

# Ubuntu Municipality



*menswaardigheid - hoop - erfenis  
ubuntu - ithemba - izithethe  
humanity - hope - heritage*

---

**DRAFT 2025/2026 MTREF  
Budget Report  
(Sections 16, 17 and 21 of the MFMA)**

**March 2025**

---

## Table of Contents

<b>1. EXECUTIVE SUMMARY</b>	<b>3</b>
<b>2. LEGISLATION</b>	<b>3</b>
2.2 Appropriation of funds for expenditure	3
2.3 Annual budgets	3
2.4 Contents of annual budgets and supporting documents	3
2.5 Publication of annual budgets	4
<b>3. BUDGET CIRCULARS</b>	<b>5</b>
<b>4. BUDGET PROJECTIONS</b>	<b>6</b>
<b>5. HIGH LEVEL OPERATING BUDGET</b>	<b>8</b>
5.1 Operating Revenue per Category	8
5.2 Operating Expenditure per Category	9
5.3 Operating Revenue and Expenditure Summary	9
5.4 Summary per departments	10
<b>6. HIGH LEVEL CAPITAL BUDGET</b>	<b>17</b>
6.1 Capital Budget per Directorate	17
6.2 Capital Budget per Funding Source	18
6.3 Capital Budget Summary	18
<b>8. OVERVIEW OF BUDGET FUNDING INCLUDING FUNDING COMPLIANCE</b>	<b>20</b>
<b>9. EXPENDITURE ON GRANT ALLOCATIONS MADE TO THE MUNICIPALITY</b>	<b>20</b>
<b>10. MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW</b>	<b>21</b>
<b>11. MSCOA PROGRESS TO DATE</b>	<b>21</b>
<b>12. LEGISLATIVE COMPLIANCE STATUS</b>	<b>21</b>
12.1 In-Year Reporting	21
12.2 Internship Programme	21
12.3 Budget and Treasury Office	22
12.4 Audit Committee	22
12.5 Service Delivery and Budget Implementation Plan	22
12.6 Policies	22
12.7 Procurement Plan	22
<b>13. RECOMMENDATIONS</b>	<b>23</b>

## 1. EXECUTIVE SUMMARY

- 1.1 The 2025/2026 MTREF Budget Report commences with a discussion on the legislative requirements to which the Municipality must comply with; the Budget Circulars containing directives published by the National and Provincial Treasury's; as well as the key budget projections for the next three financial years.
- 1.2 The process of developing the Municipality's annual budget is mainly guided by the strategic thrusts and operational priorities of Ubuntu Municipality's Integrated Development Plan (IDP), as well as the MTREF that outlines the projected annual revenue and expenditure for the budget year under consideration and the two outer financial years.
- 1.3 The Final 2025/2026 Medium Term Revenue and Expenditure Framework (MTREF) Budget Report addresses the operating budget and tariff proposals, as well as the capital budget and funding source proposals, to ensure that Ubuntu Municipality renders services to the local community in a financially sustainable manner.
- 1.4 The 2025/2026 MTREF Budget report is based on these documents, as well as forecasted economic trends. A high-level summary of the operating and capital budgets.

## 2. LEGISLATION

- 2.1 Sections 15 to 24 of the Local Government: Municipal Finance Management Act, no 56 of 2003 (MFMA), read in conjunction with Regulations 9 to 20 of the Municipal Budget and Reporting Regulations (MBRR) legislates the processes for the compilation and approval of the municipal budget. The MFMA determines that:

### 2.2 Appropriation of funds for expenditure

*A municipality may, except where otherwise provided in this Act, incur expenditure only –*

- (a) In terms of an approved budget; and*
- (b) Within the limits of the amounts appropriated for the different votes in an approved budget.*

### 2.3 Annual budgets

- (1) The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.*
- (2) In order for a municipality to comply with subsection (1), the mayor of the municipality must table the annual budget at a council meeting at least 90 days [31 March annually] before the start of the budget year.*
- (3) Subsection (1) does not preclude the appropriation of money for capital expenditure for a period not exceeding three financial years, provided a separate appropriation is made for each of those financial years.*

### 2.4 Contents of annual budgets and supporting documents

- (4) An annual budget of a municipality must be a schedule in the prescribed format –*
  - (a) Setting out realistically anticipated revenue for the budget year from each revenue source;*
  - (b) Appropriating expenditure for the budget year under the different votes of the municipality;*
  - (c) Setting out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget year;*
  - (d) Setting out –*
    - (i) Estimated revenue and expenditure by vote for the current year; and*
    - (ii) Actual revenue and expenditure by vote for the financial year preceding the current year; and*

- (e) A statement containing any other information required by section 215(3) of the Constitution or as may be prescribed.
- (5) An annual budget must generally be divided into a capital and an operating budget in accordance with international best practice, as may be prescribed.
- (6) When an annual budget is tabled in terms of section 16(2), it must be accompanied by the following documents –
  - (a) Draft resolutions –
    - (i) Approving the budget of the municipality;
    - (ii) Imposing any municipal tax and setting any municipal tariffs as may be required for the budget year; and
    - (iii) Approving any other matter that may be prescribed;
  - (b) Measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the municipality's integrated development plan;
  - (c) A projection of cash flow for the budget year by revenue source, broken down per month;
  - (d) Any proposed amendments to the municipality's integrated development plan following the annual review of the integrated development plan in terms of section 34 of the Municipal Systems Act **[addressed in a separate item/report]**;
  - (e) Any proposed amendments to the budget-related policies of the municipality;
  - (f) Particulars of the municipality's investments;
  - (g) Any prescribed budget information on municipal entities under the sole or shared control of the municipality **[not applicable to Ubuntu Municipality]**;
  - (h) Particulars of all proposed new municipal entities which the municipality intends to establish or in which the municipality intends to participate **[not applicable to Ubuntu Municipality]**;
  - (i) Particulars of any proposed service delivery agreements, including material amendments to existing service delivery agreements **[not applicable to Ubuntu Municipality as no service providers render services (water, electricity, sanitation, refuse) on behalf of the Municipality]**;
  - (j) Particulars of any proposed allocations or grants by the municipality to –
    - (i) Other municipalities **[not applicable]**;
    - (ii) Any municipal entities and other external mechanisms assisting the municipality in the exercise of its functions or powers **[not applicable]**;
    - (iii) Any other organs of state **[not applicable]**;
    - (iv) Any organisations or bodies referred to in section 67(1) **[not applicable]**;
  - (k) The proposed cost to the municipality for the budget year of the salary, allowances and benefits of –
    - (i) Each political office-bearer of the municipality;
    - (ii) Councilors of the municipality; and
    - (iii) The municipal manager, the chief financial officer, each senior manager of the municipality and any other official of the municipality having a remuneration package greater than or equal to that of a senior manager;
  - (l) The proposed cost for the budget year to a municipal entity under the sole or shared control of the municipality of the salary, allowances and benefits of **[not applicable]** –
    - (i) Each member of the entity's board of directors; and
    - (ii) The chief executive officer and each senior manager of the entity; and
  - (m) Any other supporting documentation as may be prescribed.

## 2.5 Publication of annual budgets

Immediately after an annual budget is tabled in a municipal council, the accounting officer of the municipality must –

- (a) In accordance with Chapter 4 of the Municipal Systems Act –
  - (i) Make public the annual budget and the documents referred to in section 17(3); and
  - (ii) Invite the local community to submit representations in connection with the budget; and
- (b) Submit the annual budget **[to be executed immediately following the tabling of the annual budget and within 10 working days following Council approval of the annual budget]**–

- (i) *In both printed and electronic formats to the National Treasury and the relevant provincial treasury; and*  
(ii) *In either format to any prescribed national or provincial organs of state and to other municipalities affected by the budget.*

- 2.6 Regulations 9 to 20 of the MBRR in essence confirm the contents of Sections 15 to 24 of the MFMA in detail with regards to the Budget process.
- 2.7 The compilation of the annual budget, in terms of legislation, must also take into consideration the Budget Circulars released by both National and Provincial Treasury.

### **3. BUDGET CIRCULARS**

- 3.1 National Treasury only published one budget circulars for the 2025/2026 MTREF. MFMA Municipal Budget Circular No 129 published on 10 December 2024.
- 3.2 The National Treasury Circulars mainly address the South African economy and inflation targets; key focus areas for the 2025/2026 budget process; Local Government conditional grant allocations; overview of the Revenue Management; latest released version 6.9 Municipal Standard Chart of Accounts (*mSCOA*); maximising funding choices and management issues in relation to employee-related costs and remuneration of councilors; conditional grant transfers to municipalities; municipal budget and reporting regulations; and, the budget process and submissions for the 2025/2026 MTREF.
- 3.3 NERSA circular dated 17 November 2023 issued a letter informing electricity distributors that the guideline and benchmarks that had been supplied in the past will no longer be published for annual electricity distributor tariff price increases, each distributor's tariff increase will be based on its costs. Each distributor is expected to complete a revenue requirement tool in order to motivate the increase with regards to service charges – electricity for the 2025-26 MTREF period. The circular provides guidelines of the Eskom municipal bulk purchases increase projected at 11.32% in 2025/2026 and the CPI projections for the remainder of the MTREF and these has been implemented as guided by NERSA.
- 3.5 All factors affecting the compilation of the budget were taken into consideration to ensure that the anticipated revenue streams and funding sources are affordable and sustainable for funding both the operating and capital budgets.

## 4. BUDGET PROJECTIONS

### 4.1.1 Property Rates

Property Rates General Valuation will be implemented in the new financial year.

Council tabled Property Rates income at R29 998 032.00 on the implementation of 4.4% average increase from the adjusted budget of R28 733 748.00.

The rebates will continue as provided by Council in the current year as follows:

- R15,000 to all Households,
- The indigent threshold is R5000-00 per Households.

### 4.1.2 Water:

Ubuntu Local Municipality has been fortunate to have a natural supply of water that it can extract to provide water to the community. However, over the years a need to augment our bulk water arose, which we have started, with the MIG grant. Parts of South Africa has been declared disaster areas due to drought, with water being a scarce resource, Ubuntu Local Municipality was no exception, the need to preserve our water resource became imperative. We are also faced with a new challenge which is losses of water in our distribution network, we are committed to curb water losses and ensuring there is sufficient water supply for its residence. With the replacement of asbestos pipes with PVC will ensure that we reduce these losses, to ensure that the price of water is fair and provide access to all.

Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – including the cost of maintenance and renewal of purification plants, water networks and the cost associated with reticulation expansion;
- Water tariffs are structured to protect basic levels of service and ensure the provision of free water to the poorest of the poor (indigent); and
- Water tariffs are designed to encourage efficient and sustainable consumption.

In addition, National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective, which Ubuntu Local Municipality is working towards. Maintenance of infrastructure and cost-reflective tariffs will ensure that the supply is managed in future to ensure sustainability. This has also prompted the municipality to implement prepaid meters. With the introduction of prepaid meters, community members will be more aware of their water usage and reduce excessive water usage and losses. The municipality has not started with creating cost-reflective tariffs as yet.

The 6 kℓ free water per 30-day period has since 2014 only been granted to registered indigents. Our informal settlement making use of communal taps.

### 4.1.3 Electricity

Though Electricity tariffs are regulated by NERSA, where Municipality were strictly guided in what they increase their tariffs to their customers by, this has however changed for the first time in this budget process where Municipalities attended weekly workshops in the month of March to complete the Revenue Requirement Tool designed by NERSA that will guide the projected increases for the 2025/2026 MTREF.

This increase is not addressing the radical decline of the electricity revenue at least the past three years but will address the increased maintenance of the Electrical infrastructure requested.

Council will embark in another study since there are other considerable factors that needs to be considered such as Load Shedding as well as significant roll-out implementation of installing smart prepaid boxes to our Informal areas that will yield additional revenues, and the impact on Electricity Infrastructure.

#### 4.2.4 Refuse

Services relevant to refuse removal, refuse dumps and solid waste disposal mechanisms must comply with stringent legislative requirements such as the National Environmental Management: Waste Act, No 59 of 2008. This service will receive further revision of the solid waste strategy to ensure that this service can be rendered in a sustainable manner over the medium to long-term. The municipality does not have a license for the current landfill site in use.

## 5. HIGH LEVEL OPERATING BUDGET

The Municipality's operating budget, lists the planned operating expenditure and income, for the delivery of all core services to its community.

### 5.1 Operating Revenue per Category

5.1.1 The operating revenue budget per category for the 2025/2026 MTREF is presented in Table below:

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 2027/28
<b>Revenue</b>											
<b>Exchange Revenue</b>											
Service charges - Electricity	2	17 530	8 082	19 607	26 284	24 284	24 284	24 968	27 033	28 249	28 95
Service charges - Water	2	11 464	12 316	12 925	18 063	18 063	18 063	20 134	18 857	19 706	20 19
Service charges - Waste Water Management	2	3 837	5 634	5 948	4 714	4 714	4 714	7 754	4 922	5 143	5 27
Service charges - Waste Management	2	4 392	6 244	6 605	5 765	5 765	5 765	8 944	6 019	6 290	6 44
Sale of Goods and Rendering of Services		81	69	33	91	84	84	84	87	91	9
Agency services		451	197	534	893	372	372	372	388	406	41
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		13 185	14 385	6 873	9 196	6 875	6 875	6 875	7 177	7 500	7 68
Interest earned from Current and Non Current Assets		602	1 266	2 009	1 635	2 006	2 006	2 006	2 094	2 188	2 24
Dividends		4	-	-	-	-	-	-	-	-	-
Rent on Land		119	11	92	441	103	103	103	108	113	11
Rental from Fixed Assets		529	526	422	586	447	447	447	467	488	50
Licence and permits		-	208	205	488	259	259	259	270	283	29
<b>Special rating levies</b>											
Operational Revenue		134	175	298	2 245	480	480	480	501	524	53
<b>Non-Exchange Revenue</b>											
Property rates	2	(7 442)	-	21 793	28 734	28 734	28 734	28 734	29 998	31 348	32 13
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		10	53	18 788	20 639	18 788	18 788	18 788	19 633	20 517	21 03
Licences or permits		-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational		33 301	55 047	64 031	58 016	58 016	58 016	58 016	60 917	63 658	65 25
Interest		(0)	6 900	2 654	-	2 659	2 659	2 659	2 779	2 904	2 97
Fuel Levy		-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	-	-	-	-	-	-	-	-	-
Other Gains		-	(174)	723	-	-	-	-	-	-	(
<b>Discontinued Operations</b>											
Total Revenue (excluding capital transfers and contributions)		78 196	110 941	163 540	177 790	171 647	171 647	180 621	181 250	189 406	194 14

5.1.2 The operating revenue budget equates to R 181 250 million for the 2025/2026 tabled MTREF.

5.1.3 All Service Charges have increased with 4.4% CPI, in accordance with Circular 129 provided by National Treasury. Electricity Service Charges is the only exception that increased with 11.32% to accommodate the increase on Bulk Purchase by Eskom.

5.1.4 In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit. Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the municipality. The increase in revenue represents the tariff increase for rates, water, sanitation and refuses and electricity.

5.1.5 During the 2025/26 financial year, there has been several corrective actions undertaken that directly affected billing accuracy. There has been a reduction in estimates being billed which were usually higher than the actual readings.



## 5.2 Operating Expenditure per Category

5.2.1 The high-level operating expenditure budget per category for the 2024/2025 MTREF is presented in Table below:

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 + 2027/28
<b>R thousand</b>	1										
<b>Expenditure</b>											
Employee related costs	2	38 575	34 732	35 571	53 930	53 745	53 745	53 745	56 156	58 683	60 160
Remuneration of councillors		4 330	4 359	5 081	4 864	4 864	4 864	4 864	5 106	5 336	5 486
Bulk purchases - electricity	2	22 421	24 495	25 230	22 970	30 049	30 049	30 049	33 451	34 956	35 830
Inventory consumed	8	1 809	3 842	2 908	3 404	1 898	1 898	1 898	1 981	2 070	2 122
Debt impairment	3	-	-	-	-	-	-	-	-	-	-
Depreciation and amortisation		-	16 203	18 546	27 518	17 820	17 820	17 820	18 604	19 441	19 927
Interest		2 733	6 877	10 568	5 779	2 776	2 776	2 776	2 898	3 028	3 104
Contracted services		5 107	12 805	12 890	18 282	17 557	17 557	17 557	18 330	19 154	19 633
Transfers and subsidies		-	-	-	-	-	-	-	-	-	-
Irrecoverable debts written off		-	37 508	30 478	21 200	21 200	21 200	21 200	22 133	23 129	23 707
Operational costs		20 270	24 886	27 447	19 624	21 277	21 277	21 277	22 241	23 242	23 823
Losses on disposal of Assets		-	-	-	-	-	-	-	-	-	-
Other Losses		-	(218)	(925)	-	-	-	-	-	-	(0)
<b>Total Expenditure</b>		<b>95 244</b>	<b>165 489</b>	<b>167 793</b>	<b>177 570</b>	<b>171 185</b>	<b>171 185</b>	<b>171 185</b>	<b>180 899</b>	<b>189 039</b>	<b>193 766</b>

5.2.2 The operating expenditure budget equates to R 180 899 million for the 2025/2026 financial year in comparison with the adjusted budget of R171 185 million for the 2024/2025 adjusted budget.

5.2.3 An overall increase of R 9 713million when compared to 2025 February adjusted budget as a result of the below items:

5.2.4 Bulk Purchases Electricity increased by 11.32%, effective from 1 July 2025 (Eskom Tariff Increase) as guided by the NERSA circular that Municipalities to increase Eskom charges in line with the guidelines.

5.2.5 Contracted services and operational cost went up by overall R556 000-0 and R895 000 respectively to cover request mainly in the Service Delivery departments.

5.2.6 An overall increase of 5.9 per cent on operating expenditure budget for the 2025/2026 financial year compared to the 2024/2025 adjusted budget.

## 5.3 Operating Revenue and Expenditure Summary

5.3.1 The high-level draft operating budget summary for the 2025/2026 MTREF is presented in Table below:

Description	2023/2024			2024/2025			2025/2026		
	Original Budget	Adjustment Budget	Audited Outcomes	Original Budget	Adjustment Budget	Full Forecast	Draft Budget Y1	Draft Budget Y2	Draft Budget Y
<b>Revenue By Source</b>									
Agency Services	575 000.00	842 551.00	534 491.80	893 088.00	371 969.00	371 969.00	388 336.00	405 810.00	415 954
Fines, Penalties and Forfeits	19 470 392.00	19 470 392.00	18 787 929.40	20 638 608.00	18 787 930.00	18 787 930.00	19 633 387.00	20 516 890.00	21 029 812
Grants - Operational	54 933 000.00	54 933 000.00	64 030 628.05	58 016 004.00	58 016 004.00	58 016 004.00	60 916 804.20	63 658 060.00	65 249 513
Interest Revenue - External Investments	425 000.00	1 542 823.00	2 009 139.17	1 635 396.00	2 005 561.00	2 005 561.00	2 093 806.00	2 188 027.00	2 242 728
Interest Revenue - Outstanding Debtors	10 268 848.00	9 091 419.00	9 617 873.85	9 636 900.00	9 636 899.00	9 636 899.00	10 063 581.00	10 516 440.00	10 779 351
Licences or Permits	460 000.00	460 000.00	205 083.30	487 608.00	259 045.00	259 045.00	270 443.00	282 613.00	289 679
Operational Revenue	2 118 100.00	2 118 100.00	298 079.65	2 245 200.00	480 309.00	480 309.00	501 443.00	524 007.00	537 108
Property Rates	26 259 255.00	27 107 314.00	21 793 372.29	28 733 748.00	28 733 748.00	28 733 748.00	29 998 032.00	31 347 944.00	32 131 643
Rental from Fixed Assets	553 250.00	553 250.00	421 702.02	586 452.00	447 004.00	447 004.00	466 672.00	487 672.00	499 864
Sales of Goods and Rendering of Services	65 103.00	86 159.00	32 749.16	91 320.00	83 722.00	83 722.00	87 407.00	91 341.00	93 625
Service Charges - Electricity	23 757 107.00	24 795 839.00	19 606 922.00	26 283 600.00	24 283 600.00	24 283 600.00	27 032 504.00	28 248 967.00	28 955 191
Service Charges - Refuse	3 885 424.00	5 438 703.00	6 605 391.54	5 765 016.00	5 765 016.00	5 765 016.00	6 018 677.00	6 289 517.00	6 446 755
Service Charges - Sanitation	4 447 306.00	4 447 306.00	5 948 289.91	4 714 152.00	4 714 152.00	4 714 152.00	4 921 576.00	5 143 047.00	5 271 623
Service Charges - Water	17 039 897.00	17 040 121.00	12 924 589.31	18 062 532.00	18 062 532.00	18 062 532.00	18 857 284.00	19 705 860.00	20 198 507

Description	2023/2024			2024/2025			2025/2026		
	Original Budget	Adjustment Budget	Audited Outcomes	Original Budget	Adjustment Budget	Full Forecast	Draft Budget Y1	Draft Budget Y2	Draft Budget'
<b>Expenditure By Type</b>									
Bulk Purchases - Electricity	25 769 525.00	21 669 525.00	25 229 587.54	22 969 704.00	30 049 252.00	30 049 252.00	33 450 828.00	34 956 115.00	35 830 011
Bulk Purchases - Water	2 124 000.00	2 124 000.00	1 955 873.37	2 251 440.00	1 707 536.00	1 707 536.00	1 782 668.00	1 862 888.00	1 909 461
Contracted Services	16 131 495.00	17 401 988.00	12 889 701.92	18 282 060.00	17 557 030.00	17 557 030.00	18 329 539.00	19 154 369.00	19 633 221
Debt Impairment	20 000 000.00	20 000 000.00	30 477 599.51	21 200 004.00	21 200 004.00	21 200 004.00	22 132 804.00	23 128 780.00	23 707 001
Depreciation and Amortisation	25 960 506.00	25 960 506.00	16 810 997.72	27 518 124.00	17 819 657.00	17 819 657.00	18 603 722.00	19 440 889.00	19 926 911
Employee Related Cost	47 482 897.00	47 482 897.00	35 787 693.15	53 929 512.00	53 737 597.00	53 737 597.00	56 155 786.00	58 682 793.00	60 149 861
Finance Cost	610 720.00	5 452 184.00	10 568 301.53	5 779 308.00	2 775 737.00	2 775 737.00	2 897 870.00	3 028 274.00	3 103 981
Operational Costs	17 196 831.00	18 576 505.00	27 446 800.02	19 623 516.00	21 285 542.04	21 285 542.04	22 241 256.00	23 242 112.00	23 823 161
Other Materials	1 530 000.00	1 087 009.00	952 422.69	1 152 216.00	190 059.00	190 059.00	198 422.00	207 352.00	212 531
Remuneration of Councillors	20 407 691.00	4 466 352.00	5 080 540.60	4 863 660.00	4 863 660.00	4 863 660.00	5 105 983.00	5 335 750.00	5 469 141
<b>Surplus/(Deficit) Before Capital Transfers</b>							<b>351 074.20</b>	<b>366 873.00</b>	<b>376 041</b>

5.3.2 The operating budget surplus excluding capital grants equates to R 351 074 for the 2025/2026

5.3.3 The operating budget surplus equates to R32 766 678.40 for the 2025/2026 financial year this takes into account all capital projects funded through grants.

## 5.4 Summary per Departments

5.4.1 The below table depicts Council- Councillors:

Row Labels	Sum of DraftBudget 2025 26	Sum of DraftBudget 2026 27	Sum of DraftBudget 2027 28
<b>Expenditure</b>	<b>5 303 906.96</b>	<b>5 542 581.00</b>	<b>5 681 146.00</b>
<b>Contracted Services</b>	<b>3 577.00</b>	<b>3 738.00</b>	<b>3 831.00</b>
Contractors	3 577.00	3 738.00	3 831.00
<b>Operational Costs</b>	<b>1 141 039.00</b>	<b>1 192 386.00</b>	<b>1 222 196.00</b>
Indigent Relief	415 028.00	433 704.00	444 547.00
Licences	-	-	-
Printing, Publications and Books	11 062.00	11 560.00	11 849.00
Skills Development Fund Levy	25 909.00	27 075.00	27 752.00
Ward Committees	689 040.00	720 047.00	738 048.00
Wet Fuel	-	-	-
<b>Other Materials</b>	<b>10 154.00</b>	<b>10 611.00</b>	<b>10 876.00</b>
Consumables	10 154.00	10 611.00	10 876.00
<b>Remuneration of Councillors</b>	<b>4 149 136.96</b>	<b>4 335 846.00</b>	<b>4 444 243.00</b>
Executive Committee/Mayoral Committee	855 370.00	893 861.00	916 208.00
Speaker	774 879.00	809 748.00	829 992.00
Total for All Other Councillors	1 674 685.00	1 750 046.00	1 793 797.00
Section 79 committee chairperson	416 517.96	435 261.00	446 143.00
Chief Whip	427 685.00	446 930.00	458 103.00
<b>Grand Total</b>	<b>5 303 906.96</b>	<b>5 542 581.00</b>	<b>5 681 146.00</b>

The above table depicts an overview of Council Directorate

5.4.2 The below table depicts Council- Mayor:

Row Labels	Sum of DraftBudget_2025_26	Sum of DraftBudget_2026_27	Sum of DraftBudget_2027_28
<b>Expenditure</b>	<b>2 090 409.04</b>	<b>2 184 479.00</b>	<b>2 239 092.00</b>
<b>Employee Related Cost</b>	<b>219 161.00</b>	<b>229 024.00</b>	<b>234 749.00</b>
Municipal Staff	219 161.00	229 024.00	234 749.00
<b>Operational Costs</b>	<b>743 186.00</b>	<b>776 630.00</b>	<b>796 047.00</b>
Skills Development Fund Levy	7 178.00	7 501.00	7 689.00
Travel and Subsistence	736 008.00	769 129.00	788 358.00
Accommodation	318 412.00	332 741.00	341 060.00
Daily Allowance	152 416.00	159 275.00	163 257.00
Transport with Operator	-	-	-
Transport without Operator	265 180.00	277 113.00	284 041.00
<b>Other Materials</b>	<b>171 216.00</b>	<b>178 921.00</b>	<b>183 394.00</b>
Consumables	171 216.00	178 921.00	183 394.00
<b>Remuneration of Councillors</b>	<b>956 846.04</b>	<b>999 904.00</b>	<b>1 024 902.00</b>
Executive Mayor/Mayor	956 846.04	999 904.00	1 024 902.00
<b>Grand Total</b>	<b>2 090 409.04</b>	<b>2 184 479.00</b>	<b>2 239 092.00</b>

The above table depicts an overview of the mayor.

5.4.3 The below table depicts MM office:

Row Labels	Sum of DraftBudget_2025_26	Sum of DraftBudget_2026_27	Sum of DraftBudget_2027_28
<b>Expenditure</b>	<b>7 479 634.00</b>	<b>7 816 217.00</b>	<b>8 011 623.00</b>
<b>Contracted Services</b>	<b>4 542 306.00</b>	<b>4 746 710.00</b>	<b>4 865 378.00</b>
Consultants and Professional Services	142 506.00	148 919.00	152 642.00
Legal Advice and Litigation	142 506.00	148 919.00	152 642.00
Outsourced Services	4 399 800.00	4 597 791.00	4 712 736.00
Clearing and Grass Cutting Services	-	-	-
Catering Services	3 550.00	3 710.00	3 803.00
Security Services	4 396 250.00	4 594 081.00	4 708 933.00
<b>Employee Related Cost</b>	<b>2 397 822.00</b>	<b>2 505 724.00</b>	<b>2 568 367.00</b>
Municipal Staff	1 050 512.00	1 097 785.00	1 125 229.00
Senior Management	1 347 310.00	1 407 939.00	1 443 138.00
<b>Operational Costs</b>	<b>539 506.00</b>	<b>563 783.00</b>	<b>577 878.00</b>
Advertising, Publicity and Marketing	-	-	-
Communication	-	-	-
Printing, Publications and Books	-	-	-
Professional Bodies, Membership and Subscription	-	-	-
Skills Development Fund Levy	14 220.00	14 860.00	15 232.00
Travel and Subsistence	525 286.00	548 923.00	562 646.00
Accommodation	136 004.00	142 124.00	145 677.00
Daily Allowance	48 650.00	50 839.00	52 110.00
Transport with Operator	41 756.00	43 635.00	44 726.00
Transport without Operator	298 876.00	312 325.00	320 133.00
Vehicle Tracking	-	-	-
<b>Other Materials</b>	-	-	-
Consumables	-	-	-
<b>Grand Total</b>	<b>7 479 634.00</b>	<b>7 816 217.00</b>	<b>8 011 623.00</b>

The above table depicts an overview of the Municipal Manager.

5.4.4 The below table depicts Corporate Services Admin and IT:

Row Labels	Sum of DraftBudget 2025_26	Sum of DraftBudget 2026_27	Sum of DraftBudget 2027_28
<b>Expenditure</b>	<b>11 688 983.00</b>	<b>12 214 985.00</b>	<b>12 520 362.00</b>
Contracted Services	251 541.00	262 860.00	269 432.00
Depreciation and Amortisation	1 482 937.00	1 549 669.00	1 588 411.00
Employee Related Cost	6 155 975.00	6 432 993.00	6 593 819.00
Interest, Dividends and Rent on Land	-	-	-
Inventory Consumed	17 052.00	17 820.00	18 266.00
Operating Leases	588 428.00	614 907.00	630 280.00
Operational Cost	3 193 050.00	3 336 736.00	3 420 154.00
Operational Costs	3 193 050.00	3 336 736.00	3 420 154.00
Cellular Expenditure	19 274.00	20 141.00	20 645.00
Corporate and Municipal Activities	96 965.00	101 328.00	103 861.00
Domestic	309 066.00	322 973.00	331 047.00
Insurance Brokers Fees	744 131.00	777 617.00	797 057.00
Learnerships and Internships	1 049 107.00	1 096 317.00	1 123 725.00
Licences (Radio and Television)	-	-	-
Municipal Services	-	-	-
Postage/Stamps/Frinking Machines	-	-	-
Printing, Publications and Books	237 715.00	248 412.00	254 622.00
Seminars, Conferences, Workshops and Events	16 270.00	17 002.00	17 427.00
Skills Development Fund Levy	21 777.00	22 757.00	23 326.00
Telephone, Fax, Telegraph and Telex	456 533.00	477 077.00	489 004.00
Uniform and Protective Clothing	242 212.00	253 112.00	259 440.00
Wet Fuel	-	-	-
Wireless Network	-	-	-
<b>Revenue</b>	-	-	-
<b>Exchange Revenue</b>	-	-	-
<b>Grand Total</b>	<b>11 688 983.00</b>	<b>12 214 985.00</b>	<b>12 520 362.00</b>

The above table depicts an overview of Corporate Services admin and IT

5.4.5 The below table depicts Corporate Services Traffic:

Row Labels	Sum of DraftBudget 2025_26	Sum of DraftBudget 2026_27	Sum of DraftBudget 2027_28
<b>Expenditure</b>	<b>7 636 716.00</b>	<b>7 980 369.00</b>	<b>8 179 879.00</b>
Contracted Services	-	-	-
Employee Related Cost	7 440 094.00	7 774 898.00	7 969 270.00
Municipal Staff	7 440 094.00	7 774 898.00	7 969 270.00
Operational Costs	196 622.00	205 471.00	210 609.00
Communication	-	-	-
Municipal Services	-	-	-
Printing, Publications and Books	76 041.00	79 463.00	81 450.00
Professional Bodies, Membership and Subscription	50 145.00	52 402.00	53 712.00
Registration Fees	24 500.00	25 603.00	26 243.00
Skills Development Fund Levy	-	-	-
Travel and Subsistence	45 936.00	48 003.00	49 204.00
Accommodation	23 803.00	24 874.00	25 496.00
Daily Allowance	-	-	-
Transport without Operator	22 133.00	23 129.00	23 708.00
Wet Fuel	-	-	-
Other Materials	-	-	-
Consumables	-	-	-
<b>Revenue</b>	<b>662 593.00 -</b>	<b>692 409.00 -</b>	<b>709 719.00</b>
Agency Services	388 336.00 -	405 810.00 -	415 954.00
Agency Services	388 336.00 -	405 810.00 -	415 954.00
Fines, Penalties and Forfeits	3 814.00 -	3 986.00 -	4 086.00
Fines, Penalties and Forfeits	3 814.00 -	3 986.00 -	4 086.00
Interest Revenue - Outstanding Debtors	-	-	-
Interest, Dividend and Rent on Land	-	-	-
Licences or Permits	270 443.00 -	282 613.00 -	289 679.00
Licences or Permits	270 443.00 -	282 613.00 -	289 679.00
Drivers Licence Application/Duplicate Drivers Licences	-	-	-
Drivers Licence Certificate	-	-	-
Motor Vehicle Licence	264 661.00 -	276 571.00 -	283 486.00
Operators and Public Drivers Permits	5 782.00 -	6 042.00 -	6 193.00
<b>Grand Total</b>	<b>6 974 123.00</b>	<b>7 287 960.00</b>	<b>7 470 160.00</b>

The above table depicts an overview of Corporate Services Traffic department.

5.4.6 The below table depicts Financial Services operating budget:

Row Labels	Sum of DraftBudget 2025 26	Sum of DraftBudget 2026 27	Sum of DraftBudget 2027 28
⊖ Expenditure	59 545 161.00	62 224 693.00	63 780 309.00
⊖ Contracted Services	9 127 381.00	9 538 113.00	9 776 566.00
⊖ Depreciation and Amortisation	1 927 956.00	2 014 714.00	2 065 082.00
⊖ Employee Related Cost	12 402 387.00	12 960 494.00	13 284 505.00
⊖ Employee Related Cost	12 402 387.00	12 960 494.00	13 284 505.00
⊖ Municipal Staff	11 348 951.00	11 859 654.00	12 156 144.00
⊖ Senior Management	1 053 436.00	1 100 840.00	1 128 361.00
⊖ Interest, Dividends and Rent on Land	2 897 870.00	3 028 274.00	3 103 981.00
⊖ Inventory Consumed	-	-	-
⊖ Irrecoverable Debts Written Off	22 132 804.00	23 128 780.00	23 707 000.00
⊖ Operational Cost	11 056 763.00	11 554 318.00	11 843 175.00
⊖ Surplus / Deficit	-	-	-
⊕ Revenue	157 544 773.20	164 634 283.00	168 750 142.00
⊕ Exchange Revenue	66 714 478.00	69 716 625.00	71 459 542.00
⊕ Interest Revenue - External Investments	2 093 806.00	2 188 027.00	2 242 728.00
⊕ Interest Revenue - Outstanding Debtors	7 278 073.00	7 605 585.00	7 795 725.00
⊕ Operational Revenue	501 443.00	524 007.00	537 108.00
⊕ Sales of Goods and Rendering of Services	11 115.00	11 615.00	11 905.00
⊕ Service Charges - Electricity	27 032 504.00	28 248 967.00	28 955 191.00
⊕ Service Charges - Refuse	6 018 677.00	6 289 517.00	6 446 755.00
⊕ Service Charges - Sanitation	4 921 576.00	5 143 047.00	5 271 623.00
⊕ Service Charges - Water	18 857 284.00	19 705 860.00	20 198 507.00
⊕ Non-exchange Revenue	90 830 295.20	94 917 658.00	97 290 600.00
⊕ Fines, Penalties and Forfeits	-	-	-
⊕ Grants - Capital	-	-	-
⊕ Grants - Operational	58 053 454.20	60 665 859.00	62 182 506.00
⊕ Interest Revenue - Outstanding Debtors	2 778 809.00	2 903 855.00	2 976 451.00
⊕ Property Rates	29 998 032.00	31 347 944.00	32 131 643.00
<b>Grand Total</b>	<b>97 999 612.20</b>	<b>102 409 590.00</b>	<b>104 969 833.00</b>

The above table depicts an overview of Financial Services Directorate which is vote 2 financial performances.

This directorate comprises of five main service Department: The BTO, Revenue Management, Supply Chain Management, Payroll division as well as Expenditure Management.

5.4.7 The below table depicts Community Service Library:

The below table depicts an overview of Community Services library.

Row Labels	Sum of DraftBudget_2025_26	Sum of DraftBudget_2026_27	Sum of DraftBudget_2027_28
<b>Expenditure</b>	<b>1 967 852.00</b>	<b>2 056 405.00</b>	<b>2 148 944.00</b>
<b>Contracted Services</b>	-	-	-
Contractors	-	-	-
<b>Employee Related Cost</b>	<b>1 967 852.00</b>	<b>2 056 405.00</b>	<b>2 148 944.00</b>
Municipal Staff	1 967 852.00	2 056 405.00	2 148 944.00
<b>Operational Costs</b>	-	-	-
Furniture and Office Equipment	-	-	-
Printing, Publications and Books	-	-	-
Skills Development Fund Levy	-	-	-
<b>Revenue</b>	<b>1 603 977.00 -</b>	<b>1 676 156.00 -</b>	<b>1 751 583.00</b>
<b>Fines, Penalties and Forfeits</b>	<b>627.00 -</b>	<b>655.00 -</b>	<b>684.00</b>
Fines, Penalties and Forfeits	627.00 -	655.00 -	684.00
<b>Grants - Operational</b>	<b>1 603 350.00 -</b>	<b>1 675 501.00 -</b>	<b>1 750 899.00</b>
Transfers and Subsidies	1 603 350.00 -	1 675 501.00 -	1 750 899.00
<b>Grand Total</b>	<b>363 875.00</b>	<b>380 249.00</b>	<b>397 361.00</b>

5.4.8 The below table depicts Technical - Electrical Division:

The below table depicts an overview of Technical Electricity.

Row Labels	Sum of DraftBudget_2025_26	Sum of DraftBudget_2026_27	Sum of DraftBudget_2027_28
<b>Expenditure</b>	<b>46 616 312.00</b>	<b>48 714 044.00</b>	<b>49 931 896.00</b>
<b>Bulk Purchases - Electricity</b>	<b>33 450 828.00</b>	<b>34 956 115.00</b>	<b>35 830 018.00</b>
<b>Contracted Services</b>	<b>4 335 074.00</b>	<b>4 530 153.00</b>	<b>4 643 406.00</b>
<b>Debt Impairment</b>	-	-	-
<b>Depreciation and Amortisation</b>	<b>2 474.00</b>	<b>2 585.00</b>	<b>2 650.00</b>
<b>Employee Related Cost</b>	<b>7 998 815.00</b>	<b>8 358 760.00</b>	<b>8 567 731.00</b>
Municipal Staff	6 745 780.00	7 049 339.00	7 225 574.00
Senior Management	1 253 035.00	1 309 421.00	1 342 157.00
<b>Operational Costs</b>	<b>829 121.00</b>	<b>866 431.00</b>	<b>888 091.00</b>
Communication	-	-	-
Municipal Services	-	-	-
Registration Fees	-	-	-
Skills Development Fund Levy	-	-	-
Travel and Subsistence	401 435.00	419 499.00	429 986.00
Accommodation	212 024.00	221 565.00	227 104.00
Transport without Operator	189 411.00	197 934.00	202 882.00
Wet Fuel	427 686.00	446 932.00	458 105.00
<b>Other Materials</b>	-	-	-
Consumables	-	-	-
<b>Revenue</b>	<b>61 781.00 -</b>	<b>64 562.00 -</b>	<b>66 177.00</b>
<b>Grants - Capital</b>	-	-	-
<b>Sales of Goods and Rendering of Services</b>	<b>61 781.00 -</b>	<b>64 562.00 -</b>	<b>66 177.00</b>
Sales of Goods and Rendering of Services	61 781.00 -	64 562.00 -	66 177.00
Agricultural Products	-	-	-
Materials and Equipment	-	-	-
Building Plan Approval	55 834.00 -	58 347.00 -	59 806.00
Encroachment Fees	63.00 -	66.00 -	68.00
Stone and Gravel	5 884.00 -	6 149.00 -	6 303.00
<b>Grand Total</b>	<b>46 554 531.00</b>	<b>48 649 482.00</b>	<b>49 865 719.00</b>

5.4.9 The below table depicts Technical – Water Division:

The below table depicts an overview of Technical Water.

Row Labels	Sum of DraftBudget 2025 26	Sum of DraftBudget 2026 27	Sum of DraftBudget 2027 28
<b>Expenditure</b>	<b>24 636 855.00</b>	<b>25 745 512.00</b>	<b>26 389 151.00</b>
<b>Bulk Purchases - Water</b>	<b>1 782 668.00</b>	<b>1 862 888.00</b>	<b>1 909 460.00</b>
<b>Contracted Services</b>	<b>41 992.00</b>	<b>43 882.00</b>	<b>44 979.00</b>
Contractors	41 992.00	43 882.00	44 979.00
Maintenance of Equipment	-	-	-
Maintenance of Unspecified Assets	41 992.00	43 882.00	44 979.00
Prepaid Water Vendors	-	-	-
<b>Debt Impairment</b>	-	-	-
<b>Depreciation and Amortisation</b>	<b>15 190 355.00</b>	<b>15 873 921.00</b>	<b>16 270 769.00</b>
<b>Employee Related Cost</b>	<b>4 932 257.00</b>	<b>5 154 207.00</b>	<b>5 283 063.00</b>
Municipal Staff	4 932 257.00	5 154 207.00	5 283 063.00
<b>Operational Costs</b>	<b>2 689 583.00</b>	<b>2 810 614.00</b>	<b>2 880 880.00</b>
Communication	-	-	-
Levies Paid - Water Resource Management Charges	193 217.00	201 912.00	206 960.00
Machinery and Equipment	-	-	-
Municipal Services	1 950 183.00	2 037 941.00	2 088 890.00
Skills Development Fund Levy	-	-	-
Travel and Subsistence	35 454.00	37 049.00	37 975.00
Accommodation	35 454.00	37 049.00	37 975.00
Daily Allowance	-	-	-
Wet Fuel	510 729.00	533 712.00	547 055.00
<b>Other Materials</b>	-	-	-
Consumables	-	-	-
<b>Revenue</b>	<b>11 415 600.00 -</b>	<b>11 929 302.00 -</b>	<b>12 227 535.00</b>
<b>Grants - Capital</b>	<b>11 415 600.00 -</b>	<b>11 929 302.00 -</b>	<b>12 227 535.00</b>
Transfers and Subsidies	11 415 600.00 -	11 929 302.00 -	12 227 535.00
<b>Grand Total</b>	<b>13 221 255.00</b>	<b>13 816 210.00</b>	<b>14 161 616.00</b>

5.4.10 The below table depicts Technical Refuse Division:

The below table depicts an overview of Technical Refuse.

Row Labels	Sum of DraftBudget 2025 26	Sum of DraftBudget 2026 27	Sum of DraftBudget 2027 28
<b>Expenditure</b>	<b>6 753 419.00</b>	<b>7 057 323.00</b>	<b>7 233 756.00</b>
<b>Contracted Services</b>	-	-	-
Contractors	-	-	-
Maintenance of Unspecified Assets	-	-	-
<b>Debt Impairment</b>	-	-	-
<b>Depreciation and Amortisation</b>	-	-	-
<b>Employee Related Cost</b>	<b>6 009 795.00</b>	<b>6 280 236.00</b>	<b>6 437 242.00</b>
Municipal Staff	6 009 795.00	6 280 236.00	6 437 242.00
<b>Operational Costs</b>	<b>743 624.00</b>	<b>777 087.00</b>	<b>796 514.00</b>
Achievements and Awards	-	-	-
Machinery and Equipment	123 693.00	129 259.00	132 490.00
Skills Development Fund Levy	-	-	-
Travel and Subsistence	-	-	-
Accommodation	-	-	-
Daily Allowance	-	-	-
Warrantees and Guarantees	-	-	-
Wet Fuel	619 931.00	647 828.00	664 024.00
<b>Other Materials</b>	-	-	-
Materials and Supplies	-	-	-
<b>Revenue</b>	<b>21 000 004.20 -</b>	<b>21 945 004.00 -</b>	<b>22 493 629.00</b>
<b>Grants - Capital</b>	<b>21 000 004.20 -</b>	<b>21 945 004.00 -</b>	<b>22 493 629.00</b>
Transfers and Subsidies	21 000 004.20 -	21 945 004.00 -	22 493 629.00
<b>Sales of Goods and Rendering of Services</b>	-	-	-
Sales of Goods and Rendering of Services	-	-	-
<b>Grand Total</b>	<b>14 246 585.20 -</b>	<b>14 887 681.00 -</b>	<b>15 259 873.00</b>



5.4.11 The below table depicts Technical Sanitation Division:

The below table depicts an overview of Technical Sanitation.

Row Labels	Sum of DraftBudget 2025 26	Sum of DraftBudget 2026 27	Sum of DraftBudget 2027 28
<b>Expenditure</b>	<b>7 179 630.00</b>	<b>7 502 714.00</b>	<b>7 690 281.00</b>
<b>Contracted Services</b>	<b>27 668.00</b>	<b>28 913.00</b>	<b>29 636.00</b>
Consultants and Professional Services	27 668.00	28 913.00	29 636.00
Medical Examinations	27 668.00	28 913.00	29 636.00
Contractors	-	-	-
<b>Debt Impairment</b>	-	-	-
<b>Depreciation and Amortisation</b>	-	-	-
<b>Employee Related Cost</b>	<b>6 631 628.00</b>	<b>6 930 052.00</b>	<b>7 103 302.00</b>
Municipal Staff	6 631 628.00	6 930 052.00	7 103 302.00
<b>Operational Costs</b>	<b>520 334.00</b>	<b>543 749.00</b>	<b>557 343.00</b>
Communication	-	-	-
Municipal Services	-	-	-
Skills Development Fund Levy	-	-	-
Wet Fuel	520 334.00	543 749.00	557 343.00
<b>Other Materials</b>	-	-	-
Consumables	-	-	-
<b>Grand Total</b>	<b>7 179 630.00</b>	<b>7 502 714.00</b>	<b>7 690 281.00</b>

## 6. HIGH LEVEL CAPITAL BUDGET

### 6.1 Capital Budget per Directorate

6.1.1 The high-level capital expenditure budget per directorate for the 2025/2026 MTREF is presented below:

Vote 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
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>			713	445	-	-	-	-	-	-	0
Executive and council		-	307	470	-	-	-	-	-	-	0
Finance and administration		-	407	(25)	-	-	-	-	-	-	0
Internal audit		-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		-	-	-	-	5 408	5 408	5 408	5 678	5 934	6 201
Community and social services		-	-	-	-	5 408	5 408	5 408	5 678	5 934	6 201
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		-	-	-	-	-	-	-	-	-	0
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-	0
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		18 711	25 362	30 234	30 872	33 995	33 995	33 995	81 694	37 301	38 979
Energy sources		8 483	8 898	2 609	-	8 531	8 531	8 531	54 957	9 360	9 781
Water management		10 228	15 332	27 625	5 137	5 137	5 137	5 137	5 394	5 637	5 890
Waste water management		-	246	-	25 735	20 327	20 327	20 327	21 343	22 304	23 307
Waste management		-	886	-	-	-	-	-	-	-	0
Other		3 142	54	-	-	-	-	-	-	-	0
<b>Total Capital Expenditure - Functional</b>	3	21 853	26 129	30 679	30 872	39 403	39 403	39 403	87 373	43 235	45 180

6.1.2 The total capital expenditure budget equates to R87 373 million for the 2025/2026 financial year in comparison with the February 2025/2026 budget of R30 872 million.

Capital budget has increased from the February 2024/25 adjusted budget of R39 403 million to R87 373 million.

## 6.2 Capital Budget per Funding Source

6.2.1 The high-level capital expenditure budget per funding source for the 2025/26 MTREF is presented below:

Vote 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
<b>R thousand</b>	<b>1</b>										
<b>Funded by:</b>											
National Government		18 711	23 175	30 234	30 872	30 872	30 872	30 872	32 416	33 874	35 39
Provincial Government		-	-	-	-	-	-	-	46 000	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat./ Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	<b>4</b>	<b>18 711</b>	<b>23 175</b>	<b>30 234</b>	<b>30 872</b>	<b>30 872</b>	<b>30 872</b>	<b>30 872</b>	<b>78 416</b>	<b>33 874</b>	<b>35 39</b>
<b>Borrowing</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Internally generated funds		3 142	2 954	445	-	8 531	8 531	8 531	8 957	9 360	9 78
<b>Total Capital Funding</b>	<b>7</b>	<b>21 853</b>	<b>26 129</b>	<b>30 679</b>	<b>30 872</b>	<b>39 403</b>	<b>39 403</b>	<b>39 403</b>	<b>87 373</b>	<b>43 235</b>	<b>45 18</b>

6.2.2 Capital Replacement Reserve CRR (Internally Generated Funds) increased from the R8 531 million on the Adjusted budget to R8 967 million on the Draft Budget

6.2.3 Government grants increased to R78 416 million from R30 872 million mainly due to increased allocation by National Treasury.

## 6.3 Capital Budget Summary

6.3.1 In consideration of the limited availability of financial resources, and to render acceptable levels of service delivery, the Municipality capital projects are limited to R R35 779 000.00 for the 2025/2026. See below project listing. In addition to the below table, the municipality has been approved to receive R46 000 million for Smart Meter Installation.

PROJECTS TO BE IMPLEMENTED IN THE 2025/26 FY	
<b>MUNICIPAL INFRASTRUCTURE GRANT (MIG)</b>	<b>R 18 179 000.00</b>
1. RICHMOND: UPGRADING OF SPORTS FACILITY (PHASE 1)	R 7 000 000.00
2. VICTORIA WEST: AUGMENTATION OF GROUNDWATER SUPPLY (PHASE 3)	R 6 022 860.00
3. RICHMOND: UPGRADING OF EXISTING CEMETERY	R 5 156 140.00
<b>WATER SERVICES INFRASTRUCTURE GRANT (WSIG)</b>	<b>R 11 000 000.00</b>
4. UPGRADING OF RICHMOND BULK WATER SUPPLY	R 11 000 000.00
<b>INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME (INEP)</b>	<b>R 6 600 000.00</b>
5. ELECTRIFICATION OF GOU TROU	R 6 600 000.00

## 7. OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH THE INTEGRATED DEVELOPMENT PLAN (IDP)

- 7.1 The Constitution mandates local government with the responsibility to exercise local developmental and co-operative governance functions. The eradication of imbalances in the South African society can only be realized through a credible participative integrated development planning process.
- 7.2 Municipalities in South Africa are required to utilise integrated development planning as an approach to plan future development in their respective municipal areas, and accordingly determine the best solutions to achieve sound long-term development goals. A municipal IDP provides a five-year strategic programme of action aimed at establishing short, medium and long term strategic and budget priorities to create a developmental platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and capabilities of the Municipality to the overall development aims, which guide the municipal budget. The IDP further enables municipalities to make the best use of scarce resources to accelerate service delivery goals. An IDP is therefore a key instrument utilised by municipalities to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area.
- 7.3 The Constitution requires local government to ensure that management, budgeting and planning functions comply with the objectives of the Constitution. This provides a clear indication of the intended purposes of municipal integrated development planning. Legislation further stipulates that a municipality must not only give effect to the IDP, but must also conduct the affairs in a manner that is consistent with the IDP.
- 7.4 This budget is based on the following six strategic objectives however, the budget might be revised during the adjustment period in February 2026 to address changes to the new strategic objectives where applicable.
- (a) Strategic Objective 1: To improve and maintain current basic service delivery through specific infrastructural development projects;
  - (b) Strategic Objective 2: To create an enabling environment for social development and economic growth;
  - (c) Strategic Objective 3: To promote a safe and healthy environment through the protection of our natural resources;
  - (d) Strategic Objective 4: To grow the revenue base of the municipality;
  - (e) Strategic Objective 5: To structure and manage the municipal administration to ensure efficient service delivery; and
  - (f) Strategic Objective 6: To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication.

## 8. OVERVIEW OF BUDGET FUNDING INCLUDING FUNDING COMPLIANCE

8.1 National Treasury requires that the Municipality assess the financial sustainability against fourteen different funding measures, which monitor various aspects of the financial health of the municipality.

The respective information is extracted directly from the annual budgeted statements of financial performance, financial position and cash flow. The funding compliance measurement table in essence measures the degree to which the proposed budget complies with the funding requirements of Section 18 of the MFMA.

In compliance with the requirements of Section 18 of the MFMA, the revenue budget was based on the following principles:

- Realistically anticipated revenue to be collected.
- Actual revenue of previous years was taken into account.
- Grant funded Capital projects were only included if funding confirmation was received, either by means of the DORA allocations as promulgated or by means of commitment from funding institutions.

## 9. GRANT ALLOCATIONS MADE TO THE MUNICIPALITY

### Financing of the Grant Funded Projects

1. Currently we don't have the final Dora allocation due to the National Budget not being finalised (Follow-up with NT)

<b>Name of Grant</b>	<b>2025/26 R'000</b>	<b>2026/27 R'000</b>	<b>2027/28 R'000</b>
Local Government Finance Management Grant (FMG)	2 900	2 900	3 000
Expanded Public Works Programme Grant for Municipalities	1 256	-	-
Municipal Infrastructure Grant	18 179	11 750	12 082
Integrated National Electrification Programme (Municipal) Grant	6 600	3 740	3 909
Energy efficiency and demand-side grant	-	-	4 000
Water Services Infrastructure Grant	11 000	15 000	-
Regional Bulk Infrastructure Grant "Allocation in Kind"	-	-	-
Smart meter grant	46 000	-	-
Equitable Share <sup>1</sup>	53 718	55 080	57 561
<b>TOTAL</b>	<b>139 653</b>	<b>88 470</b>	<b>80 552</b>

## **10. MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW**

10.1 The Municipality closely monitors the debtor collection rates, which equated to 60% in the 2024/2025.

## **11. MSCOA PROGRESS TO DATE**

11.1 The Municipal Regulations on the Standard Chart of Accounts (*mSCOA*), promulgated on 22 April 2014, required all municipalities to be *mSCOA* compliant with effect from 1 July 2017. The relevant *mSCOA* segments, as prescribed by the regulations, were implemented on the financial reporting system by Ubuntu municipality on 01 July 2022. National Treasury has since the inception of *mSCOA* released several *mSCOA* version updates consequently resulting in continuous account code re-mapping functions and amendments to the system-generated financial statement reporting tools.

11.2 As per MFMA Budget Circular 123, Version 6.9 of the *mSCOA* chart was uploaded onto the financial system and the 2025-26 budget will be transacted on this new version released.

Despite the significant changes by NT from version 6.6.1 to 6.9 Ubuntu Municipality is ready to continue to run the budget directly from the system with no manual intervention on running of data strings to the NT portal.

## **12. LEGISLATIVE COMPLIANCE STATUS**

The Municipal Finance Management Act brought about uniformity, accountability and control measures to local government in terms of financial reporting and budgeting. The Act required a high level of transformation financial disciplines and planning.

New budget regulations were published in Gazette nr. 32141 on 17 April 2009. The object of these regulations is to secure sound and sustainable management of the budgeting and reporting practices of municipalities by establishing uniform norms and standards and other requirements for ensuring transparency, accountability and appropriate lines of responsibility in the budgeting and reporting process. The 2025/2026 budgets for all municipalities need to comply with these regulations.

### **12.1 In-Year Reporting**

Monthly, Quarterly and Bi-annual reporting to National Treasury and Provincial Treasury, in electronic format, is fully complied with. reports, submitted to the Executive Mayor, has progressively improved.

### **12.2 Internship Programme**

The Municipality has participated in the Municipal Financial Management Internship programme. Since the introduction of the Internship programme the Municipality has appointed or absorbed some of the interns permanently through the recruitment process.

### **12.3 Budget and Treasury Office**

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

#### **12.4 Audit Committee**

The Municipality has an Audit Committee, which is fully capacitated and functional.

#### **12.5 Service Delivery and Budget Implementation Plan**

The Municipality's business and service delivery priorities was reviewed as part of this year's planning and budget process. The top-level service delivery and budget implementation plan will be submitted to the Executive Mayor within 14 days of approval of the Annual Budget and the IDP for approval by the Executive Mayor within 28 days as per section 69 and section 53 of the Municipal Finance Management Act. The SDBIP will be submitted to Council after approval by the Executive Mayor for information purposes.

#### **12.6 Policies**

Various budget-related policies were reviewed but will be workshop during the budget consultations with relevant stakeholders.

#### **12.7 Procurement Plan**

Municipal Budget Circular No 94 highlights the slow spending of capital budgets by most municipalities, and the associated negative impact on service delivery. It therefore became necessary to compile a draft procurement plan to address a weak planning process. The procurement plan will be included in the final budget. The timeframes and other relevant information will be finalised when final budget is approved by end May 2025.

## 13. RECOMMENDATIONS

13.1 It is recommended that:

13.2

- [a] Council approves the Tabled 2025/2026 Medium Term Revenue and Expenditure Framework (MTREF) Report.
- [b] Council approves the revenue budget of R181 250 million for the 2025/2026 financial year as set out in 5.1 of the MTREF Report
- [c] Council approves the operating expenditure budget of R 180 899 million for the 2025/2026 financial year as set out in 5.2 of the MTREF Report
- [d] Council takes note of the operating budget surplus of R351 000 for the 2025/2026 financial year as set out in 5.3 of the MTREF Report.
- [e] Council approves the capital expenditure budget of R87 373 million for the 2025/2026 financial year as set out in 6.1 of the MTREF Report.
- [f] Council approves the capital expenditure budget funding sources of R78 416 for the 2025/2026 financial year as set out in 6.2 of the MTREF Report.
- [g] Council approves the following revenue increases for the main tariffs with effect from 1 July 2025 –

Main Service	% Increase
Property Rates tariff (All)	4.4%
Service Charges: Electricity tariff	11.32%
Service Charges: Water tariff	4.4%
Service Charges: Sanitation tariff	4.4%
Service Charges: Refuse tariff	4.4%
Other	4.4%

[h] Council approves the annual budget of Ubuntu Municipality for the 2025/2026 financial year as well as the indicative budgets for the two outer financial years, as presented in the new mSCOA version 6.9 Schedules A1 to A10 and Supporting Schedules SA1 to SA38.

[i] Council takes note of Directorate budget performance provided.

[j] Council approves following reviewed budget-related policies of Ubuntu Municipality for the 2025/2026 financial year, attached.