395 663	402 741	412 709
Remuneration of councillors	30 253	31 787	33 808	37 961	37 961	37 961	37 961	39 916	41 513	42 551
Depreciation and amortisation	52 202	66 122	69 811	78 972	87 324	87 324	87 324	88 970	92 870	95 192
Interest	-	-	0	2 316	3 008	3 008	3 008	3 140	3 282	3 364
Inventory consumed and bulk purchases	12 071	14 644	17 859	21 490	21 086	21 086	21 086	24 282	23 285	23 867
Transfers and subsidies	5 647	2 766	1 697	2 205	2 205	2 205	2 205	2 302	2 405	2 485
Other expenditure	441 994	285 809	408 032	400 184	390 157	390 157	390 157	411 127	425 485	443 423
Total Expenditure	838 825	718 777	870 209	917 384	921 352	921 352	921 352	965 400	991 581	1 023 571
Surplus(Deficit)	(102 818)	105 041	28 273	91 550	62 273	62 273	62 273	39 472	31 591	33 397
Transfers and subsidies - capital (monetary allocations)	80 805	107 179	139 145	127 772	127 772	127 772	94 694	134 851	133 736	145 007
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-	-	-	-
Surplus(Deficit) after capital transfers & contributions	(22 013)	212 220	167 418	219 322	190 045	190 045	156 966	174 323	165 327	178 404
Share of Surplus(Deficit) attributable to Associate	-	-	-	-	-	-	-	-	-	-
Surplus(Deficit) for the year	(22 013)	212 220	167 418	219 322	190 045	190 045	156 966	174 323	165 327	178 404
Capital expenditure & funds sources										
Capital expenditure	167 622	195 010	281 766	219 322	190 045	190 045	88 020	174 137	165 327	178 404
Transfers recognised - capital	101 433	109 462	136 605	128 172	128 052	128 052	64 392	134 976	128 606	137 885
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	66 189	85 548	145 161	91 150	61 993	61 993	23 628	39 161	35 221	39 519
Total sources of capital funds	167 622	195 010	281 766	219 322	190 045	190 045	88 020	174 137	163 827	177 404
Financial position										
Total current assets	887 765	1 175 234	1 003 903	1 148 093	1 127 881	1 127 881	1 309 141	1 263 112	1 405 456	1 552 567
Total non current assets	1 748 542	1 852 466	2 275 619	1 858 226	2 370 500	2 370 500	2 309 078	2 453 602	2 520 921	2 598 868
Total current liabilities	185 500	167 291	146 016	165 009	185 131	185 131	98 960	229 141	273 478	320 131
Total non current liabilities	45 663	47 188	40 463	47 188	43 915	43 915	43 915	43 915	43 915	43 915
Community wealth/Equity	2 405 126	2 813 221	3 093 043	2 794 122	3 269 336	3 269 336	3 318 828	3 443 658	3 608 985	3 787 389
Cash flows										
Net cash from (used) operating	388 900	496 764	268 203	264 166	237 314	237 314	237 314	388 971	394 591	426 731
Net cash from (used) investing	(153 456)	(284 632)	(307 071)	(219 322)	(190 045)	(190 045)	(190 045)	(174 137)	(165 327)	(178 404)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	1 126 736	1 200 535	987 652	1 033 247	968 543	968 543	968 543	1 183 377	1 412 641	1 660 968
Cash backing/surplus reconciliation										
Non current Investments	55 689	60 281	25 014	4 013	4 057	4 057	813	4 057	4 057	4 057
Statutory requirements	798 319	859 122	796 203	869 997	810 687	810 687	1 225 615	1 016 616	1 238 424	1 477 300
Balance - surplus (shortfall)	(742 629)	(798 841)	(771 190)	(865 984)	(806 630)	(806 630)	(1 224 803)	(1 012 558)	(1 234 367)	(1 473 243)
Asset management										
Asset register summary (WDV)	1 182 052	1 378 957	1 765 868	1 373 530	1 990 313	1 990 313	1 990 313	1 940 812	1 866 033	1 797 096
Depreciation	52 202	66 122	69 811	70 786	83 406	83 406	83 406	84 880	88 787	91 007
Renewal and Upgrading of Existing Assets	11 482	21 138	27 700	33 495	16 940	16 940	16 940	10 600	25 783	55 469
Repairs and Maintenance	29 369	125 911	124 803	62 197	56 592	56 592	56 592	90 315	95 200	92 455
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	1 200	1 175	2 598	4 079	12 800	12 800	12 800	13 363	13 965	14 314
Households below minimum service level										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	142	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 R123, 8 million. This is caused by the continuous implementation of supplementary valuation roll which is done as and when there are new properties developed or improvement of properties.

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

LIM343 Thulamela - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)											
Functional Classification Description		###	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28	
Revenue - Functional											
<i>Governance and administration</i>											
Executive and council		654 551	748 910	822 590	861 689	862 947	862 947	878 508	894 061	930 142	
Finance and administration		516 364	570 946	617 787	637 274	637 274	637 274	631 527	636 787	665 586	
Internal audit		138 187	177 964	204 803	224 415	225 673	225 673	246 981	257 274	264 556	
		-	-	-	-	-	-	-	-	-	
<i>Community and public safety</i>											
Community and social services		2 184	2 604	2 271	6 946	7 076	7 076	7 211	8 356	3 440	
Sport and recreation		432	329	350	420	350	350	365	382	391	
Public safety		1 367	1 594	1 146	1 469	2 000	2 000	2 088	2 182	2 237	
Housing		376	678	775	1 058	726	726	758	792	812	
Health		9	2	-	4 000	4 000	4 000	4 000	5 000	-	
		-	-	-	-	-	-	-	-	-	
<i>Economic and environmental services</i>											
Planning and development		113 716	140 857	172 734	218 266	200 913	200 913	211 763	210 350	223 949	
Road transport		23 393	17 535	18 710	79 956	64 223	64 223	51 658	57 272	64 041	
Environmental protection		90 322	123 322	154 024	138 310	136 690	136 690	160 105	153 078	159 907	
		-	-	-	-	-	-	-	-	-	
<i>Trading services</i>											
Energy sources		46 361	38 627	40 032	49 805	40 460	40 460	42 241	44 141	44 445	
Water management		-	-	-	-	-	-	-	-	-	
Waste water management		-	-	-	-	-	-	-	-	-	
Waste management		-	-	-	-	-	-	-	-	-	
		46 361	38 627	40 032	49 805	40 460	40 460	42 241	44 141	44 445	
<i>Other</i>	4	-	-	-	-	-	-	-	-	-	
Total Revenue - Functional	2	816 811	930 997	1 037 627	1 136 706	1 111 396	1 111 396	1 139 723	1 156 908	1 201 975	
Expenditure - Functional											
<i>Governance and administration</i>											
Executive and council		439 834	245 098	317 205	386 102	391 601	391 601	402 031	409 436	428 340	
Finance and administration		305 841	80 090	122 070	150 866	140 918	140 918	153 782	164 564	175 990	
Internal audit		133 640	164 622	194 292	231 669	249 492	249 492	243 864	240 288	247 653	
		353	386	843	3 567	1 191	1 191	4 386	4 583	4 698	
<i>Community and public safety</i>											
Community and social services		77 288	96 501	106 051	109 896	99 899	99 899	103 403	111 736	110 456	
Sport and recreation		1 517	1 856	2 570	3 385	3 385	3 385	3 542	3 702	3 794	
Public safety		19 077	22 887	26 310	27 667	26 958	26 958	28 370	29 736	30 479	
Housing		639	1 018	714	1 705	1 480	1 480	1 539	1 696	1 738	
Health		56 055	70 740	76 458	77 139	68 076	68 076	69 952	76 603	74 445	
		-	-	-	-	-	-	-	-	-	
<i>Economic and environmental services</i>											
Planning and development		219 468	330 116	348 777	304 423	309 480	309 480	340 423	355 314	359 776	
Road transport		46 185	47 408	58 606	65 488	67 278	67 278	73 268	73 024	76 527	
Environmental protection		173 283	282 708	290 171	238 934	242 202	242 202	267 154	282 290	283 249	
		-	-	-	-	-	-	-	-	-	
<i>Trading services</i>											
Energy sources		102 235	47 062	98 176	116 963	120 372	120 372	119 543	115 095	124 999	
Water management		-	-	-	-	-	-	-	-	-	
Waste water management		-	-	-	-	-	-	-	-	-	
Waste management		-	-	-	-	-	-	-	-	-	
		102 235	47 062	98 176	116 963	120 372	120 372	119 543	115 095	124 999	
<i>Other</i>	4	-	-	-	-	-	-	-	-	-	
Total Expenditure - Functional	3	838 825	718 777	870 209	917 384	921 352	921 352	965 400	991 581	1 023 571	
Surplus/(Deficit) for the year		(22 013)	212 220	167 418	219 322	190 045	190 045	174 323	165 327	178 404	

1. 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)
2. Table 2 shows the surplus of R174million, R165 million and R178 million which will be used to fund Capital projects for 2025/26 MTERF respectively.

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

LIM343 Thulamela - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)										
Vote Description	###	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Revenue by Vote	1									
Vote 1 - EXECUTIVE and COUNCIL		516 364	570 946	617 787	637 274	637 274	637 274	631 527	636 787	665 586
Vote 2 - FINANCE and ADMIN		138 187	177 964	204 803	224 415	225 673	225 673	246 981	257 274	264 556
Vote 3 - TECHNICAL SERVICES		90 103	123 158	153 909	138 130	136 630	136 630	160 042	153 012	159 840
Vote 4 - COMMUNITY and PUBLIC SAFETY		21 198	12 114	12 721	15 370	14 430	14 430	15 065	15 743	15 336
Vote 5 - PLANNING AND DEVELOPMENT		18 317	10 618	15 476	72 071	60 593	60 593	47 868	53 312	59 982
Vote 6 -		-	-	-	-	-	-	-	-	-
Vote 7 -		-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	784 169	894 800	1 004 696	1 087 260	1 074 600	1 074 600	1 101 483	1 116 128	1 165 300
Expenditure by Vote to be appropriated	1									
Vote 1 - EXECUTIVE and COUNCIL		274 588	102 405	85 506	104 979	100 393	100 393	114 339	121 987	125 036
Vote 2 - FINANCE and ADMIN		70 244	89 322	97 073	130 360	131 534	131 534	145 428	146 633	149 974
Vote 3 - TECHNICAL SERVICES		137 584	155 083	171 961	179 934	186 362	186 362	192 931	201 009	206 034
Vote 4 - COMMUNITY and PUBLIC SAFETY		66 127	77 098	82 851	91 822	94 300	94 300	102 517	104 293	109 716
Vote 5 - PLANNING AND DEVELOPMENT		40 198	42 738	53 065	56 136	59 042	59 042	63 505	65 049	67 974
Vote 6 -		-	-	-	-	-	-	-	-	-
Vote 7 -		-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	588 742	466 646	490 455	563 231	571 631	571 631	618 720	638 971	658 734
Surplus/(Deficit) for the year	2	195 427	428 155	514 241	524 029	502 969	502 969	482 764	477 157	506 567

1. 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)

LIM343 Thulamela - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	###	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Revenue											
Exchange Revenue											
Service charges - Electricity	2	-	-	-	-	-	-	-	-	-	-
Service charges - Water	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Management	2	26 980	28 461	28 998	36 699	28 452	28 452	18 851	29 704	31 041	31 817
Sale of Goods and Rendering of Services		6 833	6 085	10 118	48 371	37 960	37 960	12 830	39 630	41 414	42 449
Agency services		-	-	10 527	13 000	11 500	11 500	6 963	13 000	13 585	13 925
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		19 465	10 301	11 156	13 250	12 150	12 150	91	12 685	13 255	12 787
Interest earned from Current and Non Current Assets		27 666	60 538	83 816	90 000	83 404	83 404	53 574	92 000	96 140	98 543
Dividends		-	-	-	-	-	-	-	-	-	-
Rent on Land		1 710	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		3 385	2 585	2 859	3 169	3 600	3 600	2 831	3 758	3 928	4 026
Licence and permits		2	-	727	857	1 023	1 023	1 007	1 068	1 116	1 144
Special Rating Levies		-	-	-	-	-	-	-	-	-	-
Operational Revenue		5 889	7 318	6 277	6 681	5 570	5 570	3 330	6 414	6 703	6 870
Non-Exchange Revenue											
Property rates	2	90 948	94 455	96 773	108 499	113 249	113 249	70 532	123 864	129 437	132 673
Surcharges and Taxes		1 686	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		5 758	6 455	63	8 852	4 369	4 369	35	4 551	4 756	4 875
Licences or permits		10 777	13 594	(0)	-	-	-	0	-	-	-
Transfers and subsidies - Operational		520 083	577 528	628 644	659 557	658 057	658 057	637 381	652 829	655 287	680 686
Interest		14 826	16 498	18 524	20 000	24 300	24 300	20 656	25 369	26 511	27 174
Fuel Levy		-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	-	-	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	5	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		736 007	823 818	898 482	1 008 934	983 624	983 624	828 085	1 004 872	1 023 172	1 056 968
Expenditure											
Employee related costs	2	296 658	317 649	339 001	374 256	379 612	379 612	238 154	395 663	402 741	412 709
Remuneration of councillors		30 253	31 787	33 808	37 961	37 961	37 961	23 565	39 916	41 513	42 551
Bulk purchases - electricity	2	-	-	-	-	-	-	-	-	-	-
Inventory consumed	8	12 071	14 644	17 859	21 490	21 086	21 086	17 456	24 282	23 285	23 867
Debt impairment	3	75 213	(41 182)	64 831	91 670	78 000	78 000	31 135	81 432	88 960	102 706
Depreciation and amortisation		52 202	66 122	69 811	78 972	87 324	87 324	56 252	88 970	92 870	95 192
Interest		-	-	0	2 316	3 008	3 008	-	3 140	3 282	3 364
Contracted services		95 862	205 158	230 354	161 077	177 077	177 077	92 883	178 956	181 557	184 946
Transfers and subsidies		5 647	2 766	1 697	2 205	2 205	2 205	1 202	2 302	2 405	2 465
Irrecoverable debts written off		203 066	29 144	7 031	6 490	4 500	4 500	2 756	9 396	12 003	12 304
Operational costs		67 763	92 688	105 826	134 270	126 600	126 600	70 800	137 189	135 667	135 987
Losses on disposal of Assets		-	-	-	4 700	1 978	1 978	-	2 065	5 137	5 266
Other Losses		89	-	(9)	1 977	2 002	2 002	51	2 090	2 161	2 215
Total Expenditure		838 825	718 777	870 289	917 384	921 352	921 352	534 253	965 400	991 581	1 023 571
Surplus/(Deficit)		(102 818)	105 041	28 273	91 550	62 273	62 273	293 832	39 472	31 591	33 397
Transfers and subsidies - capital (monetary allocations)	6	80 805	107 179	139 145	127 772	127 772	127 772	94 694	134 851	133 736	145 007
Transfers and subsidies - capital (in-kind)	6	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(22 013)	212 220	167 418	219 322	190 045	190 045	388 526	174 323	165 327	178 404
Income Tax		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		(22 013)	212 220	167 418	219 322	190 045	190 045	388 526	174 323	165 327	178 404
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(22 013)	212 220	167 418	219 322	190 045	190 045	388 526	174 323	165 327	178 404
Share of Surplus/Deficit attributable to Associate	7	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1	(22 013)	212 220	167 418	219 322	190 045	190 045	388 526	174 323	165 327	178 404

Total operating revenue increased from R983,6 million in 2024/2025 to R1 004 billion in 2025/2026. This is caused by an increase in equitable share, grant for Neighbourhood Development and a new grant for Energy and Efficient (*amongst others*)

The municipality is anticipating collecting 45% of all billed services.

1. **Transfers recognized (Grants)** – operating Grants includes the local government equitable share and other operating grants from national Government. The grants receipts from national government are growing rapidly over the budget year, however, Extended Public Works Incentive Grant (EPWP) has increased by R200 000 only.
2. 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.
3. We assume to spend all our grant allocations; hence we do not budget for unspent conditional grants.

Total operational expenditure has increased from R921,3 million in 2024/2025 to R965,4 million in 2025/2026 financial year.

1. **Employee related costs** and other expenditure are the main cost drivers within the municipality operational budget. The salaries and wages for 2024/2025 financial year was R379 million and it has increased to R 395 million for 2025/2026. The overall Salaries budget for 2025/2026 financial year has increased by 5,15% as per the signed collective agreement negotiations with the Bargaining Council.
2. **Debt Impairment** has increased from R78 million to R81,4 million with a bad debt write off R4,5 million. This is due to low collection from debtors.
3. **Depreciation** and amortization is the requirement of GRAP presentation in respect of assets. It has been provided for R88,9 million in 2025/2026 financial year.
4. **Inventory consumed and other expenditure.**
 - Inventory 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.
 - Operational expenditure has increased due to the following major items (*amongst others*): electricity, fuel, communication expenses, and dumping fees.
 - Circulars 126 and 129 were also taken into consideration to effect changes in operational expenditure.

5. **Contracted services consist of the following (*amongst others*):**

- **Outsourced services** of electricity projects and Repairs and Maintenance, development of a valuation roll, security services, ICT and risk committees, occupational health, and safety issues etc.
- **Consultancy and professional service fees** of legal advice and litigation, business and advisory, research and advisory, etc., and
- **Contractors** for catering, electrical services, event promoters, employee wellness, re-gravelling of streets, maintenance of buildings and facilities, etc. **and are outlined as follows:**

Segment description	2025/26	2026/27	2027/28
Consultants and Professional Services	45 353 066	47 112 454	48 329 015
Outsourced Services	73 063 677	76 360 418	78 283 553
Contractors	88 210 788	98 476 628	96 065 094

- **Repairs and maintenance** is representing only 4.7% of the total PPE which is below the required rate as per MFMA circular 86, however the amount provided as per SA34C will be able to deal with all items that need to be repaired or maintained in 2025/2026
- 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.

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

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, agro processing and borehole.

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

LIM343 Thulamela - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding											
Vote Description	##	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium	Term Revenue & Expenditure Framework	
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Capital expenditure - Vote											
Multi-year expenditure, to be appropriated	2										
Vote 1 - EXECUTIVE and COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE and ADMIN		-	-	-	-	-	-	-	-	-	-
Vote 3 - TECHNICAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 4 - COMMUNITY and PUBLIC SAFETY		-	-	-	-	-	-	-	-	-	-
Vote 5 - PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	-	-	-
Vote 6 -		-	-	-	-	-	-	-	-	-	-
Vote 7 -		-	-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure, to be appropriated	2										
Vote 1 - EXECUTIVE and COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCE and ADMIN		4 587	10 842	3 041	4 750	5 420	5 420	-	3 500	6 900	4 450
Vote 3 - TECHNICAL SERVICES		8 368	14 956	14 730	20	20	20	-	800	1 000	1 000
Vote 4 - COMMUNITY and PUBLIC SAFETY		15 636	16 371	19 318	3 886	1 993	1 993	-	32 500	8 000	3 000
Vote 5 - PLANNING AND DEVELOPMENT		13 796	9 135	169	-	-	-	-	25	3 220	5 128
Vote 6 -		-	-	-	-	-	-	-	-	-	-
Vote 7 -		-	-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		42 388	51 306	37 258	8 656	7 433	7 433	-	36 825	19 120	13 578
Total Capital Expenditure - Vote		42 388	51 306	37 258	8 656	7 433	7 433	-	36 825	19 120	13 578
Capital Expenditure - Functional											
Governance and administration		4 587	10 932	3 041	5 250	5 420	5 420	180	3 700	7 540	4 950
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		4 587	10 932	3 041	5 250	5 420	5 420	180	3 700	7 540	4 950
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		9 451	33 183	52 045	15 480	11 970	11 970	1 178	15 300	1 100	1 250
Community and social services		-	-	-	-	-	-	-	-	100	250
Sport and recreation		587	3 498	1 707	100	100	100	77	15 000	-	-
Public safety		841	2 721	154	-	-	-	-	-	-	-
Housing		8 013	26 964	50 184	15 380	11 870	11 870	1 101	300	1 000	1 000
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		138 049	138 021	207 323	186 821	170 162	170 162	84 770	129 637	148 687	168 884
Planning and development		14 087	9 275	169	200	30	30	30	125	8 370	10 278
Road transport		123 962	128 746	207 154	186 621	170 132	170 132	84 740	129 512	140 317	158 526
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		15 536	12 873	19 357	11 771	2 493	2 493	1 893	25 500	8 000	3 400
Energy sources		-	-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		15 536	12 873	19 357	11 771	2 493	2 493	1 893	25 500	8 000	3 400
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	167 622	195 010	281 766	219 322	190 045	190 045	88 020	174 137	165 327	178 404
Funded by:											
National Government		101 433	109 462	136 605	128 172	128 052	128 052	64 392	134 976	128 606	137 885
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	101 433	109 462	136 605	128 172	128 052	128 052	64 392	134 976	128 606	137 885
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		66 189	85 548	145 161	91 150	61 993	61 993	23 628	39 161	35 221	39 519
Total Capital Funding	7	167 622	195 010	281 766	219 322	190 045	190 045	88 020	174 137	163 827	177 404

1. 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.
2. The capital budget for 2025/2026 financial year has decreased by R15,9 million to R174,1 million compared to R190,0 that was budgeted for in 2024/2025 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 (R39,1 million) in 2025/2026 financial year.

Table A6 – Budgeted Financial Position

LIM343 Thulamela - Table A6 Budgeted Financial Position												
Description		###	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousand												
ASSETS												
Current assets												
			988 403	1 026 519	921 273	1 033 247	968 543	968 543	1 230 828	1 180 091	1 407 421	1 653 229
	1		(171 240)	50 946	6 022	55 822	35 244	35 244	12 067	(4 000)	(47 512)	(96 322)
	1		45 508	67 537	27 156	5 837	47 034	47 034	27 404	(4 122)	(61 126)	(126 867)
			-	-	-	-	-	-	-	-	-	-
	2		30 731	28 492	26 816	51 262	47 605	47 605	29 216	23 296	11	(23 856)
			(4 949)	(500)	19 976	1 395	26 850	26 850	7 558	65 241	104 055	143 777
			(688)	2 239	2 660	530	2 606	2 606	2 069	2 606	2 606	2 606
Total current assets			887 765	1 175 234	1 003 903	1 148 093	1 127 881	1 127 881	1 309 141	1 263 112	1 405 456	1 552 567
Non current assets												
			0	(0)	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-
	3		1 748 027	1 851 635	2 274 896	1 854 252	2 366 307	2 366 307	2 308 476	2 447 708	2 513 278	2 589 488
			-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-
			514	832	723	3 974	4 193	4 193	602	5 894	7 644	9 380
			-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-
Total non current assets			1 748 542	1 852 466	2 275 619	1 858 226	2 370 500	2 370 500	2 309 078	2 453 602	2 520 921	2 598 868
TOTAL ASSETS			2 636 307	3 027 700	3 279 522	3 006 319	3 498 381	3 498 381	3 618 219	3 716 715	3 926 378	4 151 435
LIABILITIES												
Current liabilities												
			-	-	-	-	-	-	-	-	-	-
			-	-	545	-	-	-	-	-	-	-
			364	393	425	363	425	425	450	425	425	425
	4		97 085	79 028	69 664	117 189	121 660	121 660	47 270	155 871	189 962	226 114
	5		55 689	60 281	25 014	4 013	4 057	4 057	813	4 057	4 057	4 057
			32 105	32 943	29 498	37 228	33 077	33 077	28 100	38 272	43 706	49 276
			257	(5 354)	20 870	6 216	25 912	25 912	22 328	30 516	35 327	40 259
			-	-	-	-	-	-	-	-	-	-
Total current liabilities			185 500	167 291	146 016	165 009	185 131	185 131	98 960	229 141	273 478	320 131
Non current liabilities												
			-	-	-	-	-	-	-	-	-	-
	6		45 663	47 188	40 463	47 188	43 915	43 915	43 915	43 915	43 915	43 915
	7		-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-
Total non current liabilities			45 663	47 188	40 463	47 188	43 915	43 915	43 915	43 915	43 915	43 915
TOTAL LIABILITIES			231 163	214 479	186 479	212 197	229 046	229 046	142 875	273 056	317 393	364 046
NET ASSETS			2 405 144	2 813 221	3 093 043	2 794 122	3 269 336	3 269 336	3 475 344	3 443 658	3 608 985	3 787 389
COMMUNITY WEALTH/EQUITY												
	8		2 405 126	2 813 221	3 093 043	2 794 122	3 269 336	3 269 336	3 318 828	3 443 658	3 608 985	3 787 389
	9		-	-	-	-	-	-	-	-	-	-
			-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY			2 405 126	2 813 221	3 093 043	2 794 122	3 269 336	3 269 336	3 318 828	3 443 658	3 608 985	3 787 389

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.

Table A7 Budgeted Cash Flow Statement

JIM343 Thulamela - Table A7 Budgeted Cash Flows												
Description		###	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
Audited Outcome			Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28	
R thousand												
CASH FLOW FROM OPERATING ACTIVITIES												
Receipts												
Property rates			43 421	61 790	59 774	58 661	63 156	63 156	63 156	133 051	139 038	142 514
Service charges			11 249	17 434	12 241	23 547	7 398	7 398	7 398	46 408	48 496	48 909
Other revenue			68 686	118 618	140 164	35 896	29 884	29 884	29 884	88 679	90 226	93 753
Transfers and Subsidies - Operational		1	613 403	703 942	628 812	659 557	658 057	658 057	658 057	643 642	645 686	670 845
Transfers and Subsidies - Capital		1	124 174	158 912	136 145	127 772	127 772	127 772	127 772	134 851	133 736	145 007
Interest			26 133	58 884	84 518	90 000	90 739	90 739	90 739	117 369	122 651	125 717
Dividends			-	-	-	-	-	-	-	-	-	-
Payments												
Suppliers and employees			(498 166)	(622 816)	(793 451)	(729 055)	(737 480)	(737 480)	(737 480)	(772 719)	(782 829)	(797 540)
Interest			-	-	-	(8)	(8)	(8)	(8)	(8)	(9)	(9)
Transfers and Subsidies		1	-	-	-	(2 205)	(2 205)	(2 205)	(2 205)	(2 302)	(2 405)	(2 465)
NET CASH FROM/(USED) OPERATING ACTIVITIES			388 900	496 764	268 203	264 166	237 314	237 314	237 314	388 971	394 591	426 731
CASH FLOWS FROM INVESTING ACTIVITIES												
Receipts												
Proceeds on disposal of PPE			-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables			-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments			0	0	-	-	-	-	-	-	-	-
Payments												
Capital assets			(153 456)	(284 632)	(307 071)	(219 322)	(190 045)	(190 045)	(190 045)	(174 137)	(165 327)	(178 404)
NET CASH FROM/(USED) INVESTING ACTIVITIES			(153 456)	(284 632)	(307 071)	(219 322)	(190 045)	(190 045)	(190 045)	(174 137)	(165 327)	(178 404)
CASH FLOWS FROM FINANCING ACTIVITIES												
Receipts												
Short term loans			-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing			-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits			-	-	-	-	-	-	-	-	-	-
Payments												
Repayment of borrowing			-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES			-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD			235 444	212 132	(38 868)	44 844	47 270	47 270	47 270	214 834	229 264	248 327
Cash/cash equivalents at the year begin:		2	891 292	988 403	1 026 519	988 403	921 273	921 273	921 273	968 543	1 183 377	1 412 641
Cash/cash equivalents at the year end:		2	1 126 736	1 200 535	987 652	1 033 247	968 543	968 543	968 543	1 183 377	1 412 641	1 660 968

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
3. The Budgeted cash flow shows a favorable closing balance which clearly indicate that the municipality will be able to finance the budget over the medium-term.

Table A8 Cash Backed Reserves/Accumulated Surplus

LIM343 Thulamela - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	1 126 736	1 200 535	987 652	1 033 247	968 543	968 543	968 543	1 183 377	1 412 641	1 660 968
Other current investments > 90 days		(138 333)	(174 016)	(66 378)	-	-	-	262 285	(3 286)	(5 220)	(7 740)
Non current investments	1	0	(0)	-	-	-	-	-	-	-	-
Cash and investments available:		988 403	1 026 519	921 273	1 033 247	968 543	968 543	1 230 828	1 180 091	1 407 421	1 653 229
Application of cash and investments											
Unspent conditional transfers		55 689	60 281	25 014	4 013	4 057	4 057	813	4 057	4 057	4 057
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	5 206	(4 854)	894	4 821	(938)	(938)	(14 770)	(34 725)	(68 728)	(103 518)
Other working capital requirements	3	97 085	79 028	69 664	117 189	121 660	121 660	47 270	155 671	189 962	226 114
Other provisions		32 105	32 943	29 498	37 228	33 077	33 077	(28 100)	38 272	43 706	49 276
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		190 085	167 398	125 070	163 250	157 856	157 856	5 212	163 475	168 997	175 929
Surplus(shortfall) - Excluding Non-Current Creditors Trf to Debt Relief Benefits		798 319	859 122	796 203	869 997	810 687	810 687	1 225 615	1 016 616	1 238 424	1 477 300
Creditors transferred to Debt Relief - Non-Current portion		-	-	-	-	-	-	-	-	-	-
Surplus(shortfall) - Including Non-Current Creditors Trf to Debt Relief Benefits		798 319	859 122	796 203	869 997	810 687	810 687	1 225 615	1 016 616	1 238 424	1 477 300

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 2021/2022 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 2025/2026 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 Thulamela - Table A9 Asset Management										
Description	###	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Total Capital Expenditure	4	167 622	195 010	281 766	219 322	190 045	190 045	173 937	165 127	178 204
Roads Infrastructure		111 768	113 544	181 193	186 601	170 112	170 112	124 712	139 317	153 026
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		3 087	6 902	20 828	9 020	20	20	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		1 949	1 025	2 678	8 271	600	600	24 000	9 500	1 200
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		116 804	121 471	204 700	203 892	170 732	170 732	148 712	148 817	154 226
Community Facilities		23 287	24 676	20 483	1 520	10 020	10 020	100	7 000	5 500
Sport and Recreation Facilities		158	3 353	9 143	800	800	800	15 000	2 000	5 000
Community Assets		23 445	28 029	29 626	2 320	10 820	10 820	15 100	9 000	10 500
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		3 319	17 801	17 633	7 510	2 193	2 193	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		3 319	17 801	17 633	7 510	2 193	2 193	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	1 501	-	-	-	-	-	300	300
Intangible Assets		-	1 501	-	-	-	-	-	300	300
Computer Equipment		3 780	5 528	1 312	900	1 600	1 600	1 600	2 500	750
Furniture and Office Equipment		1 108	2 114	1 097	700	900	900	225	1 540	1 928
Machinery and Equipment		5 431	547	1 405	4 000	3 800	3 800	3 500	2 270	2 200
Transport Assets		13 735	18 019	25 993	-	-	-	4 800	700	8 300
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		167 622	195 010	281 766	219 322	190 045	190 045	173 937	165 127	178 204

ASSET REGISTER SUMMARY - PPE (WDV)	5	1 182 052	1 378 957	1 765 868	1 373 530	1 990 313	1 990 313	1 940 812	1 866 033	1 797 096
Roads Infrastructure		727 980	844 214	1 161 938	866 137	1 376 397	1 376 397	1 322 365	1 268 870	1 227 582
Storm water Infrastructure		-	-	-	-	3 572	3 572	3 572	3 572	3 572
Electrical Infrastructure		33 647	45 074	69 666	48 344	98 387	98 387	97 971	97 213	96 437
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		15 401	9 792	8 164	9 704	4 293	4 293	19 158	27 473	27 257
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	(0)	-	-	(0)	(0)	(0)	(0)	(0)
Information and Communication Infrastructure		0	1 092	0	0	0	0	0	0	0
Infrastructure		777 028	900 172	1 239 768	924 185	1 482 649	1 482 649	1 443 067	1 397 129	1 354 849
Community Assets		190 751	249 401	278 128	250 823	277 871	277 871	280 767	270 928	257 768
Heritage Assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	(187)	45	45	200	400	600
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		514	832	723	3 974	4 193	4 193	5 894	7 644	9 380
Computer Equipment		5 054	11 929	12 174	5 258	8 284	8 284	5 706	2 804	(1 983)
Furniture and Office Equipment		6 010	5 753	6 833	3 693	5 594	5 594	3 881	3 540	3 283
Machinery and Equipment		14 330	12 991	13 169	12 058	11 612	11 612	10 630	8 057	5 599
Transport Assets		66 292	75 809	93 020	52 006	78 381	78 381	69 372	54 566	46 973
Land		122 072	122 072	122 054	121 720	121 682	121 682	121 295	120 966	120 629
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	1 182 052	1 378 957	1 765 868	1 373 530	1 990 313	1 990 313	1 940 812	1 866 033	1 797 096
EXPENDITURE OTHER ITEMS		81 570	192 032	194 614	132 982	139 999	139 999	175 195	183 987	183 461
Depreciation	7	52 202	66 122	69 811	70 786	83 406	83 406	84 880	88 787	91 007
Repairs and Maintenance by Asset Class	3	29 369	125 911	124 803	62 197	56 592	56 592	90 315	95 200	92 455
Roads Infrastructure		14 839	100 551	93 736	25 100	24 877	24 877	45 983	48 052	49 253
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		4 571	12 346	11 789	13 710	9 286	9 286	13 357	14 779	10 023
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		14	-	-	100	100	100	104	109	112
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		19	71	-	300	100	100	104	109	112
Infrastructure		19 443	112 968	105 525	39 210	34 364	34 364	59 549	63 049	59 500
Community Facilities		-	-	37	45	45	45	66	69	70
Sport and Recreation Facilities		28	146	418	250	250	250	261	273	280
Community Assets		28	146	455	295	295	295	327	341	350
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		2 264	3 980	7 598	9 706	7 548	7 548	12 555	13 120	13 448
Housing		-	-	-	-	-	-	-	-	-
Other Assets		2 264	3 980	7 598	9 706	7 548	7 548	12 555	13 120	13 448
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	83	1 000	2 500	2 500	2 778	2 903	2 975
Furniture and Office Equipment		-	15	-	774	174	174	888	845	866
Machinery and Equipment		3 385	3 934	5 273	5 012	4 512	4 512	4 798	5 014	5 139
Transport Assets		4 328	4 867	5 868	6 200	7 200	7 200	9 500	9 928	10 176
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		81 570	192 032	194 614	132 982	139 999	139 999	175 195	183 987	183 461
Renewal and upgrading of Existing Assets as % of total capex		6.8%	10.8%	9.8%	15.3%	8.9%	8.9%	6.1%	15.6%	31.1%
Renewal and upgrading of Existing Assets as % of deprecn		22.0%	32.0%	39.7%	47.3%	20.3%	20.3%	12.6%	29.0%	61.0%
R&M as a % of PPE		2.5%	9.1%	7.1%	4.5%	2.8%	2.8%	4.7%	5.1%	5.2%
Renewal and upgrading and R&M as a % of PPE		3.5%	10.7%	8.6%	7.0%	3.7%	3.7%	6.2%	6.5%	8.3%

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 4,7% and is below 8% rate norm. The municipality will be able to deal with all items that need to be repaired or maintained in 2025/2026 financial year.

3. Upgrading of assets will be done on Roads Infrastructure during the coming years.

Table A10 Basic Service Delivery Measurement

LIM348 Thulamela - Table A10 Basic service delivery measurement

Description	RMB	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year 11 2026/27	Budget Year 12 2027/28
Household service targets	1									
Water:										
Piped water inside dwelling		--	--	--	--	--	--	--	--	--
Piped water inside yard (but not in dwelling)		--	--	--	--	--	--	--	--	--
Using public tap (at least min.service level)	2	--	--	--	--	--	--	--	--	--
Other water supply (at least min.service level)	4	--	--	--	--	--	--	--	--	--
Minimum Service Level and Above sub-total		--	--	--	--	--	--	--	--	--
Using public tap (< min.service level)	3	--	--	--	--	--	--	--	--	--
Other water supply (< min.service level)	4	--	--	--	--	--	--	--	--	--
No water supply		--	--	--	--	--	--	--	--	--
Below Minimum Service Level sub-total		--	--	--	--	--	--	--	--	--
Total number of households	5	--	--	--	--	--	--	--	--	--
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		--	--	--	--	--	--	--	--	--
Flush toilet (with septic tank)		--	--	--	--	--	--	--	--	--
Chemical toilet		--	--	--	--	--	--	--	--	--
Pit toilet (ventilated)		--	--	--	--	--	--	--	--	--
Other toilet provisions (> min.service level)		--	--	--	--	--	--	--	--	--
Minimum Service Level and Above sub-total		--	--	--	--	--	--	--	--	--
Bucket toilet		--	--	--	--	--	--	--	--	--
Other toilet provisions (< min.service level)		--	--	--	--	--	--	--	--	--
No toilet provisions		--	--	--	--	--	--	--	--	--
Below Minimum Service Level sub-total		--	--	--	--	--	--	--	--	--
Total number of households	6	--	--	--	--	--	--	--	--	--
Energy:										
Electricity (at least min.service level)		--	--	--	--	--	--	--	--	--
Electricity - prepaid (min.service level)		--	--	--	--	--	--	--	--	--
Minimum Service Level and Above sub-total		--	--	--	--	--	--	--	--	--
Electricity (< min.service level)		--	--	--	--	--	--	--	--	--
Electricity - prepaid (< min. service level)		--	--	--	--	--	--	--	--	--
Other energy sources		--	--	--	--	--	--	--	--	--
Below Minimum Service Level sub-total		--	--	--	--	--	--	--	--	--
Total number of households	5	--	--	--	--	--	--	--	--	--
Refuse:										
Removed at least once a week		118 194	118 194	120 085	80 034	80 034	80 034	80 034	80 034	80 034
Minimum Service Level and Above sub-total		118 194	118 194	120 085	80 034	80 034	80 034	80 034	80 034	80 034
Removed less frequently than once a week		1 250	1 250	1 250	825	825	825	825	825	825
Using communal refuse dump		2 430	2 430	2 430	1 215	1 215	1 215	1 215	1 215	1 215
Using own refuse dump		40 880	40 880	40 880	20 330	20 330	20 330	20 330	20 330	20 330
Other rubbish disposal		--	--	--	--	--	--	--	--	--
No rubbish disposal		58 158	58 158	58 158	48 117	48 117	48 117	48 117	48 117	48 117
Below Minimum Service Level sub-total		142 440	142 440	142 440	70 287	70 287	70 287	70 287	70 287	70 287
Total number of households	6	260 642	260 642	262 516	138 321	138 321	138 321	138 321	138 321	138 321
Household receiving Free Basic Service	7									
Water (5 kilolitre per household per month)		--	--	--	--	--	--	--	--	--
Sanitation (free minimum level service)		--	--	--	--	--	--	--	--	--
Electricity/other energy (5kwh per household per month)		--	--	--	1 233	1 233	1 233	1 287	1 346	1 379
Refuse (removed at least once a week)		--	--	--	1 570	1 570	1 570	1 570	1 570	1 570
Informal Settlements		--	--	--	--	--	--	--	--	--
Cost of Free Basic Service provided - Formal Settlements (FY00)										
Water (5 kilolitre per indigent household per month)		--	--	--	--	--	--	--	--	--
Sanitation (free sanitation service to indigent households)		--	--	--	--	--	--	--	--	--
Electricity/other energy (5kwh per indigent household per month)		--	--	--	--	--	--	--	--	--
Refuse (removed once a week for indigent households)		--	--	--	--	--	--	--	--	--
Cost of Free Basic Service provided - Informal Formal Settlements (FY00)										
Total cost of FBS provided	8	--	--	--	--	--	--	--	--	--
Subsidy level of free service provided per household										
Property rates (if value threshold)		--	--	--	--	--	--	--	--	--
Water (kilolitre per household per month)		--	--	--	--	--	--	--	--	--
Sanitation (kilolitre 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 service provided (FY00)										
Property rates (after exemptions), (operational costs values per section 11.4 or 11.5)		--	--	--	--	--	--	--	--	--
Property rates exemptions, reductions and rebates and Impermissible rebates in excess of section 11.4 of MPRSA		1 200	1 175	1 281	1 550	8 800	8 800	9 187	9 501	9 541
Water (in excess of 5 kilolitre 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	2 529	4 000	4 000	4 176	4 354	4 473
Municipal Housing - rental rebates		--	--	--	--	--	--	--	--	--
Housing - top structure subsidies		--	--	--	--	--	--	--	--	--
Other		--	--	--	--	--	--	--	--	--
Total revenue cost of subsidised service provided	9	1 200	1 175	2 588	4 079	12 800	12 800	13 363	13 855	14 314

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 process plan was prepared and tabled to council on the 27 August 2024 as required. The budget instructions were issued to the head of departments in November 2023 for submission of the budget proposals to the Chief Financial Officer for consolidation. The IDP and budget public participation will be held during April 2024 in all wards.

BUDGET PROCESS PLAN 2024-2025

PLANNING ACTIVITY	RESPONSIBLE PERSON	TIME SCHEDULE
Budget steering committee	Members	06 August 2024
Submission of monthly budget statements and mscoa data strings	CFO	15 August 2024
Approval of budget time schedule	Council	30 August 2024
Submission of monthly budget statements and mscoa data strings	CFO	13 September 2024
Income Budget submission	Head of departments	23 September 2024
Submission of monthly budget statements and mscoa data strings	CFO	14 October 2024
Mscoa steering Committee meeting	Members	22 October 2024
Department Budget submission (operational budget and business plans)	Head of departments	28 October 2024
Budget steering committee	Members	14 November 2024
Submission of monthly budget statements and mscoa data strings	CFO	14 November 2024
Adjustment budget submissions	Head of departments	11 December 2024
Submission of monthly budget statements and mscoa data strings	CFO	14 December 2024
Downloading Mscoa chart, capturing the IDP in the Mscoa classification on the financial system	Budget and IDP manager	December 2024 – January 2025
Compilation of detailed budgets, Mscoa classification across segments	Budget unit	December 2024 – January 2025
Strategic sessions to review IDP, policies	Members	January – February

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		2025
Submission of monthly budget statements and mscoa data strings	CFO	15 January 2025
Budget steering committee meeting	Members	20 January 2025
Mscoa steering committee meeting	Members	24 January 2025
Mid-year budget and performance assessment visits	Provincial Treasury & Management	January – February 2025
Budget steering committee meeting	Members	03 February 2025
Submission of monthly budget statements and mscoa data strings	CFO	14 February 2025
Approval of budget adjustment, compliant B1 schedule format and upload Mscoa data string for the adjustment budget on portal	Council	28 February 2025
Submission of Adjustment budget (including data strings) to national and provincial Treasury and other stakeholders	CFO	28 February – 14 March 2025
Budget steering committee meeting	Members	07 March 2025
Submission of monthly budget statements and mscoa data strings	CFO	14 March 2025
Mscoa steering committee meeting	Members	25 March 2025
Tabling of first Draft budget and budget related policies, Mscoa compliant A1 schedule format and upload Mscoa data string on portal	Council	31 March 2025
Submission of Draft budget (including data strings) to the national and provincial Treasury and other stakeholders	CFO	01- 12 th April 2025
Budget and IDP public participation period in all wards	Communities	April 2025
Submission of monthly budget statements and Mscoa data strings	CFO	14 April 2025
Mscoa steering committee meeting	Members	24 April 2025
Budget and Benchmark Assessments	Provincial Treasury & Management	April – May 2025
Budget steering committee meeting	Members	07 May 2025
Submission of monthly budget statements and mscoa data strings	CFO	15 May 2025
Approval final Draft Budget together with the budget related policies, draft SDBIP and upload Mscoa data strings of the final budget	Council	30 May 2025
Submission of approved budget (including data strings) to the National and Provincial	CFO	01 – 13 th June 2025

Treasury and other stakeholders		
Budget speech SDBIP	Mayor	June 2025
Submission of monthly budget statements and mscoa data strings	CFO	13 June 2025
Mscoa steering committee meeting	Members	20 June 2025
Preparation, approval, and publication of SDBIP and signing of performance agreements	Senior managers	June – July 2025
Submission of monthly budget statement and mscoa data strings	CFO	14 July 2025

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 Lieba NA**

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 2025/2026 MTREF was approved by the Council prior to 27 August 2024

Process of tabling and approval of the draft

Tabling to Council of draft 2025/2026 MTREF for community consultation process was done on 28 March 2025.

Consultation with stakeholders and outcomes.

The draft 2025/2026 MTREF had been tabled before the council on 28 March 2025 for community consultation and was made available on municipality's website and hard copies were made available at various Tribal Council offices.

All documents in the appropriate format (Electronic & Printed) 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 2025

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 and COGSTA on 31st of March 2025 for their consideration, in line with section 23 of the MFMA. Budget inputs from the Provincial Treasury will be considered prior approval by the Council in May 2025.

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 2025/2026. 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		Goal	Goal Code	Ref	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework			
					Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28	
R thousand														
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				520 699	570 189	617 800	637 274	637 274	637 274	631 927	636 787	665 586	
Ensure compliance with policies, Act and regulations	100% compliance with the MFMA and the Municipal Budget and Reporting Regulation (MBRR) annually. To collection 40% of own revenue to ensure financial viability				155 028	141 667	201 222	220 762	223 053	223 053	246 981	257 274	263 756	
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				28 038	65 346	40 768	48 004	44 217	44 217	45 452	47 497	48 685	
Economic growth and development that lead to job creation	To halve unemployment and poverty a year before 2030				24 398	42 458	49 982	80 009	64 243	64 243	51 658	57 272	64 041	
Promote basic quality services and infrastructure	Building of new access roads and timely maintaining of existing roads				141 290	139 816	158 333	174 618	165 274	165 274	164 105	158 078	159 907	
Promote basic quality services and infrastructure	To ensure everyone has access to electricity and eradicate informal settlement				-	-	-	-	-	-	-	-	-	
Allocations to other priorities					2									
Total Revenue (excluding capital transfers and contributions)					1	869 453	999 476	1 068 105	1 160 567	1 134 061	1 134 061	1 139 723	1 156 908	1 201 975

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 will be made public and presented to IDP Representative Forum as scheduled.

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

2.3 Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance

Information, the municipality has developed and implemented a performance management system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assesses, and reviews organizational performance which in turn is directly linked to individual employee's performance.

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

Planning, budgeting, and reporting cycle

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

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

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

2.3.1. Performance indicators and benchmarks

2.3.1.1. Borrowing Management

Capital expenditure in local government can be funded by capital grants, own- source revenue and long-term borrowing. The ability of a municipality to raise long-term borrowing is largely dependent on its credit worthiness and financial position. The following financial performance indicators have formed part of the compilation of the 2025/2026 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 utilized cash and cash equivalent to extinguish or retire its current liabilities immediately.

2.3.1.4 Revenue Management

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

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

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

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

LIM343 Thulamela - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue Framework	
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27
Vote 1 - vote name									
Function 1 - (name)									
Sub-function 1 - (name)									
Is of measureh description	Monthly, quarterly, mid year and annual reports	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sub-function 2 - (name)									
Is of measureh description	DCBIP quarterly reports	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sub-function 3 - (name)									
Is of measureh description		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Function 2 - (name)	Number of EXCO and Council meetings attended								
Sub-function 1 - (name)									
Is of measureh description	Number of Imibizo, ICP/budget meetings and Attendance register	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sub-function 2 - (name)									
Is of measureh description	Number of meetings and workshops	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sub-function 3 - (name)									
Is of measureh description	Quarterly risk management reports and internal audit progress reports	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Vote 2 - vote name									
Function 1 - (name)									
Sub-function 1 - (name)									
Is of measureh description	No. of households having access to waste removal	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sub-function 2 - (name)									
Is of measureh description	Approval of designs	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sub-function 3 - (name)									
Is of measureh description		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Function 2 - (name)									
Sub-function 1 - (name)									
Is of measureh description	Summons reports	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sub-function 2 - (name)									
Is of measureh description	Licensing report	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sub-function 3 - (name)									
Is of measureh description		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Vote 3 - vote name									
Function 1 - (name)									
Sub-function 1 - (name)									
Is of measureh description	Number of sites demarcated	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sub-function 2 - (name)									
Is of measureh description	EPWP job opportunities created Shows/indebts and workshops attended Number of exhibition & free markets facilitated	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sub-function 3 - (name)									
Is of measureh description	Approved credit IDP	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Function 2 - (name)									
Sub-function 1 - (name)									
Is of measureh description	No. of streets and km repaved No. of km tarred	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Sub-function 2 - (name)									
Is of measureh description									
Sub-function 3 - (name)									
Is of measureh description									
And so on for the rest of the Votes									

UM343 Thulamela - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<u>Borrowing Management</u>											
Credit Rating		100%	100%	100%	100%	100%	100%	100%			
Capital Charges to Operating Expenditure	Interest & Principal Paid / Operating	0.0%	0.0%	0.0%	0.3%	0.3%	0.3%	0.0%	0.3%	0.3%	0.3%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing	0.0%	0.0%	0.0%	0.3%	0.3%	0.3%	0.0%	0.3%	0.3%	0.3%
Borrowed 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%
<u>Safety of Capital</u>											
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<u>Liquidity</u>											
Current Ratio	Current assets/current liabilities	4.8	7.0	6.9	7.0	6.1	6.1	13.2	5.5	5.1	4.8
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current	4.8	7.0	6.9	7.0	6.1	6.1	13.2	5.5	5.1	4.8
Liquidity Ratio	Monetary Assets/Current Liabilities	4.4	6.4	6.4	6.6	5.4	5.4	12.6	5.1	5.0	4.9
<u>Revenue Management</u>											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	0.0%	161.7%	229.3%	164.1%	96.6%	106.2%	106.2%	222.6%	258.8%	258.8%
Current Debtors Collection Rate (Cash receipts % of Ratespayer & Other revenue)		161.7%	229.3%	164.1%	96.6%	106.2%	106.2%	222.6%	258.8%	258.8%	257.8%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	9.7%	11.6%	8.2%	5.8%	12.4%	12.4%	7.7%	6.4%	4.2%	-0.7%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors >										
<u>Creditors Management</u>											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MPRAR > 65%)	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		4.9%	5.0%	2.5%	0.4%	0.4%	0.4%	0.1%	0.3%	0.3%	0.2%
<u>Other Indicators</u>											
Electricity Distribution Losses (2)	Total Volume Losses (kW) technical										
	Total Volume Losses (kW) non technical										
	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										
Water Distribution Losses (2)	Total Volume Losses (Ml)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital	40.3%	36.6%	37.7%	37.1%	36.6%	36.6%	36.6%	39.4%	39.4%	39.0%
Remuneration	Total remuneration/(Total Revenue - capital	44.4%	42.4%	41.5%	40.9%	42.5%	42.5%	42.5%	43.3%	43.4%	43.1%
Repairs & Maintenance	RMAI/(Total Revenue excluding capital	4.0%	15.3%	13.9%	6.2%	5.8%	5.8%	10.9%	9.0%	9.3%	8.7%
Finance charges & Depreciation	FCGI/(Total Revenue - capital revenue)	7.1%	8.0%	7.8%	6.1%	9.2%	9.2%	9.8%	9.2%	9.4%	9.3%
<u>MPRAR financial viability indicators</u>											
I. Debt coverage	(Total Operating Revenue - Operating	12.5	9.7	10.0	11.1	10.8	10.8	7.1	8.2	6.1	6.4
II.O/S Service Debtors to Revenue	Total outstanding service debtors/annual	210.8%	276.5%	149.0%	59.6%	155.9%	155.9%	166.0%	102.5%	49.9%	-7.9%
III. Cost coverage	(Available cash + Investments)/monthly fixed	25.5	25.8	16.5	17.0	15.8	15.8	27.5	18.5	21.6	24.5

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 strategy

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 UIF reduction strategy

2.4.16 Borrowing policy

However, the following policies are not currently available and will be developed in future. That is: Consequences policy.

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

2.5 Overview of budget Assumptions

- The budget for 2025/2026 was done in terms of MFMA and municipal budget reporting regulation and treasury circulars e.g., circular 126 and 129.
- 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 4,4% growth rate was used on the tariffs and 5,15 % 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 45 % of on all billed Revenue. This means the 55% has been budgeted as provision for bad debts.
- 2025/2026 Property rate and service charges are also subjected to a 4,4% Tariff increase rate.

Expenditure

- Annual increase of 4,4% has been used in line with Circular 129. The overall salary expenses have increased by 5,15%.

- The expected collection rate for 2025/2026 financial year is 45% and 55% of billed revenue will be provided for bad debts.
- Depreciation has been provided based on the 2025/2026 asset register and also in line with GRAP.
- Depreciation for 2025/2026 budget is based on the Audited depreciation 2023/2024 Financial year and the actual depreciation to date for the current year (2024/2025).
- 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.
- Thulamela municipality does not have any borrowing policy as we don't have any loan, we will develop the policy as and when the need arises.

The budget is funded by the following sources:

- Rates, tariffs, 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 prepared in line with the SALGA Gazette, while Salaries and Wages increased by 5.15% as per the Bargaining Council agreement and as illustrated in circular 129.

LIM343 Thulamela - Supporting Table SA22 Summary councilor and staff benefits

Summary of Employee and Councilor remuneration		2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/26	Budget Year +1 2026/27	Budget Year +2 2027/28
		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages	1	20 186	20 859	22 358	23 978	23 923	23 923	25 155	26 161	26 815
Pension and UIF Contributions		2 950	3 125	3 172	3 484	3 484	3 484	3 664	3 810	3 905
Medical Aid Contributions		97	104	192	295	350	350	368	382	392
Motor Vehicle Allowance		-	-	-	-	-	-	-	-	-
Cellphone Allowance		3 292	3 805	3 864	4 247	4 247	4 247	4 486	4 545	4 781
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		3 727	4 003	4 403	5 957	5 957	5 957	6 264	6 514	6 877
Sub Total - Councillors	1	30 253	31 787	33 808	37 661	37 661	37 661	39 516	41 513	42 581
% increase	4		5.1%	6.4%	12.3%	-	-	5.2%	4.0%	2.6%
Senior Managers of the Municipality										
Basic Salaries and Wages	2	5 594	4 485	4 351	6 904	5 510	5 510	7 297	7 594	7 751
Pension and UIF Contributions		210	10	9	120	122	122	128	133	136
Medical Aid Contributions		143	175	130	257	235	235	270	281	288
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		70	22	135	589	565	565	619	644	660
Motor Vehicle Allowance	3	1 165	1 042	849	1 664	1 691	1 691	1 791	1 862	1 909
Cellphone Allowance	3	-	-	-	-	-	-	-	-	-
Housing Allowances	3	144	-	-	13	13	13	14	15	15
Other benefits and allowances	3	1	1	1	1	1	1	1	1	1
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		-	-	-	-	-	-	-	-	-
In kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality	4	7 928	6 734	6 474	9 648	8 198	8 198	10 120	10 630	10 781
% increase	4		(21.7%)	(4.8%)	74.4%	(14.8%)	-	24.4%	4.1%	2.2%
Other Municipal Staff										
Basic Salaries and Wages		195 281	207 183	218 273	235 472	239 934	239 934	241 985	242 654	248 656
Pension and UIF Contributions		38 064	40 542	42 390	45 835	46 203	46 203	46 839	50 530	51 791
Medical Aid Contributions		10 040	11 285	12 558	14 963	15 033	15 033	15 808	16 440	16 851
Overtime		8 054	10 418	12 451	10 240	13 239	13 239	13 920	14 477	14 839
Performance Bonus		14 906	16 027	17 345	20 391	19 815	19 815	20 382	21 418	22 102
Motor Vehicle Allowance	3	18 962	20 871	23 287	25 129	25 771	25 771	27 098	28 182	28 888
Cellphone Allowance	3	52	48	105	86	108	108	103	107	109
Housing Allowances	3	345	325	359	434	420	420	441	459	471
Other benefits and allowances	3	70	75	77	93	95	95	100	104	108
Payments in lieu of leave		1 335	1 608	1 424	5 179	5 485	5 485	5 768	5 999	6 148
Long service awards		2 074	3 123	5 180	6 664	4 879	4 879	5 131	5 336	5 489
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		149	410	78	521	493	493	487	505	519
In kind benefits		-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff	4	289 982	311 915	333 627	384 798	371 475	371 475	385 645	392 210	401 848
% increase	4		7.8%	6.9%	8.3%	1.9%	-	3.8%	1.7%	2.6%
Total Parent Municipality		328 911	348 436	372 808	412 216	417 679	417 679	435 679	444 254	455 289

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 2024/2025 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 28 March 2025.

Publication of the Annual budget

- Once Annual budget is tabled, the municipality will both hardcopy and electronic copy of budget document and submit it to National and provincial treasury. Community was invited to submit representations on what is contained in the budget.

Opportunity to comment on Annual budget.

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

2.16 Municipal manager's quality certificate