



# **UMDONI MUNICIPALITY**

**THE J.E.W.E.L OF THE SOUTH COAST**

## **MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK BUDGET**

**2025/26 FINANCIAL YEAR**

**TABLED AS DRAFT**

**26<sup>th</sup> MARCH 2025**





## TABLE OF CONTENTS

No.	Description	Annexure	Page
	<b>PART 1: ANNUAL BUDGET</b>		
1.1	Mayors Report		4
1.2.	Resolutions for the Tabling of the budget		6
1.3.	Organizational Budget Structure		7
1.4	Executive Summary		9
1.5	Medium Term Revenue and Expenditure Framework Budget Tables:		10
	Budgeted Financial Performance Summary by Revenue Source and Expenditure Category for all Departments	1	
	Budgeted Financial Performance - revenue and expenditure by municipal vote	1	
	Budgeted Financial Performance - revenue and expenditure by functional classification	1	
	Budgeted Capital Expenditure by Department, functional classification and funding	2	
1.6	Tariff of Charges – 2025/26	3	21
1.7	Property Rates Randages and Rebates – 2025/26		21/22
	<b>PART 2: SUPPORTING DOCUMENTATION</b>		
2.1	Overview of the annual budget process		24
2.2	Overview of the alignment of the budget with the IDP		25
2.3	Overview of Measurable Performance Objectives and Indicators		25
2.4	Overview of the budget related policies		28
2.5	Overview of Budget Assumptions		28
2.6	Overview of Medium Term Outlook : Operating Revenue		32
2.7	Annual Budget and SDBIP's – Internal Departments		36
2.8	Capital Expenditure Details		37
2.9	Legislation Compliance Status		38
2.10	Other Supporting Documents		39
2.11	Municipal Manager's Quality Certificate		41
	<b>PART 2(a): SUPPORTING FINANCIAL REPORTS</b>		
	SDBIP_ monthly projections	4	
	Grants Schedule as at 28 <sup>th</sup> February 2024	5	



## UMDONI MUNICIPALITY

### DRAFT BUDGET DOCUMENTATION FOR THE 2025/2026 BUDGET YEAR

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Investment Schedule as at 28 <sup>th</sup> February 2024	6	
Debtors Age Analysis as at 28 <sup>th</sup> February 2024	7	
Creditors Age Analysis as at 28 <sup>th</sup> February 2024	8	
Bank reconciliation	9	
Depreciation calculations	10	
Schedule of Service Standards	11	
MFMA Circulars and Treasury correspondence	12	



## **1.1 MAYORS REPORT**

The 2025/26 budget of Umdoni Municipality has been prepared in line with the Integrated Development Plan (IDP), National development plan (NDP) and MFMA relevant circulars issued for further guidance. The development priorities as outlined in the IDP and NDP 2030 have been taken into consideration. The 2025/26 budget has been prepared during the period where the South African economy is not performing well and is subjected to shocks from internal and external forces.

Service delivery challenges and requirements continue to escalate whilst internal resources and grant funding are reducing. The 2025/26 IDP took into account cognisance service delivery backlogs and the state of infrastructure. This budget has been prepared to give effect to the eradication of backlog and maintenance of the infrastructure whilst still delivering basic services.

A portion of the budget has been allocated towards roads, community facilities and sports facilities. The budget was fundamentally prepared around these main priorities. To further depict the capital budget; major allocations have been made as follows.

- 64% allocated towards Infrastructure
- 2% Planning and Development
- 2% allocated towards computer equipment
- 24 %Plant & equipment
- 8% other assets

The 2025-2026 draft budget has an operating revenue of R407,483 million and operating expenditure of R453,265 million resulting into a deficit of deficit of R 46 million. This has accumulated over previous budget cycles. This deficit must be reversed to reflect an operating surplus or as minimum a balance budget position. In order to achieve this, the following methodology is proposed to achieve a surplus budget status. If this goal is not achieved with the 2025-2026 budget cycle, the same at least be achieved in next budget cycle, taking into account service delivery requirements.

1. Full implementation of cost containment regulations and Council policy on cost containment regulations
2. Only salary and wage increase implemented on 5% based on Salary wage collective agreement.
3. Reduction of all other expenditure items by 10% with exception of contracted services and expenditure items such as fuel and oil, electricity and water charges etc.
4. Maximising realistic revenue projections to improve revenue and collectability thereof

We had to make all effort to do more with less in this and future budget cycles.

The operational budget has been prepared taking into cognisance of the current economic conditions as well historical performance of the municipality. Tariffs have been increased by the CPI (Consumer Price Inflation), which is currently 5%. Operating expenditure has increased by 5% and the total income has decreased by 2.9% when compared with the recently adopted Adjustment Budget.





## **UMDONI MUNICIPALITY**

### **DRAFT BUDGET DOCUMENTATION FOR THE 2025/2026 BUDGET YEAR**

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As the municipality is implementing cost containment measures, expenditure has been restricted as far as possible. Service delivery needs were given priority whilst administrative expenditure was kept to a minimum. The Municipality has adopted a cost containment policy in this regard to the regulations promulgated.

This budget demonstrates our commitment to the community and it's well-being and to remain financially viable as an institution. The fundamental point of this budget is to maintain the road network including storm water, upgrading community facilities and constructing sports and recreational facilities.

It is anticipated that this budget will empower the municipality to move towards achieving strategic objectives and serve the community to the best of its abilities



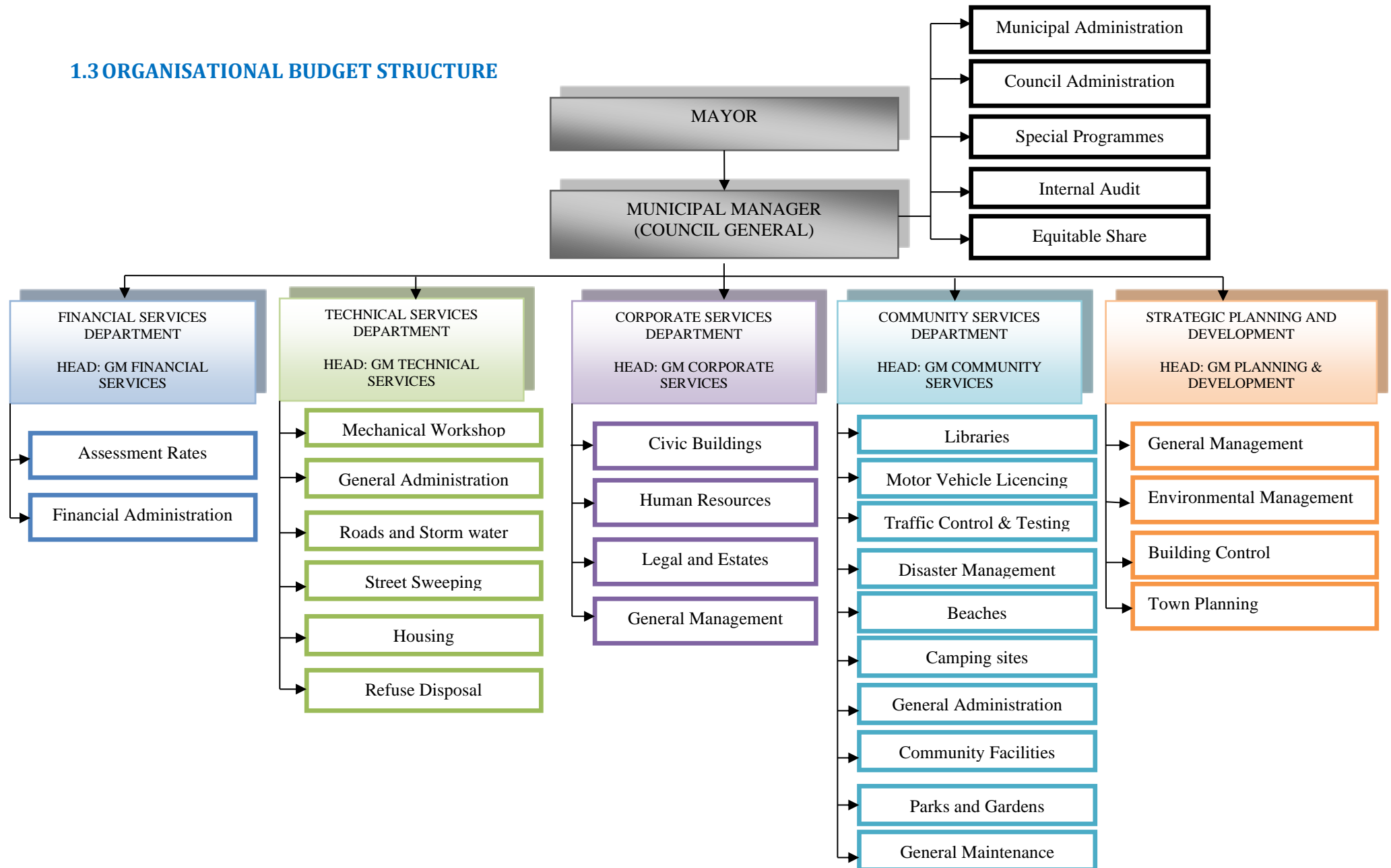
## **1.2 RESOLUTIONS**

As required in terms of Section 16(2) of the Municipal Finance Management Act, No.56 of 2003, the Mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

The following resolutions are tabled for consideration as resolutions for draft budget which is subject to public consultation with the stakeholders;

- 1.1 That the draft annual capital and operating budgets of the municipality for the financial year 2025/26 are tabled as a Draft Budget for public consultation as set out in the following schedules:
  - a) Budgeted Financial Performance Summary by Revenue Source and Expenditure by Category as reflected in Annexure 1;
  - b) Budgeted Financial Performance - revenue and expenditure by municipal vote as reflected in Annexure 2;
  - c) Budgeted Financial Performance - revenue and expenditure by GFS as reflected in Annexure 3;
  - d) Budgeted Capital Expenditure by vote, GFS classification and funding as reflected in Annexure 4; and
- 1.2 That the Draft Tariff of Charges reflected in Annexure 3 is tabled for public consultation for the 2025/26 financial year.
- 1.3 That the property rates randages and rebates have been reviewed; are tabled as draft for the 2025/26 financial year.
- 1.4 That the A1 budget tables as presented are tabled as draft for consultation
- 1.5 That the budget related policies are tabled as draft for consultation
- 1.6 That the draft budget be sent to National and Provincial Treasury for further processing
- 1.7 That Council note the reduction in the operating deficit from the 2024-2025 financial year and commitment to further elimination of the reduced deficit in the 2025-2026 budget.

### 1.3 ORGANISATIONAL BUDGET STRUCTURE





## 1.4 EXECUTIVE SUMMARY OF THE DRAFT 2025/26 BUDGET

### 1.4.1 VISION, MISSION AND OBJECTIVES OF THE UMDONI MUNICIPALITY

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#### VISION

#### MISSION STATEMENT

***“BY 2030 UMDONI WILL BE THE **JEWEL** OF THE SOUTH COAST.”***

#### PRINCIPALS OF UMDONI MUNICIPALITY

- **J**OB CREATION
- **E**CONOMIC VIABILITY
- **W**ELLBEING OF THE COMMUNITY
- **E**NVIRONMENTALLY FRIENDLY ENVIRONMENT

***“WORKING TOGETHER IN CONTRIBUTING TO **J**OB CREATION, **E**CONOMIC VIABILITY THROUGH SUSTAINED **L**OCAL ECONOMIC DEVELOPMENT TO ENSURE THE **W**ELL BEING OF OUR COMMUNITY IN **E**CO FRIENDLY ENVIRONMENT.”***

- **L**OCAL ECONOMIC DEVELOPMENT



### ***1.4.2 EXECUTIVE SUMMARY***

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The Municipality has maintained strict financial discipline during the course of 2024-2025 financial year. A review was undertaken of expenditures on non-core items. The draft budget has seen reduced expenditure limits in lieu of the service delivery programs. Cost containment measures will continue to be implemented to contain spending. There is also focus to aggressively chase arrear debtors and reduce the debtors in arrear and improve cash flow and liquidity of the municipality. The challenge is to remain financially viable and remain a going concern going forward in order to continue service delivery. This draft budget was challenging in eliminating the operating deficit from which has been the case in the previous budget cycles. Efforts to totally eliminate the deficit in the 2025/2026 MTREF has proven to be challenging and as a result the deficit has been reduced by R3, 596 million from the current original budget. The Municipality has used operating revenue to fund operating expenditure and non-cash items such as depreciation and contribution for debtor's provision. The municipality is totally committed to eliminating the deficit in future budget cycles. In terms of the capital budget, it is envisaged that grant funds will be spent during the 2025-2026 financial year, which will improve service delivery, where projects will be completed. Another challenge is that allocations from National and Provincial departments are on the decline and the Municipality has to implement new and innovative methods of generating additional revenue through new revenue streams and improved debt collection processes.

In view of the aforementioned, the Revenue and Expenditure Framework for 2025/2026 MTREF is detailed below.



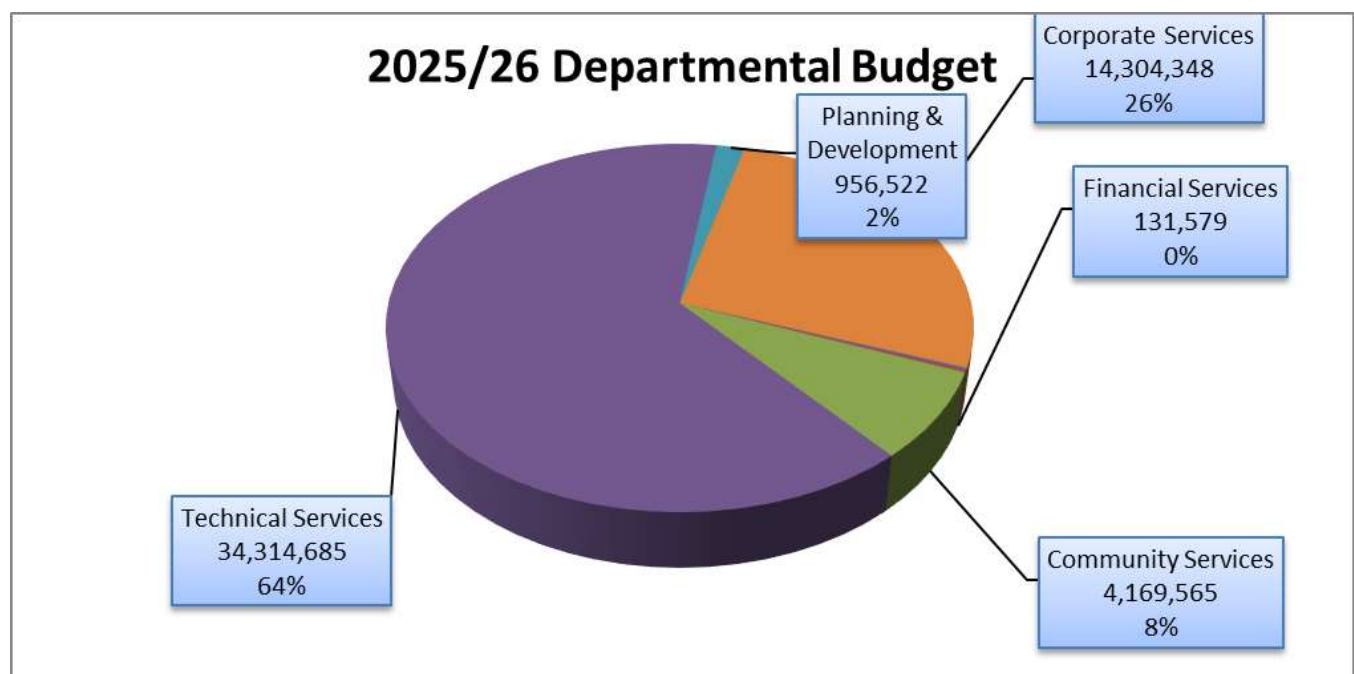
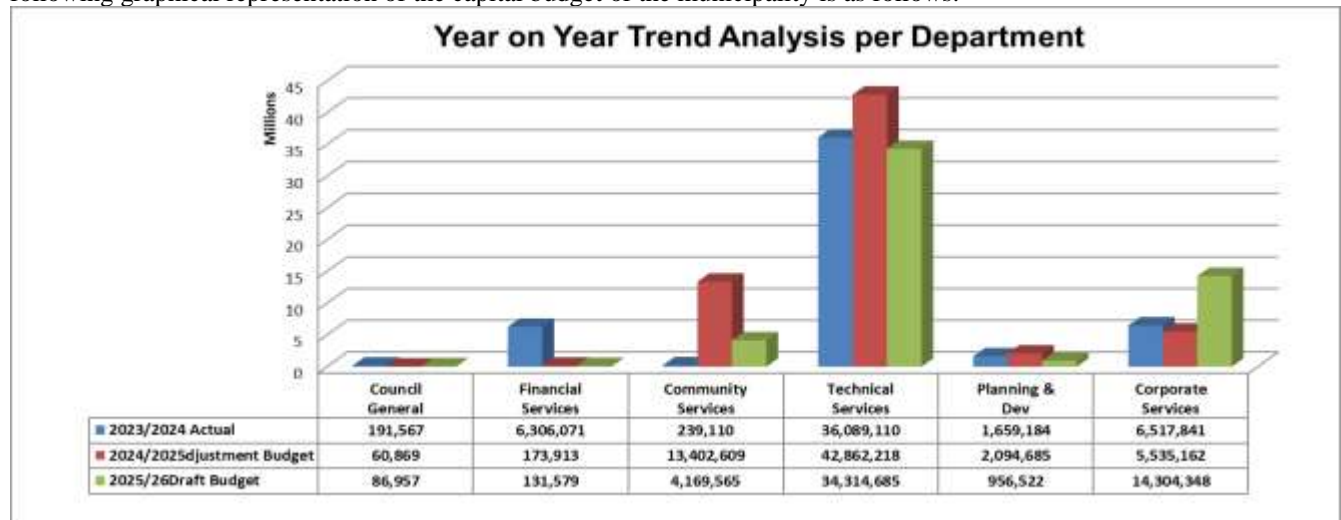
## UMDONI MUNICIPALITY

### DRAFT BUDGET DOCUMENTATION FOR THE 2025/2026 BUDGET YEAR

#### 1.5 2025/26 CAPITAL BUDGET OVERVIEW

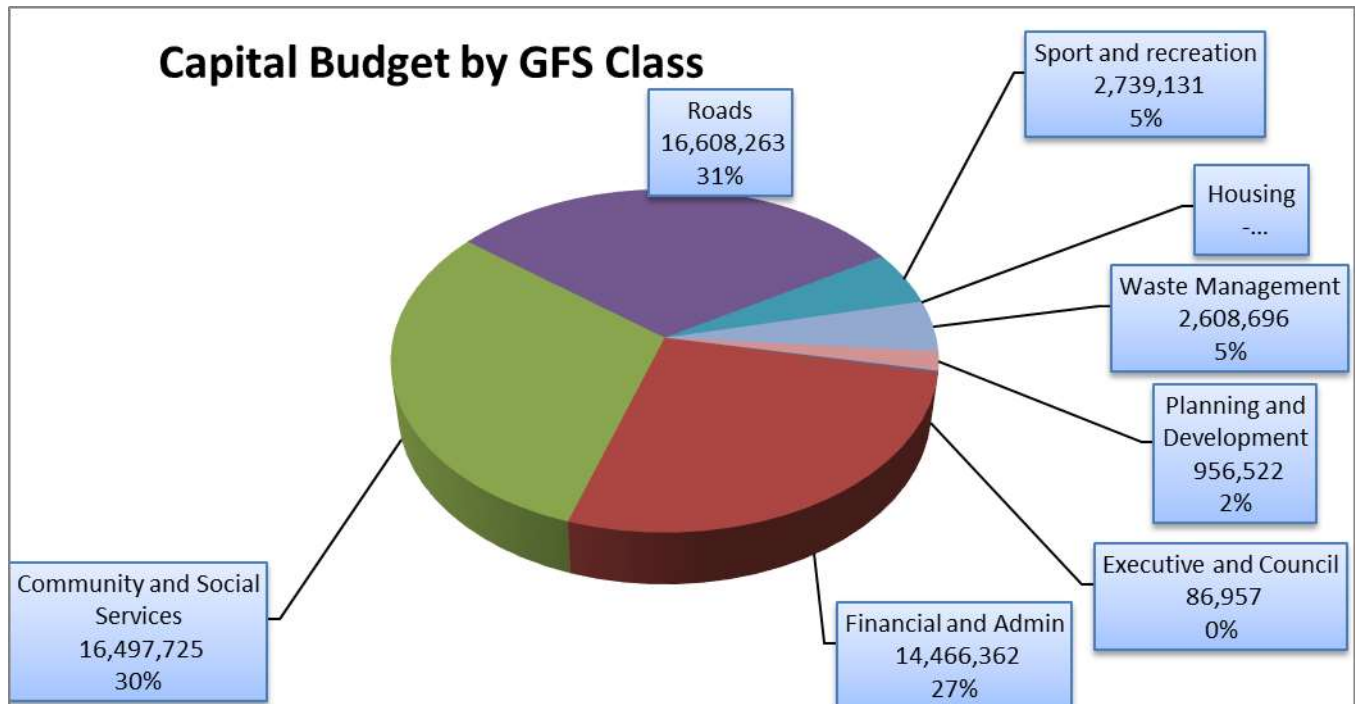
KZN212 Umdoni - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding											
Vote Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - COUNCIL GENERAL		-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 3 - TECHNICAL SERVICES		20,406	8,134	(6,243)	87	87	87	-	1,647	25,477	26,989
Vote 4 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY SERVICES		-	-	-	-	12,968	12,968	-	3,083	-	-
Vote 6 - STRATEGIC PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	870	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total		20,406	8,134	(6,243)	87	13,055	13,055	-	5,599	25,477	26,989
Single-year expenditure to be appropriated	2										
Vote 1 - COUNCIL GENERAL		518	-	192	-	61	61	-	87	-	-
Vote 2 - FINANCIAL SERVICES		(21,280)	(53,751)	(43,082)	174	174	174	145	132	-	-
Vote 3 - TECHNICAL SERVICES		21,500	41,129	42,332	44,410	42,775	42,775	25,325	32,668	7,830	7,750
Vote 4 - CORPORATE SERVICES		2,168	232	6,518	4,666	5,535	5,535	4,245	14,304	-	-
Vote 5 - COMMUNITY SERVICES		(577)	271	239	-	435	435	-	1,087	-	-
Vote 6 - STRATEGIC PLANNING AND DEVELOPMENT		4,174	328	1,659	704	2,095	2,095	1,155	87	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		6,501	(11,790)	7,858	49,954	51,075	51,075	30,870	48,365	7,830	7,750
Total Capital Expenditure - Vote	3.7	26,907	(3,656)	1,615	50,041	64,129	64,129	30,870	53,964	33,307	34,739
Capital Expenditure - Functional											
Governance and administration		2,764	929	7,792	4,840	5,770	5,770	4,390	14,553	-	-
Executive and council		518	-	192	-	61	61	-	87	-	-
Finance and administration		2,247	929	7,600	4,840	5,709	5,709	4,390	14,466	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		9,781	(17,460)	11,398	20,291	26,999	26,999	7,769	19,237	7,830	7,750
Community and social services		11,060	(15,039)	13,302	17,682	11,475	11,475	5,161	16,498	7,830	7,750
Sport and recreation		(1,278)	(2,421)	(1,904)	2,609	2,608	2,608	2,608	2,739	-	-
Public safety		-	-	-	-	12,916	12,916	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		12,827	4,730	(18,271)	22,302	29,300	29,300	18,711	17,565	25,477	26,989
Planning and development		4,174	328	1,659	704	2,095	2,095	1,155	957	-	-
Road transport		8,653	4,402	(19,930)	21,597	27,205	27,205	17,556	16,608	25,477	26,989
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		1,534	8,146	696	2,609	2,061	2,061	-	2,609	-	-
Energy sources		-	-	-	2,609	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		1,534	8,146	696	-	2,061	2,061	-	2,609	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3.7	26,907	(3,656)	1,615	50,041	64,129	64,129	30,870	53,964	33,307	34,739
Funded by:											
National Government		35,220	37,290	25,269	34,654	44,961	44,961	17,985	30,836	33,307	34,739
Provincial Government		1,459	3,475	1,659	652	1,819	1,819	1,155	870	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat/ Prov Departm		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	36,679	40,765	26,929	35,307	46,780	46,780	19,140	31,706	33,307	34,739
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		12,627	9,487	22,905	14,734	17,349	17,349	11,730	22,258	-	-
Total Capital Funding	7	49,306	50,251	49,834	50,041	64,129	64,129	30,870	53,964	33,307	34,739

The 2025/26 Capital Budget has been estimated at R62 057 million incl of vat; and R53 963 million excl of vat . the following graphical representation of the capital budget of the municipality is as follows:



- As depicted from the the first above graph, the draft capital budget has decreased from 64,129 million in the adjustment budget to R 53 964 million vat exclusive for the upcoming financial year. The capital budget, is geared towards upgrading of rural as well as urban roads; construction of community facilities and sports fields. The funding of the capital budget is as follows; R30, 836 million from National grants MIG, from Provincial grants R 869 565 and R22 257 million from internal funding. The grants listed above are reflected exclusive of vat and the operational portion of MIG funding operational expenditure is not included in the capital funding.

The majority of the capital budget is allocated under Technical Services Department. As Technical Services is a service delivery department, this shows Umdoni's commitment to providing infrastructure for sustainable continuity of municipal operations. Focus has been on the road networks, Community halls and Sports fields.



The above graph categorises the capital budget by GFS classification, with roads and stormwater receiving 31%; Sport & Recreation 5%; Housing at 0%, Waste management at 5%, Planning and development 2%, Executive and Council 0%, Financial and Admin 27%, Community and Social 30%. Major functions delivering services to the communities have been allocated with higher proportions of the slice.





# UMDONI MUNICIPALITY

## DRAFT BUDGET DOCUMENTATION FOR THE 2025/2026 BUDGET YEAR

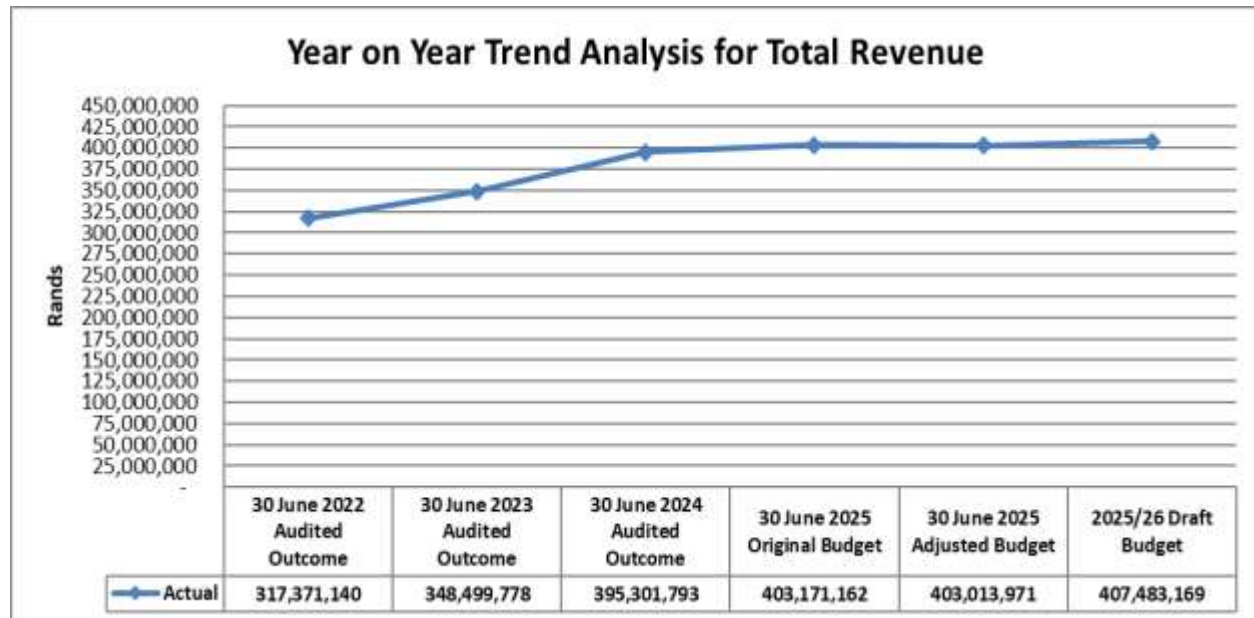
### 1.6 2025/26 OPERATIONAL BUDGET OVERVIEW

KZN212 Umdoni - Table A4 Budgeted Financial Performance (revenue and expenditure)

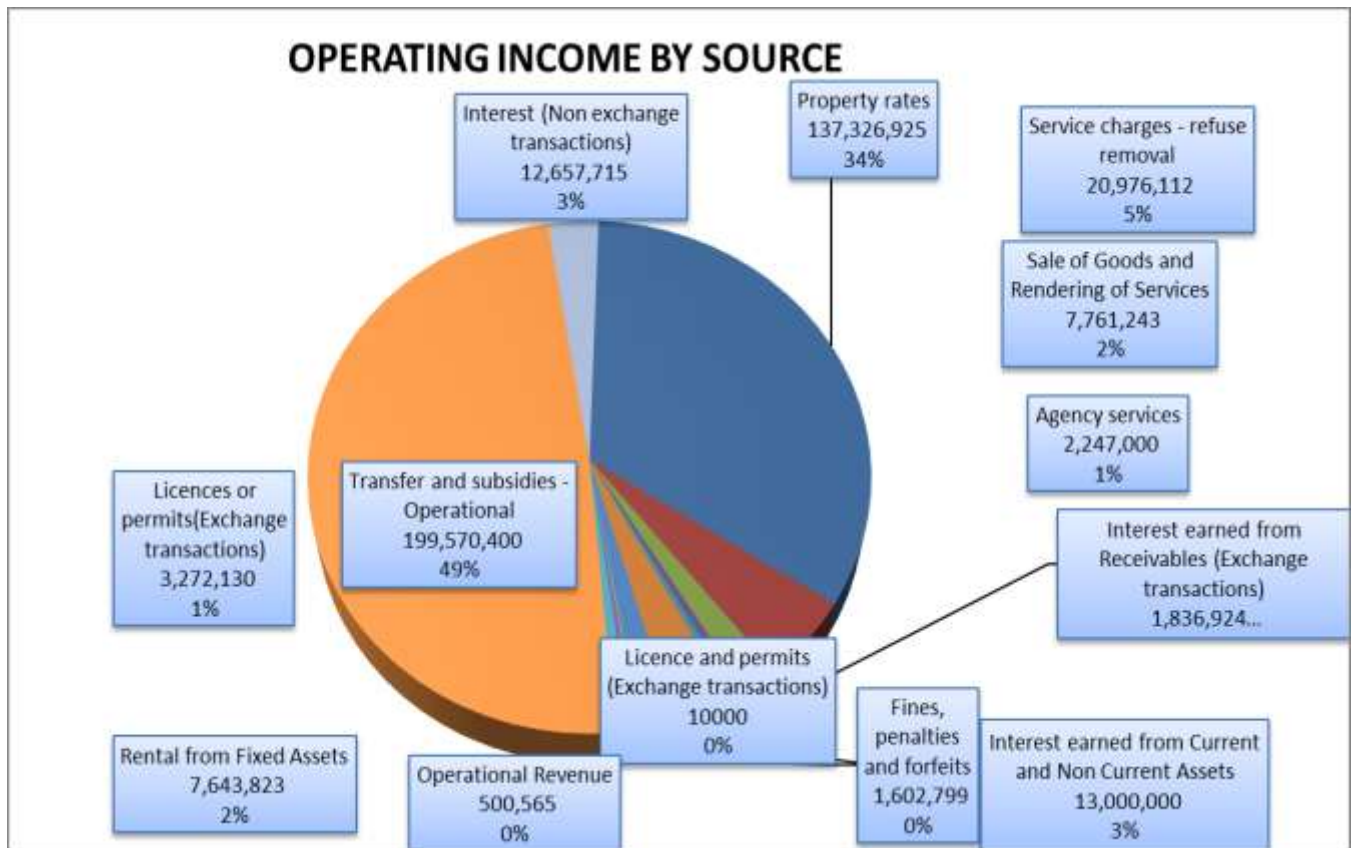
Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Revenue											
Exchange Revenue											
Service charges - Electricity	2	-	-	-	-	-	-	1	-	-	-
Service charges - Water	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Management	2	10,222	10,575	11,151	13,833	13,422	13,422	9,041	20,054	20,976	21,501
Sale of Goods and Rendering of Services		3,429	3,326	3,572	13,098	13,141	13,141	11,382	7,761	10,463	10,865
Agency services		2,384	2,087	2,589	2,487	1,479	1,479	1,555	2,247	2,350	2,409
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		949	1,528	1,877	229	1,749	1,749	1,344	1,837	1,921	1,969
Interest earned from Current and Non Current Assets		7,151	13,513	14,608	12,500	12,500	12,500	9,076	13,000	13,598	13,938
Dividends		-	-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		6,737	7,176	6,828	7,504	7,185	7,185	1,318	7,644	7,995	8,195
Licence and permits		5	17	2	2	7	7	7	10	10	11
Special rating levies		-	-	-	-	-	-	-	-	-	-
Operational Revenue		517	1,352	533	382	476	476	272	501	524	537
Non-Exchange Revenue											
Property rates	2	103,814	110,977	130,946	130,005	131,127	131,127	85,543	137,327	143,644	147,235
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1,298	2,753	1,198	1,663	1,526	1,526	763	1,603	1,677	1,718
Licences or permits		6,710	6,846	2,951	6,473	2,695	2,695	2,103	3,272	3,423	3,507
Transfer and subsidies - Operational		167,033	178,131	195,692	203,785	205,651	205,651	152,557	199,570	203,757	208,757
Interest		6,030	8,053	21,633	11,210	12,055	12,055	(175)	12,658	13,240	13,571
Fuel Levy		-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	262	-	-	-	-	-	-	-	-
Other Gains		1,091	1,902	1,722	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		317,371	348,500	395,302	403,171	403,014	403,014	274,786	407,483	423,578	434,214
Expenditure											
Employee related costs	2	136,787	145,634	149,861	180,736	164,620	164,620	104,041	173,790	181,631	186,419
Remuneration of councillors		14,687	15,271	16,330	17,631	17,631	17,631	11,306	18,539	19,392	19,877
Bulk purchases - electricity	2	-	-	-	-	-	-	-	-	-	-
Inventory consumed	8	4,098	4,712	7,056	12,076	7,543	7,543	2,621	7,600	7,950	8,149
Debt impairment	3	(1,875)	18,434	24,747	7,000	7,000	7,000	-	7,280	7,615	7,805
Depreciation and amortisation		102,369	(8,085)	46,058	40,873	40,873	40,873	28,014	42,917	44,891	46,013
Interest		16	588	1,764	2	2,276	2,276	-	2,367	2,476	2,538
Contracted services		69,892	122,880	107,545	124,356	134,158	134,158	65,422	129,320	137,033	140,544
Transfers and subsidies		1,868	650	3,021	3,505	4,255	4,255	1,516	3,849	4,026	4,126
Irrecoverable debts written off		-	9,056	-	-	-	-	-	-	-	-
Operational costs		56,751	53,845	55,252	66,535	71,634	71,634	37,308	67,601	70,609	72,128
Losses on disposal of Assets		1	4,119	1,901	-	-	-	-	-	-	-
Other Losses		129	-	-	-	-	-	-	-	-	-
Total Expenditure		384,723	367,105	413,536	452,715	449,990	449,990	250,228	453,265	475,623	487,600
Surplus/(Deficit)		(67,352)	(18,605)	(18,234)	(49,544)	(46,976)	(46,976)	24,558	(45,781)	(52,046)	(53,386)
Transfers and subsidies - capital (monetary allocations)	6	42,473	46,705	38,879	40,603	53,797	53,797	19,751	36,462	38,303	39,950
Transfers and subsidies - capital (in-kind)	6	259	258	3,670	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(24,620)	28,358	24,315	(8,941)	6,821	6,821	44,309	(9,320)	(13,743)	(13,436)
Income Tax		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		(24,620)	28,358	24,315	(8,941)	6,821	6,821	44,309	(9,320)	(13,743)	(13,436)
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(24,620)	28,358	24,315	(8,941)	6,821	6,821	44,309	(9,320)	(13,743)	(13,436)
Share of Surplus/Deficit attributable to Associate	7	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1	(24,620)	28,358	24,315	(8,941)	6,821	6,821	44,309	(9,320)	(13,743)	(13,436)

## OPERATING REVENUE

The estimated operating income has been projected at R 407, 483 million. An analysis of prior year trend levels of income is reflected below:



Income levels have been projected based on current actual collection levels and the 2025/26 budget indicates income levels which are realistic and attainable by the municipality. The collection rate is estimated at 85% due to the interventions of handing over debtors for collection. The impact of the global economic crisis, economic conditions in the Republic of South Africa as well as current inflation rates have been considered extensively during the establishment of these income levels, as a substantial amount of consumers will not be able to afford increases above the inflation.



Total Revenue overall has slightly increased by R4,469 million when compared to the 2024/2025 financial year. This is mainly caused by the increase in waste management revenue, decrease in grants to be received from government departments and the additional revenue from own revenue of property rate, interest on debtors being the main contributors.

### Property Rates

As indicated in the graph above, 34% of the income anticipated to be recognized by the municipality relates to property rates. The increase in property rates income from the 2024/2025 year, because of the supplementary valuation rolls, and maintenance of the valuation roll which corrected valuations in the roll which affecting rates billed. Property rates tariff has a 5% increase in the 2025/2026 financial year which is within the limit of CPI.

### Grants and Subsidies

Included in the grants and subsidies is the equitable share allocation which has been calculated at R182,765 million on, followed by R2.0 million allocated for the Finance Management Grant, as well as R 11,554 million from the Departments of Arts and Culture (DSRAC) for library services. In addition, R 1.385 million has been allocated for the EPWP grant. The municipality has also been allocated an amount of R1.866 million for MIG (Operational portion). Grants and subsidies consist of 49% of the total revenue budget compared to 52% in the 2024/2025 budget indicated a slight decrease on dependency grants. There are reductions in certain grants from National and Provincial departments as compared to previous allocations, a clear indication that the economy is not performing well, limiting growth.



### **Service Charges**

The service charges approximate 5% of the total revenue budget. Tariffs have increased by 100%. These charges relate only to the refuse service. The refuse service is currently operating a loss of R 35,186 million and R 18,026 and 17,447 million per the audited annual financial statements 2023-2024 and 2022-2023 respectively. The concept of cost reflective tariffs per MFMA circular 129 and 130 as well as MFMA circular issued in prior year advise of the implementation of cost reflective tariffs for the service to be sustainable. The municipality has commenced with the exercise of moving to and implementing cost reflective tariffs in future budget years to come with gradual implementation to lessen the financial impact on consumers.

### **Sale goods and operational revenue**

This revenue source comprises of Scholar patrol revenue, sub-divisions fees, cemetery fees etc. Other revenues approximate 2% of the total revenue budget. A tariff Increase of 5% has been applied to this category of revenue. This also includes the income in respect of INEP grant for electrification which has decreased by R5.537 million compared to 2024/25.

### **Rental of Facilities**

The rental of facilities approximates 2% of the total revenue budget. It has increased by 5% when compared to the current year budget. The performance of the current year has been satisfactory hence the increment. The rentals from municipal properties and hall hire are budgeted under this revenue source.

### **Fines & Penalty Income**

Fines and Penalty Income amounts to a 0, % of the total revenue budget. The overall increase equates to 5%. Traffic fines issued by traffic department and library fines are budgeted under this revenue+ source.

### **License and Permits**

License and Permits approximates 1% of the total revenue budget. They have increased by 5%. Driver's license and learner's license income is budgeted under this category.

### **Interest Earned- External Investments**

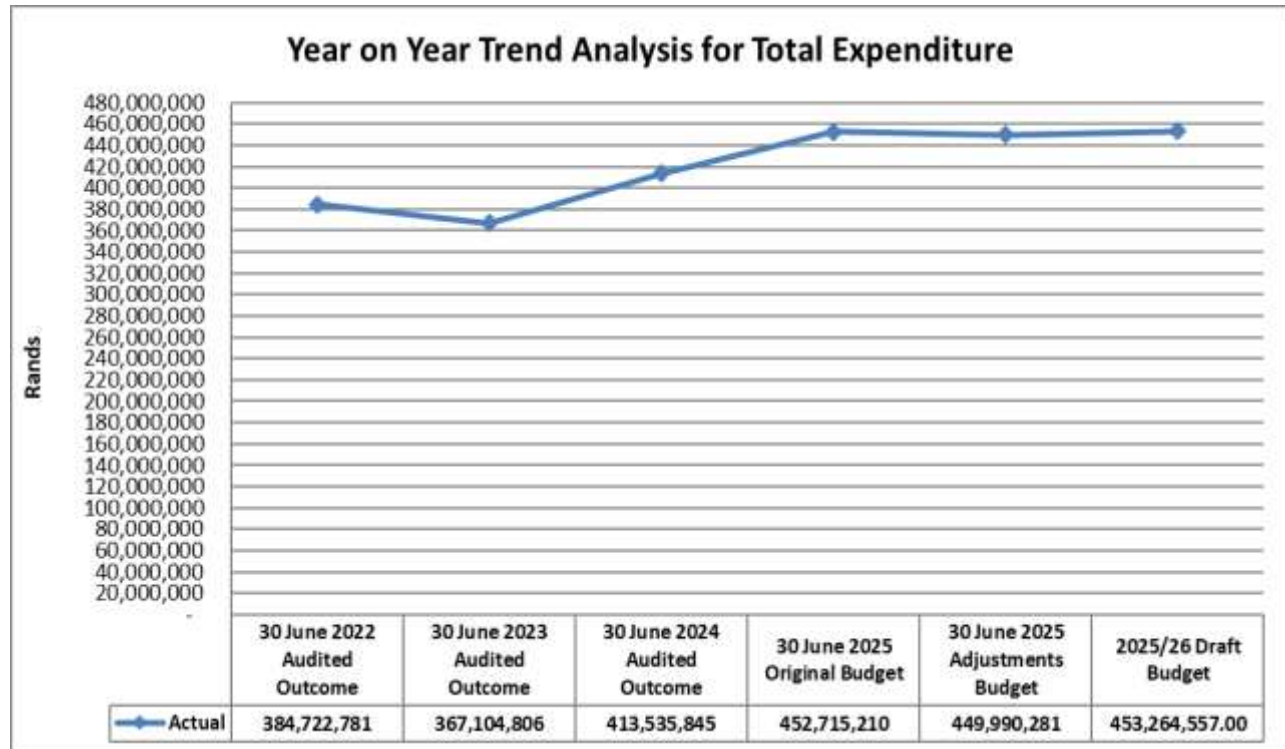
Interest Earned on External Investments equates to 3% of the total revenue budget. It has increased by 3%, considering the fluctuations of balances in our investment accounts during the year and versatile investment portfolio.

### **Interest Earned- Outstanding Debtors**

Interest Earned on Outstanding Debtors consists of 3% of the total revenue budget. As the debtor's books are increasing, the projection for the next year has increased by 5% when compared to the current year since debtors whose accounts are in arrear for longer than 30 days will attract interest on their respective accounts. There has been an increasing trend this regard during the last budget and adjustment budget cycle.

## OPERATING EXPENDITURE

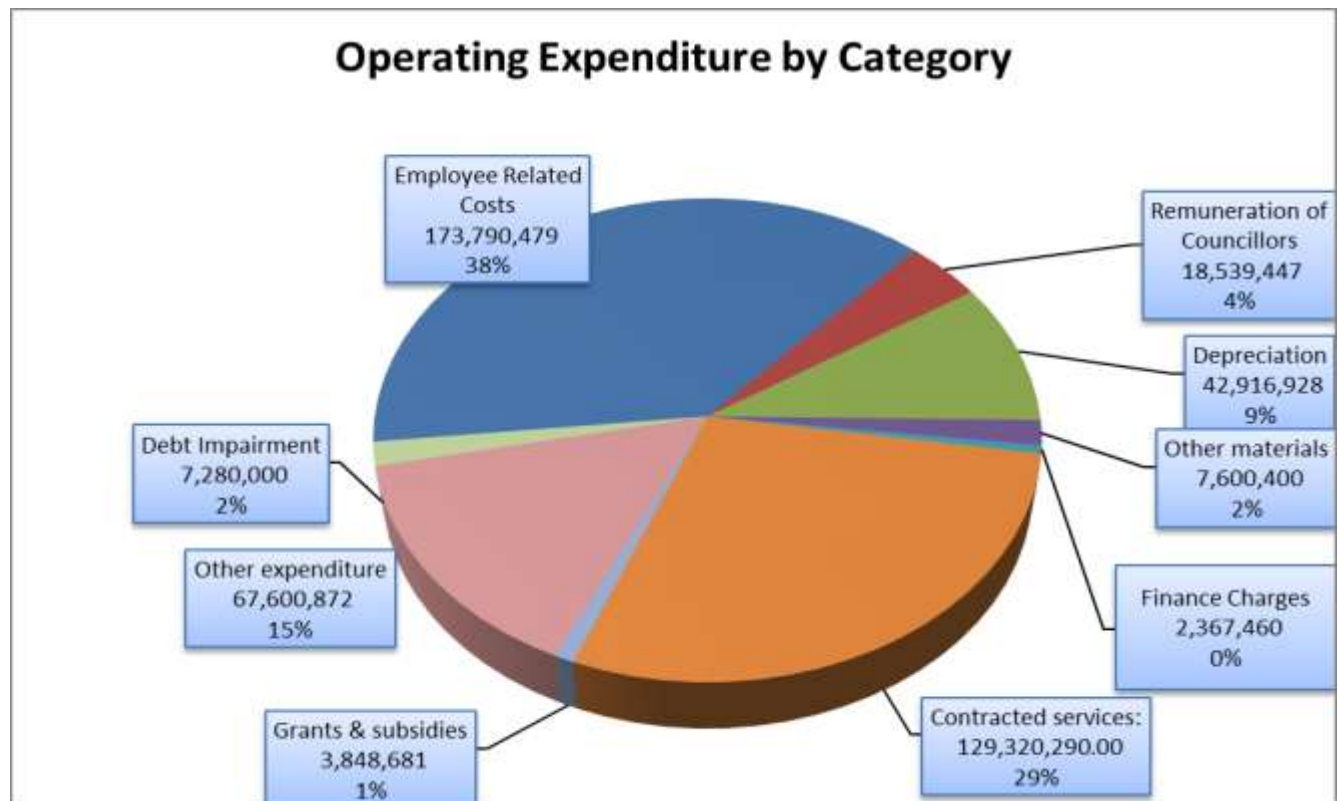
The total operating expenditure has been estimated at R453.265 million. This amount is slightly higher than that of the adjustment budget expenditure to reduce the operating deficit and accommodate those expenditures that we cannot avoid its increase like employee related cost and non-cash items. The graph below reflects the trend of expenditure levels as follows:



Whilst our income base has been limited due to the current economic times and limits on tariff increases, the day-to-day operational expenditure is increasing, which is attributable to inflationary increases and increased service delivery expectations. Operating expenditure has been reduced to a minimum to accommodate service delivery needs. The focus is to spend the limited income that we have on expenditure that matters and improve the lives of the communities that we serve. In this vein Council has also considered cost containment measures and its policy to limit expenditure to only service delivery expenditure. Due to the operating deficit of R46,976 million which is reflected in the adjustment budget for 2024-2025, all expenditure levels were reviewed by Management and the Budget steering committee and where appropriately kept expenditure levels were kept at the same or reduced by 10% in some cases taking into account fixed term contractual obligations of the Municipality. Strict financial control and discipline is required, together with strict implementation of the cost containment regulations.



Expenditure on the Draft 2025/26 budget has been allocated as follows:



### Employee Related costs

The graph above shows that 38% of budgeted expenditure will be spent on Employee Related Costs. The total remuneration when combined with councillors' remuneration exceeds the norm of 25%-40% by 2 %. It should be noted that service delivery departments are short-staffed and as a result they tend to spend more on overtime to cover the staff shortages. There is also an EPWP program to be funded internally which is aimed at boosting the capacity of the service delivery departments. This category of expenditure has increased by 5.15%, as per circular 6 of Salary & wage collective agreement.

### Remuneration of Councillors

Councillors Allowance has also increased by 5.15%.

### Other Expenditure

Other expenditure has been reduced to accommodate service delivery needs. In line with the cost containment measures and numerous circulars, various expenditure items have been reduced such as travelling, advertising, printing and stationery and consultants. The overall decrease equates to 5.9% when compared to the 2024/2025 adjustment budget. Budgeted under this category is electricity and water usage (R 16.2 million), telephone bills (R1,1 million), audit fees (R2,8 million), fuel (R7,4 million), protective clothing (R4.0 million), ward committee stipends (R2.3 million), expenditure incurred towards indigent households (R1,6 million), Software licenses



## UMDONI MUNICIPALITY

### DRAFT BUDGET DOCUMENTATION FOR THE 2025/2026 BUDGET YEAR

(3.8million) etc. Insurance is also budgeted at R3,4 million. Opting lease of equipment (R 3,1 million). This category takes up about 15% of the total operating expenditure.

#### Contracted Services

The contracted services are 29% of total expenditure. Included in the contracted services is R 2,1 million for Shark Nets; R2,8 million for swimming supervision; R 1,1 million for Accounting, Auditing and Valuation Roll Services. A further appropriation has been made for the UGU Entities which amounts to R2,5 million. The municipality has further, appropriated under the contracted services category; R450 thousand for the internal audit services and another R450 thousand for MPAC . Furthermore, R1.2 million has been aside for Sport and Recreation projects. The municipality has also budgeted for; under this category, R19,5 million towards security services; R4,0 million for legal costs and litigation under Council. Funds to repair refuse trucks have been set aside at R800 thousand; R13.2 million for the landfill site operation has been provided for. R4,5 million has been appropriated for verge maintenance for the whole municipal area.

Repairs and Maintenance expenditure has been classified under contracted services as per the classification from the MSCOA Charts. A portion of the budget (R28 million) has been appropriated for repairs and maintenance of infrastructure. Included in the R129,3 million for contracted services; R1,6 million has been allocated for the repairs and Maintenance of the plant; R1.8 million for fleet repairs. The municipality has noted that the budget for repairs and maintenance is below the norm of 8% of PPE as it is currently sitting at 7%. In the current year. A provision of R28 million has been made to conduct the maintenance of infrastructure.

#### Grants and Subsidies

The municipality has set aside funds; under the Grants and Subsidies category; R 3.8 million. This expenditure item is broken down as follows;

Row Labels	Sum of TOTAL
Aids Day	60,000.00
Child Programmes	200,000.00
Disability	100,000.00
Disaster Relief	558,681.00
Elderly	300,000.00
Indigent and Cultural Management and Services	600,000.00
Municipal Running Cost	180,000.00
Training	1,000,000.00
Youth Development	850,000.00
<b>Grand Total</b>	<b>3,848,681.00</b>



## UMDONI MUNICIPALITY

### DRAFT BUDGET DOCUMENTATION FOR THE 2025/2026 BUDGET YEAR

#### Depreciation and Asset Impairment

In compliance with the MFMA and budget circulars, the municipality has budgeted for the Depreciation and Asset Impairment at R 42,9 million. Budget for this item has been estimated after considering GRAP requirements and possible impairment losses and reversals there off.

#### Debt Impairment

As part of the operating budget, the municipality has provided for debt impairment at R 7.2 million. The provision has been made to accommodate contributions to provisions of doubtful debtors. The provision for the new year has been slightly increased due to an increase in the debt book.

#### Other Materials

The municipality has under this item budgeted for stationery, cleaning material, refuse bags and material for repair of roads (Inventory consumed) as required by MSCOA classification requirements. This category takes up about 2% of the total operating expenditure.

Row Labels	Sum of TOTAL
Expenditure:Inventory Consumed:Consumables:Standard Rated	1,649,400.00
Expenditure:Inventory Consumed:Materials and Supplies	5,951,000.00
<b>Grand Total</b>	<b>7,600,400.00</b>

## 1.5 2025/26 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK TABLES

Umdoni Municipality has tabled the 2025/26 annual budget in the format that is in accordance with the budget regulations, where possible, as follows:

- Budgeted Financial Performance Summary by Revenue Source and Expenditure Category for all Departments as reflected in Annexure 1.
- Budgeted Financial Performance - revenue and expenditure by municipal vote as reflected in Annexure 2.
- Budgeted Financial Performance - revenue and expenditure by GFS as reflected in Annexure 3.
- Budgeted Capital Expenditure by vote, GFS classification and funding as reflected in Annexure 4; and
- Budgeted Capital Expenditure by line item as reflected in Annexure 5
- A1 Schedule

The above, and all other budget related documents including policies shall be submitted to Provincial and National Treasury.





## UMDONI MUNICIPALITY

### DRAFT BUDGET DOCUMENTATION FOR THE 2025/2026 BUDGET YEAR

#### 1.6 TARIFF OF CHARGES – 2025/26 FINANCIAL YEAR

The tariff of charges for 2025/2026 financial year have been reviewed on an individual basis by all respective departments to be cost reflective in the case of refuse and 100% for all other tariffs. Property rates tariffs will be increased by 5%. The revised tariff of charges has been included in Annexure 5 for comment.

#### 1.7 PROPERTY RATES RANDAGES AND REBATES – 2025/26 FINANCIAL YEAR

The Municipality is aware that current economic conditions may affect the ability of some ratepayers to pay their rate bill according to the new valuation attached to individual properties and has therefore proposed a 5 % increase in the rate randage for 2025/2026 financial year. An additional 5% rebate will also be passed to ratepayers in the categories of residential, sectional title, commercial and industrial. Therefore, for 2025/26 financial year, property rates will increase by 5% and an additional rebate of 5% as contained in the 2024/2025 budget to be continued in the 2025/2026 budget cycle.

	23. RATES RANDAGES	2025 / 2026		2024 / 2025	
	Residential	0.012564		0.011966	
	Industrial	0.016081		0.015315	
	Business and Commercial	0.018218		0.017350	
	Public Service Purposes	0.016835		0.016034	
	Agriculture	0.003141		0.002991	
	Mining	0.018218		0.017350	
	Public Benefit Organization (PBO)	0.003141		0.002991	
	Multiple Purpose	Rated on dominate use			
	State Owned Property	Known as Public Service Purposes		Known as Public Service Purposes	
	Public Service Infrastructure	0.003141		0.002991	
	Vacant Other	0.031409		0.029913	



## UMDONI MUNICIPALITY

### DRAFT BUDGET DOCUMENTATION FOR THE 2025/2026 BUDGET YEAR

	The rebates applied for the financial year				
	Residential ( R 60,000 elective and 15,000 legislated)	R 75 000		R 75 000	
		R 15 000		R 15 000	
	Disabled Persons/Pensioners/Indigent: (inclusive of R 75 000 above)	R 370 000		R 370 000	
	Medium to High Density level developments (Sectional Titles and Share blocks) 4% on rates due for the financial year				
	Annual payments inclusive of arrears on or before a date determined during the final budget shall be granted a discount of 3.5% of the current rates and services raised during the financial year				
	5% rebate on the following categories of properties: Residential, Industrial, Commercial, Agricultural, Vacant Other				



UMDONI MUNICIPALITY

DRAFT BUDGET DOCUMENTATION FOR THE 2025/2026 BUDGET YEAR

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## PART 2 - SUPPORTING DOCUMENTATION

## **2.1 OVERVIEW OF THE ANNUAL BUDGET PROCESS**

The budget process is guided by various legislative frameworks and regulations, including the Local Government Municipal Finance Management, No, 56 of 2003, the Municipal Systems Act, 2000 and the municipal Budget and Reporting Regulations

Adherence to these guidelines and regulations are imperative during the budget preparation to ensure an effective, credible and sustainable budget. The review of past practices and performance is further necessary, to identify areas of weakness which can be addressed, as well as maintain the level of performance in areas where this has been achieved.

The process embarked upon for the preparation of the 2025/26 budget can be illustrated below:



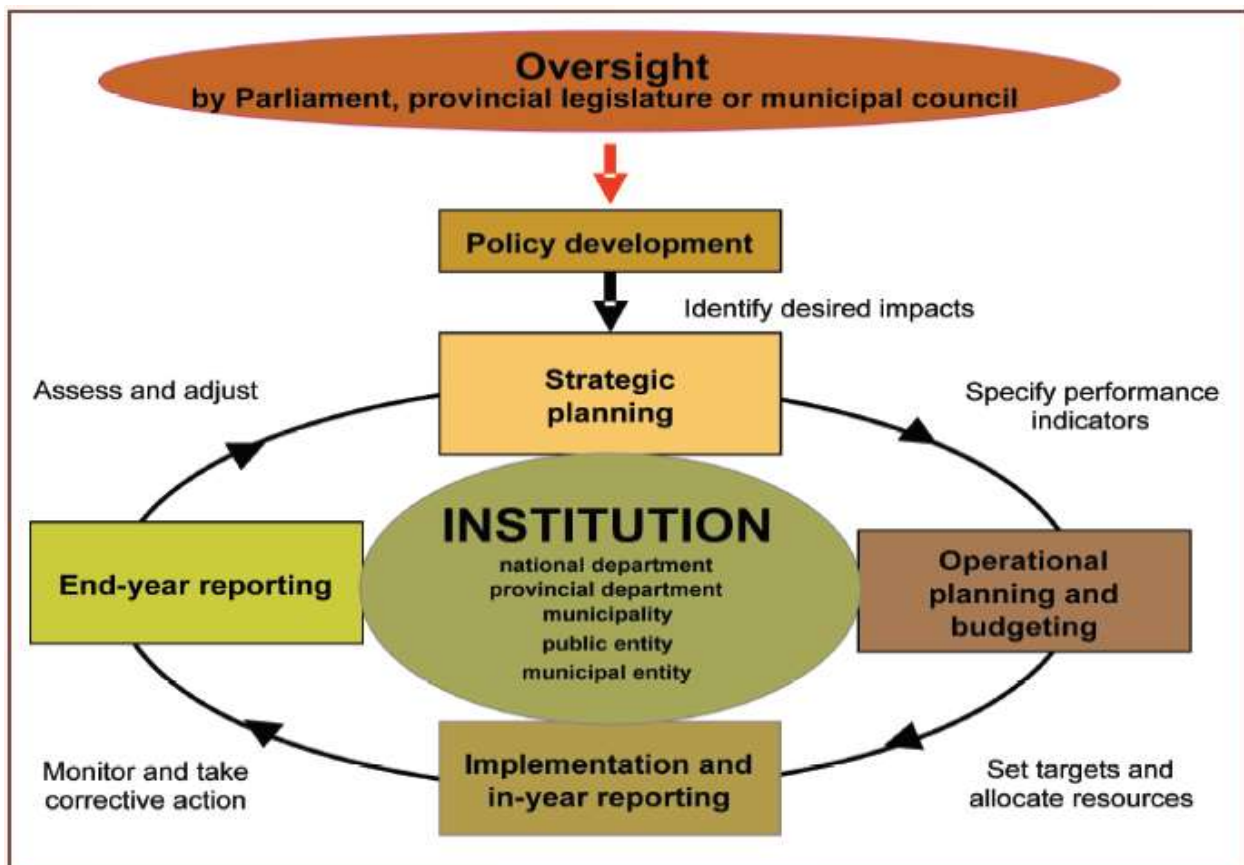
## 2.2 OVERVIEW OF THE ALIGNMENT OF THE BUDGET WITH THE IDP

The alignment of the budget to the integrated development plan is crucial to ensure the effectiveness of any budget. Both the integrated development plan and the budget have incorporated these priorities and action plans, and therefore assisted in the alignment of both the budget and the integrated development plan.

## 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 of which 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 government, information from multiple years is being considered; plans and budgets 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, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

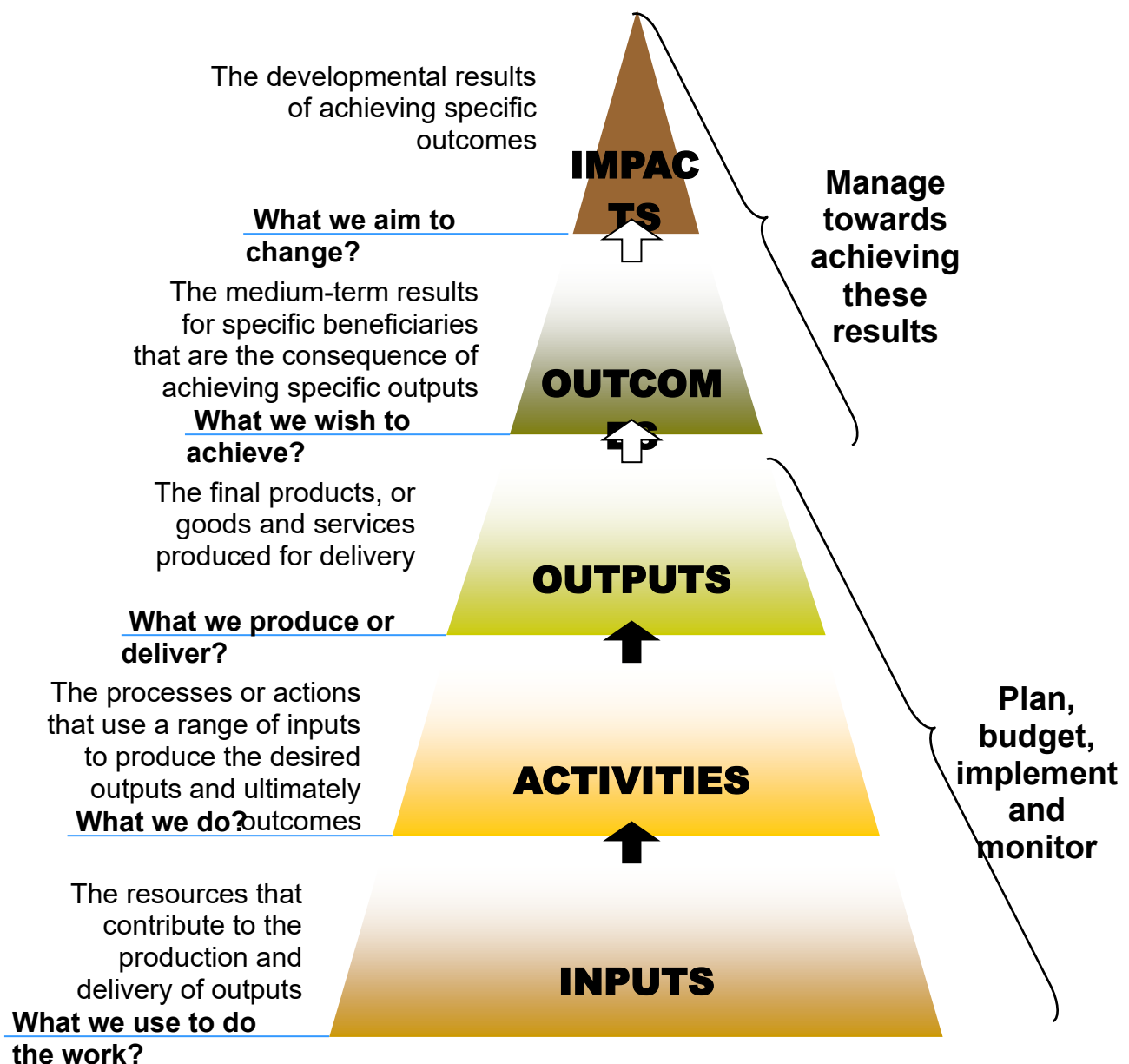


**Figure 1 Planning, budgeting and reporting cycle**

The performance of the municipality relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The municipality therefore intends to adopt fully 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 of 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 to be 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:



**Table: Definition of performance information concepts**

## 2.4 OVERVIEW OF THE BUDGET RELATED POLICIES

The budget related policies are currently under review and any comments or suggestions received during the public participation process will be considered and updated for the Council to consider in May 2025. The current policies are included as attachments to the budget document for comment and input.

## **2.5 OVERVIEW OF BUDGET ASSUMPTIONS**

The budgeting assumptions that inform the 2025/26 budget preparation are as follows:

### **Revenue**

- All revenue levels were based on current and past year's actual trends and therefore resulted in a realistic revenue base and kept in line with inflation as far as possible.
- Property rates tariffs have a 5% increase
- Refuse removal has an increase of 100% on residential, 100% increase on basic charge for bread and breakfast, 100% on skips, all other refuse is 7%, moving towards cost reflective tariffs.
- All other incomes have increased by 5 % to maintain affordability and credibility considering the prevailing current trends.
- The municipality is forecasting to collect 85% of its billed revenue from consumers to improve the financial viability of the municipality.
- Encourage new development to establish in Umdoni to expand the rates base.

### **Expenditure**

- Expenditure levels have been reduced considering service delivery requirements. The Operating budget deficit of R 46 million on the 2024/2025 adjustments budget must be eliminated to reflect a surplus budget position.
- The following areas were targeted in terms of expenditure:
  - Employee-related costs and Councilor Allowances- budgeted for at 5.15%
  - General expenses reduced by 10%
  - Repairs and maintenance reduced by 10%
  - Contracted services reduced by 10% considering valid contracts in place.
  - Employee costs were budgeted at an estimated increase of 5.15%.
  - Administrative costs were reduced by 10%





## External factors

GDP growth is expected to average 1.8 per cent from 2025 to 2027. Medium-term growth will be underpinned by household consumption on the back of rising purchasing power, moderate employment recovery and wealth gains. Continued investments in renewable energy and easing structural constraints are expected to support higher investment. Key factors for achieving faster economic growth and creating much-needed jobs include greater collaboration with the private sector in energy and transport, rapid implementation of structural reforms, easing of regulatory constraints and increased infrastructure investment

## General inflation outlook and its impact on the municipal activities

These are key factors that have been taken into consideration in the compilation of the 2025/26 MTREF:

- National Government macro-economic targets.
- The general inflationary outlook and the impact on municipality's residents and businesses.
- The impact of municipal cost drivers.
- The increase in prices for bulk electricity and water; and

## Collection rate for revenue services

The base assumption is that tariff and rating increases will increase at a rate which equals or slightly above the CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term.

The rate of revenue collection is currently expressed as a percentage (85 per cent) of annual billings. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored. A group of ratepayers has decided to withhold payments due to service delivery matters which are of concern to them. The withheld payments will be made as their concerns are addressed by the Municipality. Their ability to pay is confirmed.

## Growth or decline in tax base of the municipality

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtors' collection rate, tariff/rate pricing, real growth rate of the municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition, the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

## Impact of national, provincial and local policies

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and, in this regard, various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs.
- Enhancing education and skill development.
- Improving Health services.
- Rural development and agriculture; and
- Fighting crime and corruption.



To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

#### **Ability of the municipality to spend and deliver on the programmes**

It is estimated that a spending rate of approximately to 100 per cent is achieved on operating and capital expenditure for the 2025/26 MTREF of which performance has been factored into the cash flow budget.

#### **Overview of budget funding**

The budget is funded and as such the main table A7 for cash flow statement attests to that by reflecting positive net cash flows for budget year and the two outer years. In addition to that, investments are currently at R 179,770 million as at 28<sup>th</sup> February 2025. However, it is also anticipated that customers will continue to pay when the massive repairs and maintenance project is being rolled out. The current coverage ratio is estimated at three months.



# UMDONI MUNICIPALITY

## DRAFT BUDGET DOCUMENTATION FOR THE 2025/2026 BUDGET YEAR

**KZN212 Umdoni - Table A7 Budgeted Cash Flows**

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 FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		52,245	69,604	132,401	119,240	119,240	119,240	(1,288)	116,728	122,097	125,150
Service charges		(6,774)	(2,082)	–	11,758	11,758	11,758	–	19,688	20,593	21,903
Other revenue		(9,282)	(3,125)	3,853	58,233	58,443	58,443	–	60,288	62,090	61,849
Transfers and Subsidies - Operational	1	122,930	190,154	138,373	198,751	207,743	207,743	(2,405)	200,570	198,308	207,272
Transfers and Subsidies - Capital	1	7,332	37,966	27,034	40,603	51,706	51,706	–	35,462	42,303	39,950
Interest		(3,361)	(3,855)	–	12,695	12,695	12,695	–	13,000	13,598	13,938
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		(47,815)	(28,761)	(126,828)	(386,195)	(311,478)	(311,478)	(80,068)	(427,610)	(449,039)	(409,946)
Interest		–	–	–	(2)	(2)	(2)	–	(3)	(3)	(3)
Transfers and Subsidies	1	–	–	–	(3,505)	(4,255)	(4,255)	–	(3,849)	(4,026)	(1,728)
NET CASH FROM/(USED) OPERATING ACTIVITIES		115,275	259,900	174,832	51,577	145,848	145,848	(83,761)	14,274	5,923	58,385
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current receivables		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–	–	–	–
Payments											
Capital assets		24,345	92,479	89,290	–	–	–	89,722	(62,328)	(38,470)	(40,124)
NET CASH FROM/(USED) OPERATING ACTIVITIES		24,345	92,479	89,290	–	–	–	89,722	(62,328)	(38,470)	(40,124)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		17	27	40	50	–	–	(101)	–	–	–
Payments											
Repayment of borrowing		–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		17	27	40	50	–	–	(101)	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD		139,636	352,407	264,161	51,627	145,848	145,848	5,860	(48,054)	(32,547)	18,261
Cash/cash equivalents at the year begin:	2	205,355	192,265	161,185	131,394	146,398	146,398	146,398	218,110	170,056	137,509
Cash/cash equivalents at the year	2	344,991	544,672	425,347	183,021	292,247	292,247	152,259	170,056	137,509	155,770



# UMDONI MUNICIPALITY

## DRAFT BUDGET DOCUMENTATION FOR THE 2025/2026 BUDGET YEAR

### 2.6 OVERVIEW OF MEDIUM TERM OUTLOOK: OPERATING REVENUE AND EXPENDITURE

The following table is a breakdown of the operating revenue over the medium-term:

**Table 1 Breakdown of the operating revenue and expenditure over the medium-term**

KZN212 Umdoni - Table A1 Budget Summary										
Description	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
R thousands	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>Financial Performance</b>										
Property rates	103,814	110,977	130,946	130,005	131,127	131,127	85,543	137,327	143,644	147,235
Service charges	10,222	10,575	11,151	13,833	13,422	13,422	9,042	20,054	20,976	21,501
Investment revenue	7,151	13,513	14,608	12,500	12,500	12,500	9,076	13,000	13,598	13,938
Transfer and subsidies - Operational	167,033	178,131	195,692	203,785	205,651	205,651	152,557	199,570	203,757	208,757
Other own revenue	29,151	35,303	42,905	43,049	40,315	40,315	18,569	37,532	41,603	42,783
<b>Total Revenue (excluding capital transfers and</b>	<b>317,371</b>	<b>348,500</b>	<b>395,302</b>	<b>403,171</b>	<b>403,014</b>	<b>403,014</b>	<b>274,786</b>	<b>407,483</b>	<b>423,578</b>	<b>434,214</b>
Employee costs	136,787	145,634	149,861	180,736	164,620	164,620	104,041	173,790	181,631	186,419
Remuneration of councillors	14,687	15,271	16,330	17,631	17,631	17,631	11,306	18,539	19,392	19,877
Depreciation and amortisation	102,369	(8,085)	46,058	40,873	40,873	40,873	28,014	42,917	44,891	46,013
Interest	16	588	1,764	2	2,276	2,276	-	2,367	2,476	2,538
Inventory consumed and bulk purchases	4,098	4,712	7,056	12,076	7,543	7,543	2,621	7,600	7,950	8,149
Transfers and subsidies	1,868	650	3,021	3,505	4,255	4,255	1,516	3,849	4,026	4,126
Other expenditure	124,898	208,335	189,445	197,891	212,792	212,792	102,730	204,201	215,257	220,477
<b>Total Expenditure</b>	<b>384,723</b>	<b>367,105</b>	<b>413,536</b>	<b>452,715</b>	<b>449,990</b>	<b>449,990</b>	<b>250,228</b>	<b>453,265</b>	<b>475,623</b>	<b>487,600</b>
<b>Surplus/(Deficit)</b>	<b>(67,352)</b>	<b>(18,605)</b>	<b>(18,234)</b>	<b>(49,544)</b>	<b>(46,976)</b>	<b>(46,976)</b>	<b>24,558</b>	<b>(45,781)</b>	<b>(52,046)</b>	<b>(53,386)</b>
Transfers and subsidies - capital (monetary allocations)	42,473	46,705	38,879	40,603	53,797	53,797	19,751	36,462	38,303	39,950
Transfers and subsidies - capital (in-kind)	259	258	3,670	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp;</b>	<b>(24,620)</b>	<b>28,358</b>	<b>24,315</b>	<b>(8,941)</b>	<b>6,821</b>	<b>6,821</b>	<b>44,309</b>	<b>(9,320)</b>	<b>(13,743)</b>	<b>(13,436)</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>(24,620)</b>	<b>28,358</b>	<b>24,315</b>	<b>(8,941)</b>	<b>6,821</b>	<b>6,821</b>	<b>44,309</b>	<b>(9,320)</b>	<b>(13,743)</b>	<b>(13,436)</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>26,907</b>	<b>(3,656)</b>	<b>1,615</b>	<b>50,041</b>	<b>64,129</b>	<b>64,129</b>	<b>30,870</b>	<b>53,964</b>	<b>33,307</b>	<b>34,739</b>
Transfers recognised - capital	36,679	40,765	26,929	35,307	46,780	46,780	19,140	31,706	33,307	34,739
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	12,627	9,487	22,905	14,734	17,349	17,349	11,730	22,258	-	-
<b>Total sources of capital funds</b>	<b>49,306</b>	<b>50,251</b>	<b>49,834</b>	<b>50,041</b>	<b>64,129</b>	<b>64,129</b>	<b>30,870</b>	<b>53,964</b>	<b>33,307</b>	<b>34,739</b>
<b>Financial position</b>										
Total current assets	279,855	249,448	241,737	290,619	357,028	357,028	281,460	343,366	360,454	411,493
Total non current assets	592,064	659,597	646,884	676,939	687,483	687,483	650,464	698,529	675,898	676,209
Total current liabilities	80,774	77,989	71,597	170,961	186,745	186,745	69,867	187,385	185,987	236,870
Total non current liabilities	40,404	16,143	47,319	64,590	52,382	52,382	47,319	58,445	58,724	58,883
Community wealth/Equity	750,741	785,198	787,047	732,008	805,384	805,384	831,356	796,064	791,662	791,948
<b>Cash flows</b>										
Net cash from (used) operating	115,275	259,900	174,832	51,577	145,848	145,848	(83,761)	14,274	5,923	58,385
Net cash from (used) investing	24,345	92,479	89,290	-	-	-	89,722	(62,328)	(38,470)	(40,124)
Net cash from (used) financing	17	27	40	50	-	-	(101)	-	-	-
<b>Cash/cash equivalents at the year end</b>	<b>344,991</b>	<b>544,672</b>	<b>425,347</b>	<b>183,021</b>	<b>292,247</b>	<b>292,247</b>	<b>152,259</b>	<b>170,056</b>	<b>137,509</b>	<b>155,770</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	192,265	161,185	146,398	128,604	218,110	218,110	179,988	170,056	185,563	236,371
Application of cash and investments	59,846	44,380	11,239	73,619	122,588	122,588	70,495	122,474	118,334	164,164
<b>Balance - surplus (shortfall)</b>	<b>132,419</b>	<b>116,805</b>	<b>135,160</b>	<b>54,985</b>	<b>95,522</b>	<b>95,522</b>	<b>109,492</b>	<b>47,582</b>	<b>67,229</b>	<b>72,207</b>
<b>Asset management</b>										
Asset register summary (WDV)	592,064	659,597	646,884	676,939	687,483	687,483	-	698,529	675,898	676,209
Depreciation	102,369	(8,085)	46,058	40,873	40,873	40,873	42,917	44,891	46,013	46,013
Renewal and Upgrading of Existing Assets	4,016	(31,413)	(40,665)	17,426	32,508	32,508	6,508	-	-	-
Repairs and Maintenance	16,664	71,662	52,140	52,513	45,229	45,229	48,247	50,372	51,632	51,632
<b>Free services</b>										
Cost of Free Basic Services provided	-	-	-	735	735	735	-	773	808	829
Revenue cost of free services provided	9,736	14,897	(2,581)	14,046	14,744	14,744	-	16,453	17,210	17,640
<b>Households below minimum service level</b>										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-



# UMDONI MUNICIPALITY

## DRAFT BUDGET DOCUMENTATION FOR THE 2025/2026 BUDGET YEAR

Table 3 MBRR SA 18 – Transfers and grant receipts

KZN212 Umdoni - Supporting Table SA18 Transfers and grant receipts										
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	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousand										
RECEIPTS:	1, 2									
<u>Operating Transfers and Grants</u>										
National Government:		155,689	165,940	186,563	187,775	194,675	194,675	188,016	190,348	194,754
Operational Revenue:General Revenue:Equitable Share		151,763	162,218	173,612	182,950	182,950	182,950	182,765	182,132	190,351
Operational Revenue:General Revenue:Fuel Levy		-	-	-	-	-	-	-	-	-
2014 African Nations Championship Host City Operating Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Agriculture Research and Technology		-	-	-	-	-	-	-	-	-
Agriculture, Conservation and Environmental		-	-	-	-	-	-	-	-	-
Arts and Culture Sustainable Resource Management		-	-	-	-	-	-	-	-	-
Community Library		-	-	-	-	-	-	-	-	-
Department of Environmental Affairs		-	-	-	-	-	-	-	-	-
Department of Tourism		-	-	-	-	-	-	-	-	-
Department of Water Affairs and Sanitation Masibambane		-	-	-	-	-	-	-	-	-
Emergency Medical Service		-	-	-	-	-	-	-	-	-
Energy Efficiency and Demand-side [Schedule 5B]		-	-	-	-	3,000	3,000	-	4,000	-
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]		1,976	1,772	1,601	1,249	1,249	1,249	1,385	-	-
HIV and Aids		-	-	-	-	-	-	-	-	-
Housing Accreditation		-	-	-	-	-	-	-	-	-
Housing Top structure		-	-	-	-	-	-	-	-	-
Infrastructure Skills Development Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Integrated City Development Grant		-	-	-	-	-	-	-	-	-
Khayelitsha Urban Renewal		-	-	-	-	-	-	-	-	-
Local Government Financial Management Grant [Schedule 5B]		1,950	1,950	1,950	1,900	1,900	1,900	2,000	2,200	2,300
Mitchell's Plain Urban Renewal		-	-	-	-	-	-	-	-	-
Municipal Demarcation and Transition Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Municipal Disaster Grant [Schedule 5B]		-	-	9,400	-	3,899	3,899	-	-	-
Municipal Human Settlement Capacity Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Municipal Systems Improvement Grant		-	-	-	-	-	-	-	-	-
Natural Resource Management Project		-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant		-	-	-	-	-	-	-	-	-
Operation Clean Audit		-	-	-	-	-	-	-	-	-
Municipal Disaster Recovery Grant		-	-	-	-	-	-	-	-	-
Public Service Improvement Facility		-	-	-	-	-	-	-	-	-
Public Transport Network Operations Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Restructuring - Seed Funding		-	-	-	-	-	-	-	-	-
Revenue Enhancement Grant Debtors Book		-	-	-	-	-	-	-	-	-
Rural Road Asset Management Systems Grant		-	-	-	-	-	-	-	-	-
Sport and Recreation		-	-	-	-	-	-	-	-	-
Terrestrial Invasive Alien Plants		-	-	-	-	-	-	-	-	-
Water Services Operating Subsidy Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Health Hygiene in Informal Settlements		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant [Schedule 5B]		-	-	-	1,676	1,676	1,676	1,866	2,016	2,103
Water Services Infrastructure Grant		-	-	-	-	-	-	-	-	-
Public Transport Network Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Smart Connect Grant		-	-	-	-	-	-	-	-	-
Urban Settlement Development Grant		-	-	-	-	-	-	-	-	-
WiFi Grant [Department of Telecommunications and Postal Services		-	-	-	-	-	-	-	-	-
Street Lighting		-	-	-	-	-	-	-	-	-
Traditional Leaders - Imbizo		-	-	-	-	-	-	-	-	-
Department of Water and Sanitation Smart Living Handbook		-	-	-	-	-	-	-	-	-
Integrated National Electrification Programme Grant		-	-	-	-	-	-	-	-	-
Municipal Restructuring Grant		-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant		-	-	-	-	-	-	-	-	-
Municipal Emergency Housing Grant		-	-	-	-	-	-	-	-	-
Metro Informal Settlements Partnership Grant		-	-	-	-	-	-	-	-	-
Integrated Urban Development Grant		-	-	-	-	-	-	-	-	-
Programme and Project Preparation Support Grant		-	-	-	-	-	-	-	-	-
Provincial Government:		9,731	10,268	9,417	10,976	13,068	13,068	11,554	11,960	12,519
Capacity Building		-	-	-	-	-	-	-	-	-
Capacity Building and Other		9,731	10,268	9,417	10,976	13,068	13,068	11,554	11,960	12,519
Disaster and Emergency Services		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Libraries, Archives and Museums		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Public Transport		-	-	-	-	-	-	-	-	-
Road Infrastructure - Maintenance		-	-	-	-	-	-	-	-	-
Sports and Recreation		-	-	-	-	-	-	-	-	-
Waste Water Infrastructure - Maintenance		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure - Maintenance		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
All Grants		-	-	-	-	-	-	-	-	-
Other Grant Providers:		-	-	-	-	-	-	-	-	-
Departmental Agencies and Accounts		-	-	-	-	-	-	-	-	-
Foreign Government and International Organisations		-	-	-	-	-	-	-	-	-
Households		-	-	-	-	-	-	-	-	-
Non-profit Institutions		-	-	-	-	-	-	-	-	-
Private Enterprises		-	-	-	-	-	-	-	-	-
Public Corporations		-	-	-	-	-	-	-	-	-
Higher Educational Institutions		-	-	-	-	-	-	-	-	-
Parent Municipality / Entity		-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	5	165,420	176,208	195,980	198,751	207,743	207,743	199,570	202,308	207,272



# UMDONI MUNICIPALITY

## DRAFT BUDGET DOCUMENTATION FOR THE 2025/2026 BUDGET YEAR

<b>Capital Transfers and Grants</b>									
<b>National Government:</b>	32,253	44,631	37,635	39,853	51,706	51,706	35,462	38,303	39,950
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant [Schedule 5B]	32,253	44,631	37,635	36,853	36,853	36,853	35,462	38,303	39,950
Municipal Water Infrastructure Grant [Schedule 5B]	-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant [Schedule 5B]	-	-	-	-	-	-	-	-	-
Public Transport Infrastructure Grant [Schedule 5B]	-	-	-	-	-	-	-	-	-
Rural Household Infrastructure Grant [Schedule 5B]	-	-	-	-	-	-	-	-	-
Rural Road Asset Management Systems Grant [Schedule 5B]	-	-	-	-	-	-	-	-	-
Urban Settlement Development Grant [Schedule 4B]	-	-	-	-	-	-	-	-	-
Municipal Human Settlement	-	-	-	-	-	-	-	-	-
Community Library	-	-	-	-	-	-	-	-	-
Integrated City Development Grant [Schedule 4B]	-	-	-	-	-	-	-	-	-
Municipal Disaster Recovery Grant [Schedule 4B]	-	-	-	-	-	-	-	-	-
Energy Efficiency and Demand Side Management Grant	-	-	-	3,000	-	-	-	-	-
Khayelitsha Urban Renewal	-	-	-	-	-	-	-	-	-
Local Government Financial Management Grant [Schedule 5B]	-	-	-	-	-	-	-	-	-
Municipal Systems Improvement Grant [Schedule 5B]	-	-	-	-	-	-	-	-	-
Public Transport Network Grant [Schedule 5B]	-	-	-	-	-	-	-	-	-
Public Transport Network Operations Grant [Schedule 5B]	-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant (Schedule 5B)	-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant [Schedule 5B]	-	-	-	-	-	-	-	-	-
WiFi Connectivity	-	-	-	-	-	-	-	-	-
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]	-	-	-	-	-	-	-	-	-
Aquaponic Project	-	-	-	-	-	-	-	-	-
Restition Settlement	-	-	-	-	-	-	-	-	-
Infrastructure Skills Development Grant [Schedule 5B]	-	-	-	-	-	-	-	-	-
Restructuring Seed Funding	-	-	-	-	-	-	-	-	-
Municipal Disaster Relief Grant	-	-	-	-	14,853	14,853	-	-	-
Municipal Emergency Housing Grant	-	-	-	-	-	-	-	-	-
Metro Informal Settlements Partnership Grant	-	-	-	-	-	-	-	-	-
Integrated Urban Development Grant	-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>	6,000	2,800	2,000	750	-	-	1,000	-	-
Capacity Building	-	-	-	-	-	-	-	-	-
Capacity Building and Other	-	-	-	-	-	-	-	-	-
Disaster and Emergency Services	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Infrastructure	6,000	2,800	2,000	750	-	-	1,000	-	-
Libraries, Archives and Museums	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Public Transport	-	-	-	-	-	-	-	-	-
Road Infrastructure	-	-	-	-	-	-	-	-	-
Sports and Recreation	-	-	-	-	-	-	-	-	-
Waste Water Infrastructure	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure	-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>	-	-	-	-	-	-	-	-	-
<b>All Grants</b>	-	-	-	-	-	-	-	-	-
<b>Other Grant Providers:</b>	-	-	-	-	-	-	-	-	-
Departmental Agencies and Accounts	-	-	-	-	-	-	-	-	-
Foreign Government and International Organisations	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Non-Profit Institutions	-	-	-	-	-	-	-	-	-
Private Enterprises	-	-	-	-	-	-	-	-	-
Public Corporations	-	-	-	-	-	-	-	-	-
Higher Educational Institutions	-	-	-	-	-	-	-	-	-
Parent Municipality / Entity	-	-	-	-	-	-	-	-	-
Transfer from Operational Revenue	-	-	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	5	38,253	47,431	39,635	40,603	51,706	36,462	38,303	39,950
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		203,673	223,639	235,615	239,354	259,448	236,032	240,611	247,223



## UMDONI MUNICIPALITY

### DRAFT BUDGET DOCUMENTATION FOR THE 2025/2026 BUDGET YEAR

#### 2.6.1 Expenditure on grants and reconciliations of unspent funds

Table 2 MBRR SA19 - Expenditure on transfers and grant programmes

KZN212 Umdoni - Supporting Table SA19 Expenditure on transfers and grant programme										
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	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousand										
EXPENDITURE:	1									
<b>Operating expenditure of Transfers and Grants</b>										
National Government:		93,654	157,691	111,277	184,972	177,128	177,128	188,016	190,348	194,754
Operational Revenue:General Revenue:Equitable Share		88,334	151,588	101,940	175,113	165,403	165,403	182,765	182,132	190,351
Operational:Revenue:General Revenue:Fuel Levy		-	-	-	-	-	-	-	-	-
2014 African Nations Championship Host City Operating Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Agriculture Research and Technology		-	-	-	-	-	-	-	-	-
Agriculture, Conservation and Environmental		-	-	-	-	-	-	-	-	-
Arts and Culture Sustainable Resource Management		-	-	-	-	-	-	-	-	-
Community Library		-	-	-	-	-	-	-	-	-
Department of Environmental Affairs		-	-	-	-	-	-	-	-	-
Department of Tourism		-	-	-	-	-	-	-	-	-
Department of Water Affairs and Sanitation Masibambane		-	-	-	-	-	-	-	-	-
Emergency Medical Service		-	-	-	-	-	-	-	-	-
Energy Efficiency and Demand-side [Schedule 5B]		-	-	-	-	3,000	3,000	-	4,000	-
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]		1,976	2,743	1,591	1,249	1,249	1,249	1,385	-	-
HIV and Aids		-	-	-	-	-	-	-	-	-
Housing Accreditation		-	-	-	-	-	-	-	-	-
Housing Top structure		-	-	-	-	-	-	-	-	-
Infrastructure Skills Development Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Integrated City Development Grant		-	-	-	-	-	-	-	-	-
Khayelitsha Urban Renewal		-	-	-	-	-	-	-	-	-
Local Government Financial Management Grant [Schedule 5B]		1,735	1,638	1,690	1,900	1,900	1,900	2,000	2,200	2,300
Mitchell's Plain Urban Renewal		-	-	-	-	-	-	-	-	-
Municipal Demarcation and Transition Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Municipal Disaster Grant [Schedule 5B]		-	-	4,783	5,033	3,899	3,899	-	-	-
Municipal Human Settlement Capacity Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Municipal Systems Improvement Grant		-	-	-	-	-	-	-	-	-
Natural Resource Management Project		-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant		-	-	-	-	-	-	-	-	-
Operation Clean Audit		-	-	-	-	-	-	-	-	-
Municipal Disaster Recovery Grant		-	-	-	-	-	-	-	-	-
Public Service Improvement Facility		-	-	-	-	-	-	-	-	-
Public Transport Network Operations Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Restructuring - Seed Funding		-	-	-	-	-	-	-	-	-
Revenue Enhancement Grant Debtors Book		-	-	-	-	-	-	-	-	-
Rural Road Asset Management Systems Grant		-	-	-	-	-	-	-	-	-
Sport and Recreation		-	-	-	-	-	-	-	-	-
Terrestrial Invasive Alien Plants		-	-	-	-	-	-	-	-	-
Water Services Operating Subsidy Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Health Hygiene in Informal Settlements		-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant [Schedule 5B]		1,609	1,722	1,272	1,676	1,676	1,676	1,866	2,016	2,103
Water Services Infrastructure Grant		-	-	-	-	-	-	-	-	-
Public Transport Network Grant [Schedule 5B]		-	-	-	-	-	-	-	-	-
Smart Connect Grant		-	-	-	-	-	-	-	-	-
Urban Settlement Development Grant		-	-	-	-	-	-	-	-	-
WiFi Grant [Department of Telecommunications and Postal Services		-	-	-	-	-	-	-	-	-
Street Lighting		-	-	-	-	-	-	-	-	-
Traditional Leaders - Imbizo		-	-	-	-	-	-	-	-	-
Department of Water and Sanitation Smart Living Handbook		-	-	-	-	-	-	-	-	-
Integrated National Electrification Programme Grant		-	-	-	-	-	-	-	-	-
Municipal Restructuring Grant		-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant		-	-	-	-	-	-	-	-	-
Municipal Emergency Housing Grant		-	-	-	-	-	-	-	-	-
Programme and Project Preparation Support Grant		-	-	-	-	-	-	-	-	-
Provincial Government:		11,044	10,446	12,879	10,976	10,976	10,976	11,554	11,960	12,519
Capacity Building		-	-	-	-	-	-	-	-	-
Capacity Building and Other		11,044	10,446	12,879	10,976	10,976	10,976	11,554	11,960	12,519
Disaster and Emergency Services		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Infrastructure		-	-	-	-	-	-	-	-	-
Libraries, Archives and Museums		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Public Transport		-	-	-	-	-	-	-	-	-
Road Infrastructure - Maintenance		-	-	-	-	-	-	-	-	-
Sports and Recreation		-	-	-	-	-	-	-	-	-
Waste Water Infrastructure - Maintenance		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure - Maintenance		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
All Grants		-	-	-	-	-	-	-	-	-
Other Grant Providers:		-	-	-	-	-	-	-	-	-
Departmental Agencies and Accounts		-	-	-	-	-	-	-	-	-
Foreign Government and International Organisations		-	-	-	-	-	-	-	-	-
Households		-	-	-	-	-	-	-	-	-
Non-profit Institutions		-	-	-	-	-	-	-	-	-
Private Enterprises		-	-	-	-	-	-	-	-	-
Public Corporations		-	-	-	-	-	-	-	-	-
Higher Educational Institutions		-	-	-	-	-	-	-	-	-
Parent Municipality / Entity		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:		104,698	168,137	124,155	195,948	188,104	188,104	199,570	202,308	207,272





## UMDONI MUNICIPALITY

### DRAFT BUDGET DOCUMENTATION FOR THE 2025/2026 BUDGET YEAR

<b>Capital expenditure of Transfers and Grants</b>									
<b>National Government:</b>	35,220	37,290	25,269	34,654	44,961	44,961	35,462	38,303	39,950
Integrated National Electrification Programme (Municipal Grant) [Schedule 5B]	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant [Schedule 5B]	35,220	37,133	25,210	32,046	32,046	32,046	35,462	38,303	39,950
Municipal Water Infrastructure Grant [Schedule 5B]	-	-	-	-	-	-	-	-	-
Neighbourhood Development Partnership Grant [Schedule 5B]	-	-	-	-	-	-	-	-	-
Public Transport Infrastructure Grant [Schedule 5B]	-	-	-	-	-	-	-	-	-
Rural Household Infrastructure Grant [Schedule 5B]	-	-	-	-	-	-	-	-	-
Rural Road Asset Management Systems Grant [Schedule 5B]	-	-	-	-	-	-	-	-	-
Urban Settlement Development Grant [Schedule 4B]	-	-	-	-	-	-	-	-	-
<b>Municipal Human Settlement</b>	-	-	-	-	-	-	-	-	-
Community Library	-	-	-	-	-	-	-	-	-
Integrated City Development Grant [Schedule 4B]	-	-	-	-	-	-	-	-	-
Municipal Disaster Recovery Grant [Schedule 4B]	-	-	-	-	-	-	-	-	-
Energy Efficiency and Demand Side Management Grant	-	-	-	2,609	-	-	-	-	-
Khayelitsha Urban Renewal	-	-	-	-	-	-	-	-	-
Local Government Financial Management Grant [Schedule 5B]	-	157	59	-	-	-	-	-	-
Municipal Systems Improvement Grant [Schedule 5B]	-	-	-	-	-	-	-	-	-
Public Transport Network Grant [Schedule 5B]	-	-	-	-	-	-	-	-	-
Public Transport Network Operations Grant [Schedule 5B]	-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant (Schedule 5B)	-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant [Schedule 5B]	-	-	-	-	-	-	-	-	-
WiFi Connectivity	-	-	-	-	-	-	-	-	-
Expanded Public Works Programme Integrated Grant for Municipalities [Schedule 5B]	-	-	-	-	-	-	-	-	-
Aquaponic Project	-	-	-	-	-	-	-	-	-
Restition Settlement	-	-	-	-	-	-	-	-	-
Infrastructure Skills Development Grant [Schedule 5B]	-	-	-	-	-	-	-	-	-
Restructuring Seed Funding	-	-	-	-	-	-	-	-	-
Municipal Disaster Relief Grant	-	-	-	-	12,916	12,916	-	-	-
Municipal Emergency Housing Grant	-	-	-	-	-	-	-	-	-
Metro Informal Settlements Partnership Grant	-	-	-	-	-	-	-	-	-
Integrated Urban Development Grant	-	-	-	-	-	-	-	-	-
<b>Provincial Government:</b>	1,459	3,475	1,659	652	1,819	1,819	1,000	-	-
Capacity Building	-	-	-	-	-	-	-	-	-
Capacity Building and Other	-	-	-	-	-	-	-	-	-
Disaster and Emergency Services	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Infrastructure	1,459	3,475	1,659	652	1,819	1,819	1,000	-	-
Libraries, Archives and Museums	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Public Transport	-	-	-	-	-	-	-	-	-
Road Infrastructure	-	-	-	-	-	-	-	-	-
Sports and Recreation	-	-	-	-	-	-	-	-	-
Waste Water Infrastructure	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure	-	-	-	-	-	-	-	-	-
<b>District Municipality:</b>	-	-	-	-	-	-	-	-	-
All Grants	-	-	-	-	-	-	-	-	-
<b>Other Grant Providers:</b>	-	-	-	-	-	-	-	-	-
Departmental Agencies and Accounts	-	-	-	-	-	-	-	-	-
Foreign Government and International Organisations	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Non-Profit Institutions	-	-	-	-	-	-	-	-	-
Private Enterprises	-	-	-	-	-	-	-	-	-
Public Corporations	-	-	-	-	-	-	-	-	-
Higher Educational Institutions	-	-	-	-	-	-	-	-	-
Parent Municipality / Entity	-	-	-	-	-	-	-	-	-
Transfer from Operational Revenue	-	-	-	-	-	-	-	-	-
<b>Total capital expenditure of Transfers and Grants</b>	36,679	40,765	26,929	35,307	46,780	46,780	36,462	38,303	39,950
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	141,378	208,902	151,084	231,254	234,884	234,884	236,032	240,611	247,223





# UMDONI MUNICIPALITY

## DRAFT BUDGET DOCUMENTATION FOR THE 2025/2026 BUDGET YEAR

### 2.6.2 COUNCILLOR AND EMPLOYEE BENEFITS

KZN212 Umdoni - Supporting Table SA22 Summary councillor and staff benefits										
Summary of Employee and Councillor remuneration	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		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages	1	12,874	13,486	14,302	15,366	15,366	15,366	16,158	16,901	17,323
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		249	288	356	564	564	564	593	621	636
Cellphone Allowance		1,564	1,497	1,672	1,701	1,701	1,701	1,788	1,871	1,918
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	-
<b>Sub Total - Councillors</b>		<b>14,687</b>	<b>15,271</b>	<b>16,330</b>	<b>17,631</b>	<b>17,631</b>	<b>17,631</b>	<b>18,539</b>	<b>19,392</b>	<b>19,877</b>
<b>% increase</b>	4		<b>4.0%</b>	<b>6.9%</b>	<b>8.0%</b>	<b>-</b>	<b>-</b>	<b>5.1%</b>	<b>4.6%</b>	<b>2.5%</b>
<b>Senior Managers of the Municipality</b>										
Basic Salaries and Wages	2	5,224	5,092	4,759	5,437	5,711	5,711	6,007	6,283	6,440
Pension and UIF Contributions		14	13	12	13	13	13	13	13	14
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	127	57	380	449	449	449	366	383	392
Cellphone Allowance	3	52	39	57	58	58	58	57	59	61
Housing Allowances	3	-	-	-	-	-	-	-	-	-
Other benefits and allowances	3	1	1	41	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		-	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>		<b>5,417</b>	<b>5,201</b>	<b>5,250</b>	<b>5,958</b>	<b>6,232</b>	<b>6,232</b>	<b>6,443</b>	<b>6,740</b>	<b>6,908</b>
<b>% increase</b>	4		<b>(4.0%)</b>	<b>0.9%</b>	<b>13.5%</b>	<b>4.6%</b>	<b>-</b>	<b>3.4%</b>	<b>4.6%</b>	<b>2.5%</b>
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		90,731	90,887	94,293	112,391	99,605	99,605	104,953	109,758	112,490
Pension and UIF Contributions		15,486	16,002	16,440	20,409	17,549	17,549	19,293	20,049	20,810
Medical Aid Contributions		6,280	6,439	6,996	11,154	9,795	9,795	8,042	8,412	8,622
Overtime		7,666	8,500	10,182	6,733	11,374	11,374	11,233	11,750	12,044
Performance Bonus		6,735	7,087	7,247	9,130	7,947	7,947	8,663	9,061	9,288
Motor Vehicle Allowance	3	-	-	-	83	83	83	78	82	84
Cellphone Allowance	3	204	233	234	279	260	260	257	268	275
Housing Allowances	3	405	459	524	2,097	681	681	1,984	2,075	2,127
Other benefits and allowances	3	2,210	2,375	2,116	2,210	2,137	2,137	2,301	2,406	2,467
Payments in lieu of leave		(2,499)	1,706	1,630	3,500	1,500	1,500	3,000	3,138	3,216
Long service awards		-	-	856	1,785	1,785	1,785	1,785	1,868	1,914
Post-retirement benefit obligations	6	4,153	6,753	4,066	4,278	4,278	4,278	4,278	4,474	4,586
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		-	(7)	26	730	1,393	1,393	1,481	1,549	1,588
In kind benefits		-	-	-	-	-	-	-	-	-
<b>Sub Total - Other Municipal Staff</b>		<b>131,370</b>	<b>140,433</b>	<b>144,611</b>	<b>174,779</b>	<b>158,388</b>	<b>158,388</b>	<b>167,347</b>	<b>174,891</b>	<b>179,511</b>
<b>% increase</b>	4		<b>6.9%</b>	<b>3.0%</b>	<b>20.9%</b>	<b>(9.4%)</b>	<b>-</b>	<b>5.7%</b>	<b>4.5%</b>	<b>2.6%</b>
<b>Total Parent Municipality</b>		<b>151,474</b>	<b>160,905</b>	<b>166,191</b>	<b>198,368</b>	<b>182,252</b>	<b>182,252</b>	<b>192,330</b>	<b>201,023</b>	<b>206,296</b>
			<b>6.2%</b>	<b>3.3%</b>	<b>19.4%</b>	<b>(8.1%)</b>	<b>-</b>	<b>5.5%</b>	<b>4.5%</b>	<b>2.6%</b>



# UMDONI MUNICIPALITY

## DRAFT BUDGET DOCUMENTATION FOR THE 2025/2026 BUDGET YEAR

<b>Board Members of Entities</b>										
Basic Salaries and Wages	-	-	-	-	-	-	-	-	-	-
Pension and UIF Contributions	-	-	-	-	-	-	-	-	-	-
Medical Aid Contributions	-	-	-	-	-	-	-	-	-	-
Overtime	-	-	-	-	-	-	-	-	-	-
Performance Bonus	-	-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	-	-	-	-	-	-	-	-	-
Cellphone Allowance	3	-	-	-	-	-	-	-	-	-
Housing Allowances	3	-	-	-	-	-	-	-	-	-
Other benefits and allowances	3	-	-	-	-	-	-	-	-	-
Board Fees	-	-	-	-	-	-	-	-	-	-
Payments in lieu of leave	-	-	-	-	-	-	-	-	-	-
Long service awards	-	-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Entertainment	-	-	-	-	-	-	-	-	-	-
Scarcity	-	-	-	-	-	-	-	-	-	-
Acting and post related allowance	-	-	-	-	-	-	-	-	-	-
In kind benefits	6	-	-	-	-	-	-	-	-	-
<b>Sub Total - Board Members of Entities</b>		-	-	-	-	-	-	-	-	-
<b>% increase</b>	4	-	-	-	-	-	-	-	-	-
<b>Senior Managers of Entities</b>										
Basic Salaries and Wages	-	-	-	-	-	-	-	-	-	-
Pension and UIF Contributions	-	-	-	-	-	-	-	-	-	-
Medical Aid Contributions	-	-	-	-	-	-	-	-	-	-
Overtime	-	-	-	-	-	-	-	-	-	-
Performance Bonus	-	-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	-	-	-	-	-	-	-	-	-
Cellphone Allowance	3	-	-	-	-	-	-	-	-	-
Housing Allowances	3	-	-	-	-	-	-	-	-	-
Other benefits and allowances	3	-	-	-	-	-	-	-	-	-
Payments in lieu of leave	-	-	-	-	-	-	-	-	-	-
Long service awards	-	-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Entertainment	-	-	-	-	-	-	-	-	-	-
Scarcity	-	-	-	-	-	-	-	-	-	-
Acting and post related allowance	-	-	-	-	-	-	-	-	-	-
In kind benefits	-	-	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Entities</b>		-	-	-	-	-	-	-	-	-
<b>% increase</b>	4	-	-	-	-	-	-	-	-	-
<b>Other Staff of Entities</b>										
Basic Salaries and Wages	-	-	-	-	-	-	-	-	-	-
Pension and UIF Contributions	-	-	-	-	-	-	-	-	-	-
Medical Aid Contributions	-	-	-	-	-	-	-	-	-	-
Overtime	-	-	-	-	-	-	-	-	-	-
Performance Bonus	-	-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	-	-	-	-	-	-	-	-	-
Cellphone Allowance	3	-	-	-	-	-	-	-	-	-
Housing Allowances	3	-	-	-	-	-	-	-	-	-
Other benefits and allowances	3	-	-	-	-	-	-	-	-	-
Payments in lieu of leave	-	-	-	-	-	-	-	-	-	-
Long service awards	-	-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Entertainment	-	-	-	-	-	-	-	-	-	-
Scarcity	-	-	-	-	-	-	-	-	-	-
Acting and post related allowance	-	-	-	-	-	-	-	-	-	-
In kind benefits	-	-	-	-	-	-	-	-	-	-
<b>Sub Total - Other Staff of Entities</b>		-	-	-	-	-	-	-	-	-
<b>% increase</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Municipal Entities</b>		-	-	-	-	-	-	-	-	-
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		151,474	160,905	166,191	198,368	182,252	182,252	192,330	201,023	206,296
<b>% increase</b>	4		6.2%	3.3%	19.4%	(8.1%)	-	5.5%	4.5%	2.6%
<b>TOTAL MANAGERS AND STAFF</b>	5,7	136,787	145,634	149,861	180,736	164,620	164,620	173,790	181,631	186,419



# UMDONI MUNICIPALITY

## DRAFT BUDGET DOCUMENTATION FOR THE 2025/2026 BUDGET YEAR

**Table 5 - Supporting Table SA22 Summary councilor and staff benefit**

KZN212 Umdoni - Supporting Table SA22 Summary councillor and staff benefits										
Summary of Employee and Councillor remuneration	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>										
Basic Salaries and Wages	1	12,996	12,874	13,486	14,361	14,361	14,361	15,366	16,073	16,796
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		444	249	288	527	527	527	564	590	617
Cellphone Allowance		1,638	1,564	1,497	1,590	1,590	1,590	1,701	1,779	1,859
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	-	-	-	-	-	-
<b>Sub Total - Councillors</b>		<b>15,078</b>	<b>14,687</b>	<b>15,271</b>	<b>16,478</b>	<b>16,478</b>	<b>16,478</b>	<b>17,631</b>	<b>18,442</b>	<b>19,272</b>
% increase	4		(2.6%)	4.0%	7.9%	-	-	7.0%	4.6%	4.5%
<b>Senior Managers of the Municipality</b>										
Basic Salaries and Wages	2	5,204	5,224	5,092	5,476	6,672	6,672	5,563	5,819	6,081
Pension and UIF Contributions		11	14	13	13	13	13	14	14	15
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	42	127	57	272	272	272	291	304	318
Cellphone Allowance	3	51	52	39	57	57	57	61	64	66
Housing Allowances	3	-	-	-	-	-	-	-	-	-
Other benefits and allowances	3	1	1	1	82	82	82	88	92	96
Payments in lieu of leave		-	-	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		-	-	-	-	-	-	-	-	-
In kind benefits		-	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>		<b>5,309</b>	<b>5,417</b>	<b>5,201</b>	<b>5,900</b>	<b>7,095</b>	<b>7,095</b>	<b>6,016</b>	<b>6,293</b>	<b>6,576</b>
% increase	4		2.0%	(4.0%)	13.4%	20.3%	-	(15.2%)	4.6%	4.5%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		85,574	90,731	90,887	107,391	103,958	103,958	112,350	116,211	121,441
Pension and UIF Contributions		15,115	15,486	16,002	18,191	17,958	17,958	19,215	20,098	21,003
Medical Aid Contributions		5,895	6,280	6,439	10,284	9,330	9,330	9,983	10,442	10,912
Overtime		5,554	7,666	8,500	4,528	8,006	8,006	8,566	8,960	9,363
Performance Bonus		6,656	6,735	7,087	8,499	8,213	8,213	8,788	9,193	9,606
Motor Vehicle Allowance	3	-	-	-	439	83	83	545	572	600
Cellphone Allowance	3	213	204	233	275	343	343	396	414	433
Housing Allowances	3	342	405	459	1,992	1,748	1,748	1,870	1,956	2,044
Other benefits and allowances	3	1,291	2,210	2,375	1,792	1,915	1,915	2,049	2,143	2,239
Payments in lieu of leave		3,267	(2,499)	1,706	4,418	3,718	3,718	3,979	4,162	4,349
Long service awards		-	-	-	1,518	1,700	1,700	1,819	1,903	1,988
Post-retirement benefit obligations	6	4,828	4,153	6,753	3,410	4,074	4,074	4,359	4,560	4,765
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		-	-	(7)	1,066	915	915	979	1,024	1,070
In kind benefits		-	-	-	-	-	-	-	-	-
<b>Sub Total - Other Municipal Staff</b>		<b>128,736</b>	<b>131,370</b>	<b>140,433</b>	<b>163,804</b>	<b>161,959</b>	<b>161,959</b>	<b>174,896</b>	<b>181,637</b>	<b>189,814</b>
% increase	4		2.0%	6.9%	16.6%	(1.1%)	-	8.0%	3.9%	4.5%
<b>Total Parent Municipality</b>		<b>149,123</b>	<b>151,474</b>	<b>160,905</b>	<b>186,182</b>	<b>185,533</b>	<b>185,533</b>	<b>198,544</b>	<b>206,372</b>	<b>215,662</b>
			1.6%	6.2%	15.7%	(0.3%)	-	7.0%	3.9%	4.5%



## 2.7 ANNUAL BUDGET AND SDBIP's – Internal Departments

SDBIP Document is tabled as a separate document.



## UMDONI MUNICIPALITY

### DRAFT BUDGET DOCUMENTATION FOR THE 2025/2026 BUDGET YEAR

## 2.8 CAPITAL EXPENDITURE DETAILS

TABLE 15-MBRR- TABLE A5 CAPEX

KZN212 Umdoni - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding											
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
R thousand	1										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>											
Vote 1 - COUNCIL GENERAL	2	-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 3 - TECHNICAL SERVICES		20,406	8,134	(6,243)	87	87	87	-	1,647	25,477	26,989
Vote 4 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY SERVICES		-	-	-	-	12,968	12,968	-	3,083	-	-
Vote 6 - STRATEGIC PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	870	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total		20,406	8,134	(6,243)	87	13,055	13,055	-	5,599	25,477	26,989
<b>Single-year expenditure to be appropriated</b>											
Vote 1 - COUNCIL GENERAL	2	518	-	192	-	61	61	-	87	-	-
Vote 2 - FINANCIAL SERVICES		(21,280)	(53,751)	(43,082)	174	174	174	145	132	-	-
Vote 3 - TECHNICAL SERVICES		21,500	41,129	42,332	44,410	42,775	42,775	25,325	32,668	7,830	7,750
Vote 4 - CORPORATE SERVICES		2,168	232	6,518	4,666	5,535	5,535	4,245	14,304	-	-
Vote 5 - COMMUNITY SERVICES		(577)	271	239	-	435	435	-	1,087	-	-
Vote 6 - STRATEGIC PLANNING AND DEVELOPMENT		4,174	328	1,659	704	2,095	2,095	1,155	87	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		6,501	(11,790)	7,858	49,954	51,075	51,075	30,870	48,365	7,830	7,750
Total Capital Expenditure - Vote	3.7	26,907	(3,656)	1,615	50,041	64,129	64,129	30,870	53,964	33,307	34,739
<b>Capital Expenditure - Functional</b>											
Governance and administration		2,764	929	7,792	4,840	5,770	5,770	4,390	14,553	-	-
Executive and council		518	-	192	-	61	61	-	87	-	-
Finance and administration		2,247	929	7,600	4,840	5,709	5,709	4,390	14,466	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		9,781	(17,460)	11,398	20,291	26,999	26,999	7,769	19,237	7,830	7,750
Community and social services		11,060	(15,039)	13,302	17,682	11,475	11,475	5,161	16,498	7,830	7,750
Sport and recreation		(1,278)	(2,421)	(1,904)	2,609	2,608	2,608	2,608	2,739	-	-
Public safety		-	-	-	-	12,916	12,916	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		12,827	4,730	(18,271)	22,302	29,300	29,300	18,711	17,565	25,477	26,989
Planning and development		4,174	328	1,659	704	2,095	2,095	1,155	957	-	-
Road transport		8,653	4,402	(19,930)	21,597	27,205	27,205	17,556	16,608	25,477	26,989
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		1,534	8,146	696	2,609	2,061	2,061	-	2,609	-	-
Energy sources		-	-	-	2,609	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		1,534	8,146	696	-	2,061	2,061	-	2,609	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3.7	26,907	(3,656)	1,615	50,041	64,129	64,129	30,870	53,964	33,307	34,739
<b>Funded by:</b>											
National Government		35,220	37,290	25,269	34,654	44,961	44,961	17,985	30,836	33,307	34,739
Provincial Government		1,459	3,475	1,659	652	1,819	1,819	1,155	870	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat/ Prov Departm		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	36,679	40,765	26,929	35,307	46,780	46,780	19,140	31,706	33,307	34,739
Public contributions & donations	5	-	-	-	-	-	-	-	-	-	-
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		12,627	9,487	22,905	14,734	17,349	17,349	11,730	22,258	-	-
Total Capital Funding	7	49,306	50,251	49,834	50,041	64,129	64,129	30,870	53,964	33,307	34,739

## 2.9 LEGISLATION COMPLIANCE STATUS

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

1. In year reporting  
Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the municipality's website.
2. Internship programme  
The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.
3. Budget and Treasury Office  
The Budget and Treasury Office has been established in accordance with the MFMA.
4. Audit Committee  
An Audit Committee has been established and is fully functional.
5. Annual Report  
Annual report is compiled in terms of the MFMA and National Treasury requirements.

### Policies

An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 12 March 2010. The ratios as prescribed in the Regulations have been complied with.

All amendments to the supply chain regulations have been updated in the Municipal policy.



# UMDONI MUNICIPALITY

## DRAFT BUDGET DOCUMENTATION FOR THE 2025/2026 BUDGET YEAR

### 2.10 OTHER SUPPORTING DOCUMENTS

**Table 16 MBRR Table SA1 - Supporting detail to budgeted financial performance**

KZN212 Umdoni - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'											
Description	Ref	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											
REVENUE ITEMS:											
Non-exchange revenue by source											
Property rates	6										
Total Property Rates		113,550	125,874	128,365	144,051	145,871	145,871	68,913	153,780	160,854	164,875
less Revenue Foregone (exemptions, reductions and rebates and		9,736	14,897	(2,581)	14,046	14,744	14,744	(16,630)	16,453	17,210	17,640
Net Property Rates		103,814	110,977	130,946	130,005	131,127	131,127	85,543	137,327	143,644	147,235
Exchange revenue service charges											
Service charges - Electricity	6										
Total Service charges - Electricity		-	-	-	-	-	-	1	-	-	-
less Revenue Foregone (in excess of 50 kwh per indigent household per		-	-	-	-	-	-	-	-	-	-
less Cost of Free Basic Services (50 kwh per indigent household per		-	-	-	-	-	-	-	-	-	-
Net Service charges - Electricity		-	-	-	-	-	-	1	-	-	-
Service charges - Water	6										
Total Service charges - Water		-	-	-	-	-	-	-	-	-	-
less Revenue Foregone (in excess of 6 kilolitres per indigent household		-	-	-	-	-	-	-	-	-	-
less Cost of Free Basic Services (6 kilolitres per indigent household per		-	-	-	-	-	-	-	-	-	-
Net Service charges - Water		-	-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management											
Total Service charges - Waste Water Management		-	-	-	-	-	-	-	-	-	-
less Revenue Foregone (in excess of free sanitation service to indigent		-	-	-	-	-	-	-	-	-	-
less Cost of Free Basic Services (free sanitation service to indigent		-	-	-	-	-	-	-	-	-	-
Net Service charges - Waste Water Management		-	-	-	-	-	-	-	-	-	-
Service charges - Waste Management	6										
Total refuse removal revenue		10,348	10,756	11,289	14,028	13,617	13,617	8,670	20,273	21,206	21,736
Total landfill revenue		609	554	598	540	540	540	371	553	579	593
less Revenue Foregone (in excess of one removal a week to indigent		-	-	-	-	-	-	-	-	-	-
less Cost of Free Basic Services (removed once a week to indigent		735	735	735	735	735	735	-	773	808	829
Net Service charges - Waste Management		10,222	10,575	11,151	13,833	13,422	13,422	9,041	20,054	20,976	21,501
EXPENDITURE ITEMS:											
Employee related costs	2										
Basic Salaries and Wages		95,955	95,979	99,052	117,828	105,316	105,316	68,178	110,960	116,041	118,930
Pension and UIF Contributions		15,499	16,015	16,455	20,425	17,564	17,564	10,939	19,308	20,065	20,826
Medical Aid Contributions		6,280	6,439	6,996	11,154	9,795	9,795	4,860	8,042	8,412	8,622
Overtime		7,666	8,500	10,182	6,733	11,374	11,374	8,353	11,233	11,750	12,044
Performance Bonus		6,735	7,087	7,247	9,130	7,947	7,947	7,228	8,663	9,061	9,288
Motor Vehicle Allowance		127	57	380	533	533	533	107	444	464	476
Cellphone Allowance		256	272	291	337	318	318	190	313	328	336
Housing Allowances		405	459	524	2,097	681	681	354	1,984	2,075	2,127
Other benefits and allowances		2,210	2,376	2,155	2,208	2,136	2,136	2,216	2,299	2,405	2,465
Payments in lieu of leave		(2,499)	1,706	1,630	3,500	1,500	1,500	872	3,000	3,138	3,216
Long service awards		1,066	3,149	856	1,785	1,785	1,785	745	1,785	1,868	1,914
Post-retirement benefit obligations		3,087	3,604	4,066	4,278	4,278	4,278	-	4,278	4,474	4,586
Entertainment		-	-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-	-
Acting and post related allowance		-	(7)	26	730	1,393	1,393	-	1,481	1,549	1,588
In kind benefits		-	-	-	-	-	-	-	-	-	-
sub-total	5	136,787	145,634	149,861	180,736	164,620	164,620	104,041	173,790	181,631	186,419
Less: Employees costs capitalised to PPE		-	-	-	-	-	-	-	-	-	-
Total Employee related costs	1	136,787	145,634	149,861	180,736	164,620	164,620	104,041	173,790	181,631	186,419
Depreciation and amortisation											
Depreciation of Property, Plant & Equipment		37,037	34,728	41,451	39,855	39,855	39,855	27,991	41,848	43,773	44,868
Lease amortisation		76	51	34	44	44	44	23	46	48	49
Capital asset impairment		65,256	(42,864)	4,573	974	974	974	-	1,023	1,070	1,097
Total Depreciation and amortisation	1	102,369	(8,085)	46,058	40,873	40,873	40,873	28,014	42,917	44,891	46,013
Bulk purchases - electricity											
Electricity Bulk Purchases		-	-	-	-	-	-	-	-	-	-



# UMDONI MUNICIPALITY

## DRAFT BUDGET DOCUMENTATION FOR THE 2025/2026 BUDGET YEAR

<b>Transfers and grants</b>											
Cash transfers and grants		1,868	650	3,004	3,505	4,255	4,255	1,343	3,849	4,026	4,126
Non-cash transfers and grants		-	-	18	-	-	-	173	-	-	-
<b>Total transfers and grants</b>	1	<b>1,868</b>	<b>650</b>	<b>3,021</b>	<b>3,505</b>	<b>4,255</b>	<b>4,255</b>	<b>1,516</b>	<b>3,849</b>	<b>4,026</b>	<b>4,126</b>
<b>Contracted services</b>											
Outsourced Services		40,770	36,757	41,137	61,257	74,379	74,379	31,527	64,800	69,420	71,354
Consultants and Professional Services		14,573	10,397	10,080	12,260	10,375	10,375	3,865	13,774	14,407	14,767
Contractors		14,550	75,726	56,328	50,839	49,404	49,404	30,031	50,946	53,206	54,423
<b>sub-total</b>	1	<b>69,892</b>	<b>122,880</b>	<b>107,545</b>	<b>124,356</b>	<b>134,158</b>	<b>134,158</b>	<b>65,422</b>	<b>129,320</b>	<b>137,033</b>	<b>140,544</b>
<b>Operational Costs</b>											
Collection costs		166	163	159	190	190	190	107	198	207	212
Contributions to 'other' provisions		1,202	-	-	2,274	-	-	-	-	-	-
Audit fees		2,118	2,643	2,524	2,600	4,705	4,705	3,854	2,800	2,929	3,002
Other Operational Costs	3										
Operating Leases		1,229	1,650	2,434	3,369	4,069	4,069	2,206	3,650	3,818	3,913
Operational Cost		52,036	49,389	50,135	58,101	62,669	62,669	31,140	60,953	63,656	65,000
Statutory Payments other than Income Taxes		-	-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
<b>Total Operational Costs</b>	1	<b>56,751</b>	<b>53,845</b>	<b>55,252</b>	<b>66,535</b>	<b>71,634</b>	<b>71,634</b>	<b>37,308</b>	<b>67,601</b>	<b>70,609</b>	<b>72,128</b>
<b>Repairs and Maintenance by Expenditure Item</b>											
Employee related costs	8	-	-	-	-	-	-	-	-	-	-
Inventory Consumed (Project Maintenance)		626	816	2,558	-	2,752	2,752	898	-	-	-
Contracted Services		11,287	70,820	49,582	-	42,477	42,477	25,668	-	-	-
Other Expenditure		4,751	26	-	-	-	-	-	-	-	-
<b>Total Repairs and Maintenance Expenditure</b>	9	<b>16,664</b>	<b>71,662</b>	<b>52,140</b>	<b>-</b>	<b>45,229</b>	<b>45,229</b>	<b>26,567</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Inventory Consumed</b>											
Inventory Consumed - Water		-	-	-	-	-	-	-	-	-	-
Inventory Consumed - Other		-	-	-	12,076	7,543	7,543	-	7,600	7,950	8,149
<b>Total Inventory Consumed &amp; Other Material</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>12,076</b>	<b>7,543</b>	<b>7,543</b>	<b>-</b>	<b>7,600</b>	<b>7,950</b>	<b>8,149</b>





**2.11 MUNICIPAL MANAGER'S QUALITY CERTIFICATION**

I, **NG Kumalo**, Municipal Manager of Umdoni Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act, No.56 of 2003 and, to the extent as indicated in the budget documents, the regulations made under this Act, and that the annual budget and supporting documentation are consistent with the Integrated Development Plan of the Municipality.

**PRINT NAME: Mr. NG Kumalo**

**MUNICIPAL MANAGER OF: UMDONI MUNICIPALITY**

**SIGNATURE:** \_\_\_\_\_

A handwritten signature in black ink, appearing to read 'NG Kumalo', is written over a horizontal line.

**DATE: 24 MARCH 2025**



## **UMDONI MUNICIPALITY**

# **ANNEXURE 1**

Aschedule

**KZN212 Umdoni - 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
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	103,814	110,977	130,946	130,005	131,127	131,127	85,543	137,327	143,644	147,235
Service charges	10,222	10,575	11,151	13,833	13,422	13,422	9,042	20,054	20,976	21,501
Investment revenue	7,151	13,513	14,608	12,500	12,500	12,500	9,076	13,000	13,598	13,938
Transfer and subsidies - Operational	167,033	178,131	195,692	203,785	205,651	205,651	152,557	199,570	203,757	208,757
Other own revenue	29,151	35,303	42,905	43,049	40,315	40,315	18,569	37,532	41,603	42,783
<b>Total Revenue (excluding capital transfers and</b>	<b>317,371</b>	<b>348,500</b>	<b>395,302</b>	<b>403,171</b>	<b>403,014</b>	<b>403,014</b>	<b>274,786</b>	<b>407,483</b>	<b>423,578</b>	<b>434,214</b>
Employee costs	136,787	145,634	149,861	180,736	164,620	164,620	104,041	173,790	181,631	186,419
Remuneration of councillors	14,687	15,271	16,330	17,631	17,631	17,631	11,306	18,539	19,392	19,877
Depreciation and amortisation	102,369	(8,085)	46,058	40,873	40,873	40,873	28,014	42,917	44,891	46,013
Interest	16	588	1,764	2	2,276	2,276	—	2,367	2,476	2,538
Inventory consumed and bulk purchases	4,098	4,712	7,056	12,076	7,543	7,543	2,621	7,600	7,950	8,149
Transfers and subsidies	1,868	650	3,021	3,505	4,255	4,255	1,516	3,849	4,026	4,126
Other expenditure	124,898	208,335	189,445	197,891	212,792	212,792	102,730	204,201	215,257	220,477
<b>Total Expenditure</b>	<b>384,723</b>	<b>367,105</b>	<b>413,536</b>	<b>452,715</b>	<b>449,990</b>	<b>449,990</b>	<b>250,228</b>	<b>453,265</b>	<b>475,623</b>	<b>487,600</b>
<b>Surplus/(Deficit)</b>	<b>(67,352)</b>	<b>(18,605)</b>	<b>(18,234)</b>	<b>(49,544)</b>	<b>(46,976)</b>	<b>(46,976)</b>	<b>24,558</b>	<b>(45,781)</b>	<b>(52,046)</b>	<b>(53,386)</b>
Transfers and subsidies - capital (monetary allocations)	42,473	46,705	38,879	40,603	53,797	53,797	19,751	36,462	38,303	39,950
Transfers and subsidies - capital (in-kind)	259	258	3,670	—	—	—	—	—	—	—
<b>Surplus/(Deficit) after capital transfers &amp;</b>	<b>(24,620)</b>	<b>28,358</b>	<b>24,315</b>	<b>(8,941)</b>	<b>6,821</b>	<b>6,821</b>	<b>44,309</b>	<b>(9,320)</b>	<b>(13,743)</b>	<b>(13,436)</b>
Share of surplus/ (deficit) of associate	—	—	—	—	—	—	—	—	—	—
Intercompany/Parent subsidiary transactions	—	—	—	—	—	—	—	—	—	—
<b>Surplus/(Deficit) for the year</b>	<b>(24,620)</b>	<b>28,358</b>	<b>24,315</b>	<b>(8,941)</b>	<b>6,821</b>	<b>6,821</b>	<b>44,309</b>	<b>(9,320)</b>	<b>(13,743)</b>	<b>(13,436)</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>26,907</b>	<b>(3,656)</b>	<b>1,615</b>	<b>50,041</b>	<b>64,129</b>	<b>64,129</b>	<b>30,870</b>	<b>53,964</b>	<b>33,307</b>	<b>34,739</b>
Transfers recognised - capital	36,679	40,765	26,929	35,307	46,780	46,780	19,140	31,706	33,307	34,739
Borrowing	—	—	—	—	—	—	—	—	—	—
Internally generated funds	12,627	9,487	22,905	14,734	17,349	17,349	11,730	22,258	—	—
<b>Total sources of capital funds</b>	<b>49,306</b>	<b>50,251</b>	<b>49,834</b>	<b>50,041</b>	<b>64,129</b>	<b>64,129</b>	<b>30,870</b>	<b>53,964</b>	<b>33,307</b>	<b>34,739</b>
<b>Financial position</b>										
Total current assets	279,855	249,448	241,737	290,619	357,028	357,028	281,460	343,366	360,454	411,493
Total non current assets	592,064	659,597	646,884	676,939	687,483	687,483	650,464	698,529	675,898	676,209
Total current liabilities	80,774	77,989	71,597	170,961	186,745	186,745	69,867	187,385	185,987	236,870
Total non current liabilities	40,404	16,143	47,319	64,590	52,382	52,382	47,319	58,445	58,724	58,883
Community wealth/Equity	750,741	785,198	787,047	732,008	805,384	805,384	831,356	796,064	791,662	791,948
<b>Cash flows</b>										
Net cash from (used) operating	115,275	259,900	174,832	51,577	145,848	145,848	61,604	14,274	5,923	58,385
Net cash from (used) investing	24,345	92,479	89,290	(54,067)	(73,787)	(73,787)	(28,082)	(62,328)	(38,470)	(40,124)
Net cash from (used) financing	17	27	40	50	50	50	66	—	—	—
<b>Cash/cash equivalents at the year end</b>	<b>344,991</b>	<b>544,672</b>	<b>425,347</b>	<b>128,954</b>	<b>218,510</b>	<b>218,510</b>	<b>179,988</b>	<b>170,056</b>	<b>137,509</b>	<b>155,770</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	192,265	161,185	146,398	128,604	218,110	218,110	179,988	170,056	185,563	236,371
Application of cash and investments	59,846	44,380	11,239	73,619	122,588	122,588	276	122,474	118,334	164,164
<b>Balance - surplus (shortfall)</b>	<b>132,419</b>	<b>116,805</b>	<b>135,160</b>	<b>54,985</b>	<b>95,522</b>	<b>95,522</b>	<b>179,711</b>	<b>47,582</b>	<b>67,229</b>	<b>72,207</b>
<b>Asset management</b>										
Asset register summary (WDV)	592,064	659,597	646,884	676,939	687,483	687,483	—	698,529	675,898	676,209
Depreciation	102,369	(8,085)	46,058	40,873	40,873	40,873	42,917	42,917	44,891	46,013
Renewal and Upgrading of Existing Assets	4,016	(31,413)	(40,665)	17,426	32,508	32,508	6,508	—	—	—
Repairs and Maintenance	16,664	71,662	52,140	52,513	45,229	45,229	48,247	48,247	50,372	51,632
<b>Free services</b>										
Cost of Free Basic Services provided	735	735	735	735	735	735	—	773	808	829
Revenue cost of free services provided	9,736	14,897	(2,581)	14,046	14,744	14,744	—	16,453	17,210	17,640
<b>Households below minimum service level</b>										
Water:	—	—	—	—	—	—	—	—	—	—
Sanitation/sewerage:	—	—	—	—	—	—	—	—	—	—
Energy:	—	—	—	—	—	—	—	—	—	—
Refuse:	—	—	—	—	—	—	—	—	—	—

KZN212 Umdoni - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification 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	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
<b>R thousand</b>	<b>1</b>									
<b>Revenue - Functional</b>										
<i><b>Governance and administration</b></i>		<b>279,653</b>	<b>309,482</b>	<b>355,785</b>	<b>346,619</b>	<b>348,874</b>	<b>348,874</b>	<b>356,611</b>	<b>364,083</b>	<b>376,895</b>
Executive and council		151,779	162,243	173,625	182,963	182,968	182,968	182,785	182,153	190,372
Finance and administration		127,874	147,239	182,160	163,656	165,907	165,907	173,826	181,930	186,524
Internal audit		—	—	—	—	—	—	—	—	—
<i><b>Community and public safety</b></i>		<b>10,692</b>	<b>11,081</b>	<b>12,149</b>	<b>11,766</b>	<b>26,564</b>	<b>26,564</b>	<b>12,328</b>	<b>12,770</b>	<b>13,349</b>
Community and social services		10,130	10,606	8,756	11,295	26,042	26,042	11,777	12,194	12,758
Sport and recreation		480	412	2,558	419	487	487	513	537	551
Public safety		46	28	—	29	—	—	—	—	—
Housing		36	36	836	24	36	36	38	39	40
Health		—	—	—	—	—	—	—	—	—
<i><b>Economic and environmental services</b></i>		<b>58,632</b>	<b>62,826</b>	<b>56,838</b>	<b>71,355</b>	<b>66,202</b>	<b>66,202</b>	<b>53,114</b>	<b>62,130</b>	<b>60,450</b>
Planning and development		4,741	2,428	5,071	2,623	3,861	3,861	2,931	2,020	2,070
Road transport		53,891	60,398	51,767	68,732	62,341	62,341	50,184	60,110	58,380
Environmental protection		—	—	—	—	—	—	—	—	—
<i><b>Trading services</b></i>		<b>11,126</b>	<b>12,075</b>	<b>13,078</b>	<b>14,033</b>	<b>15,171</b>	<b>15,171</b>	<b>21,891</b>	<b>22,898</b>	<b>23,470</b>
Energy sources		—	—	—	—	—	—	—	—	—
Water management		—	—	—	—	—	—	—	—	—
Waste water management		11	(11)	—	—	—	—	—	—	—
Waste management		11,114	12,086	13,078	14,033	15,171	15,171	21,891	22,898	23,470
<i><b>Other</b></i>	<b>4</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Revenue - Functional</b>	<b>2</b>	<b>360,103</b>	<b>395,463</b>	<b>437,851</b>	<b>443,774</b>	<b>456,811</b>	<b>456,811</b>	<b>443,945</b>	<b>461,881</b>	<b>474,164</b>
<b>Expenditure - Functional</b>										
<i><b>Governance and administration</b></i>		<b>159,266</b>	<b>183,387</b>	<b>191,552</b>	<b>203,107</b>	<b>206,676</b>	<b>206,676</b>	<b>217,211</b>	<b>227,016</b>	<b>232,376</b>
Executive and council		32,654	39,698	42,278	46,753	48,573	48,573	48,740	50,886	51,798
Finance and administration		125,328	142,586	148,060	154,671	156,031	156,031	166,291	173,850	178,241
Internal audit		1,283	1,103	1,215	1,683	2,072	2,072	2,180	2,280	2,337
<i><b>Community and public safety</b></i>		<b>62,437</b>	<b>27,987</b>	<b>60,116</b>	<b>75,973</b>	<b>72,023</b>	<b>72,023</b>	<b>75,747</b>	<b>79,106</b>	<b>81,343</b>
Community and social services		25,594	(2,279)	24,625	32,201	28,668	28,668	29,940	31,192	32,231
Sport and recreation		23,329	21,449	25,720	31,983	32,432	32,432	35,602	37,240	38,171
Public safety		8,927	5,984	6,638	7,262	6,332	6,332	6,382	6,676	6,843
Housing		4,474	2,832	3,127	4,526	4,590	4,590	3,823	3,999	4,099
Health		113	—	6	—	—	—	—	—	—
<i><b>Economic and environmental services</b></i>		<b>133,475</b>	<b>121,633</b>	<b>125,654</b>	<b>129,729</b>	<b>113,141</b>	<b>113,141</b>	<b>119,636</b>	<b>126,961</b>	<b>130,276</b>
Planning and development		16,301	15,558	17,571	21,546	21,589	21,589	21,352	21,811	22,357
Road transport		117,173	106,075	108,083	108,183	91,552	91,552	98,284	105,150	107,919
Environmental protection		—	—	—	—	—	—	—	—	—
<i><b>Trading services</b></i>		<b>29,545</b>	<b>34,098</b>	<b>36,214</b>	<b>43,907</b>	<b>58,151</b>	<b>58,151</b>	<b>40,670</b>	<b>42,541</b>	<b>43,604</b>
Energy sources		1,716	4,480	4,560	4,794	7,794	7,794	3,400	3,556	3,645
Water management		—	—	—	—	—	—	—	—	—
Waste water management		69	85	550	—	—	—	—	—	—
Waste management		27,760	29,533	31,104	39,114	50,358	50,358	37,270	38,984	39,959
<i><b>Other</b></i>	<b>4</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Expenditure - Functional</b>	<b>3</b>	<b>384,723</b>	<b>367,105</b>	<b>413,536</b>	<b>452,715</b>	<b>449,990</b>	<b>449,990</b>	<b>453,265</b>	<b>475,623</b>	<b>487,600</b>
<b>Surplus/(Deficit) for the year</b>		<b>(24,620)</b>	<b>28,358</b>	<b>24,315</b>	<b>(8,941)</b>	<b>6,821</b>	<b>6,821</b>	<b>(9,320)</b>	<b>(13,743)</b>	<b>(13,436)</b>

KZN212 Umdoni - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

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	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousand										
Revenue by Vote	1									
Vote 1 - COUNCIL GENERAL		151,779	162,243	173,625	182,228	182,233	182,233	182,012	181,345	189,543
Vote 2 - FINANCIAL SERVICES		120,738	139,531	171,525	156,220	158,449	158,449	165,895	173,635	178,021
Vote 3 - TECHNICAL SERVICES		53,303	60,739	57,758	71,342	71,359	71,359	64,480	75,064	73,708
Vote 4 - CORPORATE SERVICES		7,136	7,707	10,635	7,437	7,458	7,458	7,931	8,296	8,503
Vote 5 - COMMUNITY SERVICES		22,405	22,816	19,237	23,924	33,452	33,452	20,695	21,522	22,320
Vote 6 - STRATEGIC PLANNING AND DEVELOPMENT		4,741	2,428	5,071	2,623	3,861	3,861	2,931	2,020	2,070
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	360,103	395,463	437,851	443,774	456,811	456,811	443,945	461,881	474,164
Expenditure by Vote to be appropriated	1									
Vote 1 - COUNCIL GENERAL		38,735	41,815	44,687	50,586	52,489	52,489	52,534	54,854	55,866
Vote 2 - FINANCIAL SERVICES		60,892	62,289	61,450	50,296	49,139	49,139	53,439	55,901	57,343
Vote 3 - TECHNICAL SERVICES		124,309	125,163	131,676	134,352	133,679	133,679	122,485	129,941	133,330
Vote 4 - CORPORATE SERVICES		42,992	59,278	63,749	77,910	80,348	80,348	84,782	88,587	90,802
Vote 5 - COMMUNITY SERVICES		101,699	63,803	94,937	119,529	114,222	114,222	121,349	126,805	130,235
Vote 6 - STRATEGIC PLANNING AND DEVELOPMENT		16,096	14,756	17,037	20,043	20,113	20,113	18,676	19,535	20,023
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	384,723	367,105	413,536	452,715	449,990	449,990	453,265	475,623	487,600
Surplus/(Deficit) for the year	2	(24,620)	28,358	24,315	(8,941)	6,821	6,821	(9,320)	(13,743)	(13,436)

KZN212 Umdoni - Table A4 Budgeted Financial Performance (revenue and expenditure)

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	1										
Revenue											
Exchange Revenue											
Service charges - Electricity	2	-	-	-	-	-	-	1	-	-	-
Service charges - Water	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Management	2	10,222	10,575	11,151	13,833	13,422	13,422	9,041	20,054	20,976	21,501
Sale of Goods and Rendering of Services		3,429	3,326	3,572	13,098	13,141	13,141	11,382	7,761	10,463	10,865
Agency services		2,384	2,087	2,589	2,487	1,479	1,479	1,555	2,247	2,350	2,409
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		949	1,528	1,877	229	1,749	1,749	1,344	1,837	1,921	1,969
Interest earned from Current and Non Current Assets		7,151	13,513	14,608	12,500	12,500	12,500	9,076	13,000	13,598	13,938
Dividends		-	-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		6,737	7,176	6,828	7,504	7,185	7,185	1,318	7,644	7,995	8,195
Licence and permits		5	17	2	2	7	7	7	10	10	11
Special rating levies		-	-	-	-	-	-	-	-	-	-
Operational Revenue		517	1,352	533	382	476	476	272	501	524	537
Non-Exchange Revenue											
Property rates	2	103,814	110,977	130,946	130,005	131,127	131,127	85,543	137,327	143,644	147,235
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1,298	2,753	1,198	1,663	1,526	1,526	763	1,603	1,677	1,718
Licences or permits		6,710	6,846	2,951	6,473	2,695	2,695	2,103	3,272	3,423	3,507
Transfer and subsidies - Operational		167,033	178,131	195,692	203,785	205,651	205,651	152,557	199,570	203,757	208,757
Interest		6,030	8,053	21,633	11,210	12,055	12,055	(175)	12,658	13,240	13,571
Fuel Levy		-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	262	-	-	-	-	-	-	-	-
Other Gains		1,091	1,902	1,722	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		317,371	348,500	395,302	403,171	403,014	403,014	274,786	407,483	423,578	434,214
Expenditure											
Employee related costs	2	136,787	145,634	149,861	180,736	164,620	164,620	104,041	173,790	181,631	186,419
Remuneration of councillors		14,687	15,271	16,330	17,631	17,631	17,631	11,306	18,539	19,392	19,877
Bulk purchases - electricity	2	-	-	-	-	-	-	-	-	-	-
Inventory consumed	8	4,098	4,712	7,056	12,076	7,543	7,543	2,621	7,600	7,950	8,149
Debt impairment	3	(1,875)	18,434	24,747	7,000	7,000	7,000	-	7,280	7,615	7,805
Depreciation and amortisation		102,369	(8,085)	46,058	40,873	40,873	40,873	28,014	42,917	44,891	46,013
Interest		16	588	1,764	2	2,276	2,276	-	2,367	2,476	2,538
Contracted services		69,892	122,880	107,545	124,356	134,158	134,158	65,422	129,320	137,033	140,544
Transfers and subsidies		1,868	650	3,021	3,505	4,255	4,255	1,516	3,849	4,026	4,126
Irrecoverable debts written off		-	9,056	-	-	-	-	-	-	-	-
Operational costs		56,751	53,845	55,252	66,535	71,634	71,634	37,308	67,601	70,609	72,128
Losses on disposal of Assets		1	4,119	1,901	-	-	-	-	-	-	-
Other Losses		129	-	-	-	-	-	-	-	-	-
Total Expenditure		384,723	367,105	413,536	452,715	449,990	449,990	250,228	453,265	475,623	487,600
Surplus/(Deficit)		(67,352)	(18,605)	(18,234)	(49,544)	(46,976)	(46,976)	24,558	(45,781)	(52,046)	(53,386)
Transfers and subsidies - capital (monetary allocations)	6	42,473	46,705	38,879	40,603	53,797	53,797	19,751	36,462	38,303	39,950
Transfers and subsidies - capital (in-kind)	6	259	258	3,670	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(24,620)	28,358	24,315	(8,941)	6,821	6,821	44,309	(9,320)	(13,743)	(13,436)
Income Tax		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		(24,620)	28,358	24,315	(8,941)	6,821	6,821	44,309	(9,320)	(13,743)	(13,436)
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(24,620)	28,358	24,315	(8,941)	6,821	6,821	44,309	(9,320)	(13,743)	(13,436)
Share of Surplus/Deficit attributable to Associate	7	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1	(24,620)	28,358	24,315	(8,941)	6,821	6,821	44,309	(9,320)	(13,743)	(13,436)

KZN212 Umdoni - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

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>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	<b>2</b>										
Vote 1 - COUNCIL GENERAL		-	-	-	-	-	-	-	-	-	-
Vote 2 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 3 - TECHNICAL SERVICES		20,406	8,134	(6,243)	87	87	87	-	1,647	25,477	26,989
Vote 4 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 5 - COMMUNITY SERVICES		-	-	-	-	12,968	12,968	-	3,083	-	-
Vote 6 - STRATEGIC PLANNING AND DEVELOPMENT		-	-	-	-	-	-	-	870	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>		<b>20,406</b>	<b>8,134</b>	<b>(6,243)</b>	<b>87</b>	<b>13,055</b>	<b>13,055</b>	<b>-</b>	<b>5,599</b>	<b>25,477</b>	<b>26,989</b>
<b>Single-year expenditure to be appropriated</b>	<b>2</b>										
Vote 1 - COUNCIL GENERAL		518	-	192	-	61	61	-	87	-	-
Vote 2 - FINANCIAL SERVICES		(21,280)	(53,751)	(43,082)	174	174	174	145	132	-	-
Vote 3 - TECHNICAL SERVICES		21,500	41,129	42,332	44,410	42,775	42,775	25,325	32,668	7,830	7,750
Vote 4 - CORPORATE SERVICES		2,168	232	6,518	4,666	5,535	5,535	4,245	14,304	-	-
Vote 5 - COMMUNITY SERVICES		(577)	271	239	-	435	435	-	1,087	-	-
Vote 6 - STRATEGIC PLANNING AND DEVELOPMENT		4,174	328	1,659	704	2,095	2,095	1,155	87	-	-
Vote 7 - [NAME OF VOTE 7]		-	-	-	-	-	-	-	-	-	-
Vote 8 - [NAME OF VOTE 8]		-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		<b>6,501</b>	<b>(11,790)</b>	<b>7,858</b>	<b>49,954</b>	<b>51,075</b>	<b>51,075</b>	<b>30,870</b>	<b>48,365</b>	<b>7,830</b>	<b>7,750</b>
<b>Total Capital Expenditure - Vote</b>	<b>3,7</b>	<b>26,907</b>	<b>(3,656)</b>	<b>1,615</b>	<b>50,041</b>	<b>64,129</b>	<b>64,129</b>	<b>30,870</b>	<b>53,964</b>	<b>33,307</b>	<b>34,739</b>
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		<b>2,764</b>	<b>929</b>	<b>7,792</b>	<b>4,840</b>	<b>5,770</b>	<b>5,770</b>	<b>4,390</b>	<b>14,553</b>	<b>-</b>	<b>-</b>
Executive and council		518	-	192	-	61	61	-	87	-	-
Finance and administration		2,247	929	7,600	4,840	5,709	5,709	4,390	14,466	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		<b>9,781</b>	<b>(17,460)</b>	<b>11,398</b>	<b>20,291</b>	<b>26,999</b>	<b>26,999</b>	<b>7,769</b>	<b>19,237</b>	<b>7,830</b>	<b>7,750</b>
Community and social services		11,060	(15,039)	13,302	17,682	11,475	11,475	5,161	16,498	7,830	7,750
Sport and recreation		(1,278)	(2,421)	(1,904)	2,609	2,608	2,608	2,608	2,739	-	-
Public safety		-	-	-	-	12,916	12,916	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-

KZN212 Umdoni - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

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>Economic and environmental services</b>		12,827	4,730	(18,271)	22,302	29,300	29,300	18,711	17,565	25,477	26,989
Planning and development		4,174	328	1,659	704	2,095	2,095	1,155	957	–	–
Road transport		8,653	4,402	(19,930)	21,597	27,205	27,205	17,556	16,608	25,477	26,989
Environmental protection		–	–	–	–	–	–	–	–	–	–
<b>Trading services</b>		1,534	8,146	696	2,609	2,061	2,061	–	2,609	–	–
Energy sources		–	–	–	2,609	–	–	–	–	–	–
Water management		–	–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–	–
Waste management		1,534	8,146	696	–	2,061	2,061	–	2,609	–	–
<b>Other</b>		–	–	–	–	–	–	–	–	–	–
<b>Total Capital Expenditure - Functional</b>	<b>3,7</b>	<b>26,907</b>	<b>(3,656)</b>	<b>1,615</b>	<b>50,041</b>	<b>64,129</b>	<b>64,129</b>	<b>30,870</b>	<b>53,964</b>	<b>33,307</b>	<b>34,739</b>
<b>Funded by:</b>											
National Government		35,220	37,290	25,269	34,654	44,961	44,961	17,985	30,836	33,307	34,739
Provincial Government		1,459	3,475	1,659	652	1,819	1,819	1,155	870	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm		–	–	–	–	–	–	–	–	–	–
<b>Transfers recognised - capital</b>	<b>4</b>	<b>36,679</b>	<b>40,765</b>	<b>26,929</b>	<b>35,307</b>	<b>46,780</b>	<b>46,780</b>	<b>19,140</b>	<b>31,706</b>	<b>33,307</b>	<b>34,739</b>
<b>Public contributions &amp; donations</b>	<b>5</b>	–	–	–	–	–	–	–	–	–	–
<b>Borrowing</b>	<b>6</b>	–	–	–	–	–	–	–	–	–	–
<b>Internally generated funds</b>		12,627	9,487	22,905	14,734	17,349	17,349	11,730	22,258	–	–
<b>Total Capital Funding</b>	<b>7</b>	<b>49,306</b>	<b>50,251</b>	<b>49,834</b>	<b>50,041</b>	<b>64,129</b>	<b>64,129</b>	<b>30,870</b>	<b>53,964</b>	<b>33,307</b>	<b>34,739</b>



KZN212 Umdoni - Table A6 Budgeted Financial Position

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											
ASSETS											
Current assets											
Cash and cash equivalents		192,265	161,185	146,398	128,604	218,110	218,110	179,988	170,056	185,563	236,371
Trade and other receivables from exchange transaction	1	9,316	12,433	12,946	22,743	24,384	24,384	17,049	30,800	31,095	30,594
Receivables from non-exchange transactions	1	50,127	57,646	69,199	108,684	87,792	87,792	72,288	115,568	116,845	117,572
Current portion of non-current receivables		–	–	–	–	–	–	–	–	–	–
Inventory	2	(0)	–	–	–	–	–	–	–	–	–
VAT		27,951	18,089	13,011	30,143	26,154	26,154	11,953	26,154	26,154	26,154
Other current assets		195	95	182	446	588	588	182	789	798	803
Total current assets		279,855	249,448	241,737	290,619	357,028	357,028	281,460	343,366	360,454	411,493
Non current assets											
Investments		–	–	–	–	–	–	–	–	–	–
Investment property		8,299	7,906	7,511	4,752	7,172	7,172	7,249	6,815	6,798	6,789
Property, plant and equipment	3	583,352	651,329	639,040	671,912	680,023	680,023	642,906	691,472	668,860	669,181
Biological assets		–	–	–	–	–	–	–	–	–	–
Living and non-living resources		–	–	–	–	–	–	–	–	–	–
Heritage assets		261	261	261	261	261	261	261	261	261	261
Intangible assets		152	101	71	14	27	27	48	(19)	(21)	(22)
Trade and other receivables from exchange transaction		–	–	–	–	–	–	–	–	–	–
Non-current receivables from non-exchange transaction		–	–	–	–	–	–	–	–	–	–
Other non-current assets		–	–	–	–	–	–	–	–	–	–
Total non current assets		592,064	659,597	646,884	676,939	687,483	687,483	650,464	698,529	675,898	676,209
TOTAL ASSETS		871,919	909,044	888,621	967,558	1,044,511	1,044,511	931,924	1,041,895	1,036,353	1,087,701
LIABILITIES											
Current liabilities											
Bank overdraft		–	–	–	–	–	–	–	–	–	–
Financial liabilities		247	171	301	40	301	301	301	301	301	301
Consumer deposits		2,460	2,487	2,526	2,547	2,526	2,526	2,485	2,526	2,526	2,526
Trade and other payables from exchange transactions	4	62,934	62,651	57,387	157,329	165,822	165,822	35,515	165,822	165,843	214,329
Trade and other payables from non-exchange transaction	5	9,840	8,642	6,935	4	6,935	6,935	26,711	6,935	5,487	7,848
Provision		5,955	3,367	4,289	3,171	3,339	3,339	3,803	3,339	3,339	3,339
VAT		(662)	(242)	158	7,870	7,820	7,820	1,053	8,461	8,491	8,526
Other current liabilities		–	913	–	–	–	–	–	–	–	–
Total current liabilities		80,774	77,989	71,597	170,961	186,745	186,745	69,867	187,385	185,987	236,870
Non current liabilities											
Financial liabilities	6	240	110	175	110	175	175	175	175	175	175
Provision	7	19,557	16,033	23,492	36,189	25,278	25,278	23,492	27,063	27,145	27,192
Long term portion of trade payables		–	–	–	–	–	–	–	–	–	–
Other non-current liabilities		20,606	–	23,652	28,290	26,930	26,930	23,652	31,207	31,404	31,516
Total non current liabilities		40,404	16,143	47,319	64,590	52,382	52,382	47,319	58,445	58,724	58,883
TOTAL LIABILITIES		121,178	94,133	118,916	235,550	239,127	239,127	117,186	245,831	244,711	295,753
NET ASSETS		750,741	814,912	769,705	732,008	805,384	805,384	814,737	796,064	791,642	791,948
COMMUNITY WEALTH/EQUITY											
Accumulated surplus/(deficit)	8	747,760	782,055	783,684	728,865	802,021	802,021	827,993	792,701	788,299	788,585
Reserves and funds	9	2,981	3,143	3,363	3,143	3,363	3,363	3,363	3,363	3,363	3,363
Other		–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	10	750,741	785,198	787,047	732,008	805,384	805,384	831,356	796,064	791,662	791,948

**KZN212 Umdoni - Table A7 Budgeted Cash Flows**

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 FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		52,245	69,604	132,401	119,240	119,240	119,240	67,079	116,728	122,097	125,150
Service charges		(6,774)	(2,082)	–	11,758	11,758	11,758	6,553	19,688	20,593	21,903
Other revenue		(9,282)	(3,125)	3,853	58,233	58,443	58,443	32,580	60,288	62,090	61,849
Transfers and Subsidies - Operational	1	122,930	190,154	138,373	198,751	207,743	207,743	166,131	200,570	198,308	207,272
Transfers and Subsidies - Capital	1	7,332	37,966	27,034	40,603	51,706	51,706	25,953	35,462	42,303	39,950
Interest		(3,361)	(3,855)	–	12,695	12,695	12,695	8,888	13,000	13,598	13,938
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		(47,815)	(28,761)	(126,828)	(386,195)	(311,478)	(311,478)	(245,009)	(427,610)	(449,039)	(409,946)
Interest		–	–	–	(2)	(2)	(2)	–	(3)	(3)	(3)
Transfers and Subsidies	1	–	–	–	(3,505)	(4,255)	(4,255)	(570)	(3,849)	(4,026)	(1,728)
NET CASH FROM/(USED) OPERATING ACTIVITIES		115,275	259,900	174,832	51,577	145,848	145,848	61,604	14,274	5,923	58,385
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current receivables		–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–	–	–	–
Payments											
Capital assets		24,345	92,479	89,290	(54,067)	(73,787)	(73,787)	(28,082)	(62,328)	(38,470)	(40,124)
NET CASH FROM/(USED) OPERATING ACTIVITIES		24,345	92,479	89,290	(54,067)	(73,787)	(73,787)	(28,082)	(62,328)	(38,470)	(40,124)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		17	27	40	50	50	50	66	–	–	–
Payments											
Repayment of borrowing		–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		17	27	40	50	50	50	66	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD											
Cash/cash equivalents at the year begin:	2	139,636	352,407	264,161	(2,440)	72,111	72,111	33,589	(48,054)	(32,547)	18,261
Cash/cash equivalents at the year end:	2	205,355	192,265	161,185	131,394	146,398	146,398	146,398	218,110	170,056	137,509
Cash/cash equivalents at the year end:	2	344,991	544,672	425,347	128,954	218,510	218,510	179,988	170,056	137,509	155,770

**References**

1. Local/District municipalities to include transfers from/to District/Local Municipalities
2. Cash equivalents includes investments with maturities of 3 months or less
3. The MTREF is populated directly from SA30.

**KZN212 Umdoni - 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	344,991	544,672	425,347	128,954	218,510	218,510	179,988	170,056	137,509	155,770
Other current investments > 90 days		(152,726)	(383,486)	(278,948)	(350)	(400)	(400)	—	—	48,054	80,601
Non current Investments	1	—	—	—	—	—	—	—	—	—	—
Cash and investments available:		192,265	161,185	146,398	128,604	218,110	218,110	179,988	170,056	185,563	236,371
Application of cash and investments											
Trade payables from Non-exchange transactions: Unspent co		9,840	8,642	6,935	4	6,935	6,935	26,711	6,935	5,487	5,450
Unspent borrowing		—	—	—	—	—	—	—	—	—	—
Statutory requirements	2	—	—	12,853	41,917	54,658	54,658	11,231	84,629	81,048	78,517
Other working capital requirements	3	48,804	35,738	(4,261)	34,869	64,333	64,333	(33,863)	34,248	35,138	83,535
Other provisions		1,202	—	(4,289)	(3,171)	(3,339)	(3,339)	(3,803)	(3,339)	(3,339)	(3,339)
Long term investments committed	4	—	—	—	—	—	—	—	—	—	—
Reserves to be backed by cash/investments	5	—	—	—	—	—	—	—	—	—	—
Total Application of cash and investments:		59,846	44,380	11,239	73,619	122,588	122,588	276	122,474	118,334	164,164
Surplus(shortfall)		132,419	116,805	135,160	54,985	95,522	95,522	179,711	47,582	67,229	72,207

**References**

1. Must reconcile with Budgeted Cash Flows
2. For example: VAT, taxation
3. Council approval for policy required - include sufficient working capital (e.g. allowing for a % of current debtors > 90 days as uncollectable)
4. For example: sinking fund requirements for borrowing
5. Council approval required for each reserve created and basis of cash backing of reserves

<b>Other working capital requirements</b>											
Debtors		14,130	26,913	61,648	122,460	101,489	101,489	69,378	131,574	130,705	130,794
Creditors due		62,934	62,651	57,387	157,329	165,822	165,822	35,515	165,822	165,843	214,329
<b>Total</b>		<b>(48,804)</b>	<b>(35,738)</b>	<b>4,261</b>	<b>(34,869)</b>	<b>(64,333)</b>	<b>(64,333)</b>	<b>33,863</b>	<b>(34,248)</b>	<b>(35,138)</b>	<b>(83,535)</b>

<b>Debtors collection assumptions</b>											
Balance outstanding - debtors		50,127	57,646	69,199	108,684	87,792	87,792	72,288	115,568	116,845	117,572
Estimate of debtors collection rate		28.2%	46.7%	89.1%	112.7%	115.6%	115.6%	96.0%	113.9%	111.9%	111.2%

<b>Long term investments committed</b>											
Balance (Insert description; eg sinking fund)											
Bankers Acceptance Certificate		-	-	-	-	-	-	-	-	-	-
Deposit Taking Institutions		-	-	-	-	-	-	-	-	-	-
Bank Repurchase Agreements		-	-	-	-	-	-	-	-	-	-
Derivative Financial Assets		-	-	-	-	-	-	-	-	-	-
Guaranteed Endowment Policies (Sinking)		-	-	-	-	-	-	-	-	-	-
Listed/Unlisted Bonds and Stocks		-	-	-	-	-	-	-	-	-	-
Municipal Bonds		-	-	-	-	-	-	-	-	-	-
National Government Securities		-	-	-	-	-	-	-	-	-	-
Negotiable Certificate of Deposits: Banks		-	-	-	-	-	-	-	-	-	-
Unamortised Debt Expense		-	-	-	-	-	-	-	-	-	-
Unamortised Preference Share Expense		-	-	-	-	-	-	-	-	-	-
Interest Rate Swaps		-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-

<b>Reserves to be backed by cash/investments</b>											
Housing Development Fund		2,981	3,143	3,363	3,143	3,363	3,363	3,363	3,363	3,363	3,363
Capital replacement		-	-	-	-	-	-	-	-	-	-
Self-insurance		-	-	-	-	-	-	-	-	-	-
Compensation for Occupational Injuries and Diseases		-	-	-	-	-	-	-	-	-	-
Employee Benefit		-	-	-	-	-	-	-	-	-	-
Non-current Provisions		-	-	-	-	-	-	-	-	-	-
Valuation		-	-	-	-	-	-	-	-	-	-
Investment in associate account		-	-	-	-	-	-	-	-	-	-
Capitalisation		-	-	-	-	-	-	-	-	-	-
	6	<b>2,981</b>	<b>3,143</b>	<b>3,363</b>	<b>3,143</b>	<b>3,363</b>	<b>3,363</b>	<b>3,363</b>	<b>3,363</b>	<b>3,363</b>	<b>3,363</b>

KZN212 Umdoni - Table A9 Asset Management

Description		Ref	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
R thousand			Audited	Audited	Audited	Original	Adjusted	Full Year	Budget Year	Budget Year +1	Budget Year +2
CAPITAL EXPENDITURE											
Total New Assets		1	22,891	27,757	42,280	32,615	31,621	31,621	47,455	33,307	34,739
Roads Infrastructure			1,127	12,219	14,475	12,815	18,362	18,362	15,739	25,477	26,566
Storm water Infrastructure			-	-	-	-	-	-	-	-	-
Electrical Infrastructure			-	-	-	2,609	-	-	-	-	-
Water Supply Infrastructure			-	-	-	-	-	-	-	-	-
Sanitation Infrastructure			-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure			-	-	-	-	-	-	-	-	-
Rail Infrastructure			-	-	-	-	-	-	-	-	-
Coastal Infrastructure			-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure			-	-	-	-	-	-	-	-	-
Infrastructure			1,127	12,219	14,475	15,423	18,362	18,362	15,739	25,477	26,566
Community Facilities			13,781	4,726	12,394	12,213	4,519	4,519	8,589	7,830	8,173
Sport and Recreation Facilities			221	1,901	7,824	-	-	-	-	-	-
Community Assets			14,002	6,627	20,218	12,213	4,519	4,519	8,589	7,830	8,173
Heritage Assets			-	-	-	-	-	-	-	-	-
Revenue Generating			-	-	-	-	-	-	-	-	-
Non-revenue Generating			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Operational Buildings			-	49	-	-	-	-	1,052	-	-
Housing			-	-	-	-	-	-	-	-	-
Other Assets			-	49	-	-	-	-	1,052	-	-
Biological or Cultivated Assets			-	-	-	-	-	-	-	-	-
Servitudes			-	-	-	-	-	-	-	-	-
Licences and Rights			-	-	4	-	-	-	-	-	-
Intangible Assets			-	-	4	-	-	-	-	-	-
Computer Equipment			1,235	359	280	487	922	922	391	-	-
Furniture and Office Equipment			70	106	602	261	919	919	1,792	-	-
Machinery and Equipment			5,060	466	1,548	-	2,669	2,669	5,283	-	-
Transport Assets			1,397	7,931	5,153	4,231	4,231	4,231	14,609	-	-
Land			-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals			-	-	-	-	-	-	-	-	-
Mature			-	-	-	-	-	-	-	-	-
Immature			-	-	-	-	-	-	-	-	-
Living Resources			-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets		2	2,555	(6,786)	(1,223)	14,817	29,900	29,900	6,508	-	-
Roads Infrastructure			(5,001)	(8,971)	(4,909)	8,696	21,611	21,611	-	-	-
Storm water Infrastructure			-	-	-	-	-	-	-	-	-
Electrical Infrastructure			-	-	-	-	-	-	-	-	-
Water Supply Infrastructure			-	-	-	-	-	-	-	-	-
Sanitation Infrastructure			-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure			-	-	-	-	-	-	-	-	-
Rail Infrastructure			-	-	-	-	-	-	-	-	-
Coastal Infrastructure			-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure			-	-	-	-	-	-	-	-	-
Infrastructure			(5,001)	(8,971)	(4,909)	8,696	21,611	21,611	-	-	-
Community Facilities			-	-	2,817	6,121	8,288	8,288	6,508	-	-
Sport and Recreation Facilities			7,556	1,675	-	-	-	-	-	-	-
Community Assets			7,556	1,675	2,817	6,121	8,288	8,288	6,508	-	-
Heritage Assets			-	-	-	-	-	-	-	-	-
Revenue Generating			-	-	-	-	-	-	-	-	-
Non-revenue Generating			-	-	-	-	-	-	-	-	-
Investment properties			-	-	-	-	-	-	-	-	-
Operational Buildings			-	510	869	-	-	-	-	-	-
Housing			-	-	-	-	-	-	-	-	-
Other Assets			-	510	869	-	-	-	-	-	-
Biological or Cultivated Assets			-	-	-	-	-	-	-	-	-
Servitudes			-	-	-	-	-	-	-	-	-
Licences and Rights			-	-	-	-	-	-	-	-	-
Intangible Assets			-	-	-	-	-	-	-	-	-
Computer Equipment			-	-	-	-	-	-	-	-	-
Furniture and Office Equipment			-	-	-	-	-	-	-	-	-
Machinery and Equipment			-	-	-	-	-	-	-	-	-
Transport Assets			-	-	-	-	-	-	-	-	-
Land			-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals			-	-	-	-	-	-	-	-	-
Mature			-	-	-	-	-	-	-	-	-
Immature			-	-	-	-	-	-	-	-	-
Living Resources			-	-	-	-	-	-	-	-	-
Total Upgrading of Existing Assets		6	1,462	(24,627)	(39,442)	2,609	2,608	2,608	-	-	-
Roads Infrastructure			9	(17,395)	(39,442)	-	-	-	-	-	-
Storm water Infrastructure			-	3,475	-	-	-	-	-	-	-
Electrical Infrastructure			-	-	-	-	-	-	-	-	-
Water Supply Infrastructure			-	-	-	-	-	-	-	-	-
Sanitation Infrastructure			-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure			-	-	-	-	-	-	-	-	-
Rail Infrastructure			-	-	-	-	-	-	-	-	-
Coastal Infrastructure			-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure			-	-	-	-	-	-	-	-	-

Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework			
		Audited	Audited	Audited	Original	Adjusted	Full Year	Budget Year	Budget Year +1	Budget Year +2	
R thousand											
Infrastructure	4	9	(13,920)	(39,442)	-	-	-	-	-	-	
Community Facilities		149	(19,814)	-	-	-	-	-	-	-	
Sport and Recreation Facilities		-	8,682	-	2,609	2,608	2,608	-	-	-	
Community Assets		149	(11,132)	-	2,609	2,608	2,608	-	-	-	
Heritage Assets		-	-	-	-	-	-	-	-	-	
Revenue Generating		-	-	-	-	-	-	-	-	-	
Non-revenue Generating		-	-	-	-	-	-	-	-	-	
Investment properties		-	-	-	-	-	-	-	-	-	
Operational Buildings		1,304	328	-	-	-	-	-	-	-	
Housing		-	-	-	-	-	-	-	-	-	
Other Assets		1,304	328	-	-	-	-	-	-	-	
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	
Servitudes		-	-	-	-	-	-	-	-	-	
Licences and Rights		-	-	-	-	-	-	-	-	-	
Intangible Assets		-	-	-	-	-	-	-	-	-	
Computer Equipment		-	98	-	-	-	-	-	-	-	
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-	
Machinery and Equipment		-	-	-	-	-	-	-	-	-	
Transport Assets		-	-	-	-	-	-	-	-	-	
Land		-	-	-	-	-	-	-	-	-	
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	
Mature		-	-	-	-	-	-	-	-	-	
Immature		-	-	-	-	-	-	-	-	-	
Living Resources		-	-	-	-	-	-	-	-	-	
Total Capital Expenditure			26,907	(3,656)	1,615	50,041	64,129	64,129	53,964	33,307	34,739
Roads Infrastructure			(3,865)	(14,147)	(29,877)	21,510	39,974	39,974	15,739	25,477	26,566
Storm water Infrastructure			-	3,475	-	-	-	-	-	-	-
Electrical Infrastructure			-	-	-	2,609	-	-	-	-	-
Water Supply Infrastructure			-	-	-	-	-	-	-	-	-
Sanitation Infrastructure			-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure			-	-	-	-	-	-	-	-	-
Rail Infrastructure			-	-	-	-	-	-	-	-	-
Coastal Infrastructure			-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure			-	-	-	-	-	-	-	-	-
Infrastructure			(3,865)	(10,672)	(29,877)	24,119	39,974	39,974	15,739	25,477	26,566
Community Facilities			13,929	(15,088)	15,211	18,335	12,807	12,807	15,097	7,830	8,173
Sport and Recreation Facilities			7,777	12,258	7,824	2,609	2,608	2,608	-	-	-
Community Assets			21,706	(2,830)	23,035	20,943	15,416	15,416	15,097	7,830	8,173
Heritage Assets			-	-	-	-	-	-	-	-	-
Revenue Generating			-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-	
Investment properties		-	-	-	-	-	-	-	-	-	
Operational Buildings		1,304	886	869	-	-	-	1,052	-	-	
Housing		-	-	-	-	-	-	-	-	-	
Other Assets		1,304	886	869	-	-	-	1,052	-	-	
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-	
Servitudes		-	-	-	-	-	-	-	-	-	
Licences and Rights		-	-	4	-	-	-	-	-	-	
Intangible Assets		-	-	4	-	-	-	-	-	-	
Computer Equipment		1,235	457	280	487	922	922	391	-	-	
Furniture and Office Equipment		70	106	602	261	919	919	1,792	-	-	
Machinery and Equipment		5,060	466	1,548	-	2,669	2,669	5,283	-	-	
Transport Assets		1,397	7,931	5,153	4,231	4,231	4,231	14,609	-	-	
Land		-	-	-	-	-	-	-	-	-	
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-	
Mature		-	-	-	-	-	-	-	-	-	
Immature		-	-	-	-	-	-	-	-	-	
Living Resources		-	-	-	-	-	-	-	-	-	
TOTAL CAPITAL EXPENDITURE - Asset class		26,907	(3,656)	1,615	50,041	64,129	64,129	53,964	33,307	34,739	
ASSET REGISTER SUMMARY - PPE (WDV)	5	592,064	659,597	646,884	676,939	687,483	687,483	698,529	675,898	676,209	
Roads Infrastructure		248,318	233,850	251,063	274,466	250,554	250,554	236,431	235,782	235,413	
Storm water Infrastructure		64,056	93,599	93,036	72,717	89,478	89,478	85,741	85,569	85,472	
Electrical Infrastructure		41	15	11	12	2	2	(7)	(8)	(8)	
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-	
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-	
Solid Waste Infrastructure		3,475	8,749	13,600	10,584	13,065	13,065	12,504	12,478	12,463	
Rail Infrastructure		-	-	-	-	-	-	-	-	-	
Coastal Infrastructure		-	-	-	-	-	-	-	-	-	
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-	
Infrastructure			315,889	336,212	357,711	357,780	353,099	353,099	334,669	333,821	333,340
Community Assets			128,052	173,219	168,123	164,794	155,691	155,691	142,637	142,037	141,695
Heritage Assets			261	261	261	261	261	261	261	261	261
Revenue Generating			-	-	-	-	-	-	-	-	-
Non-revenue Generating			-	-	-	-	-	-	-	-	-
Investment properties			8,299	7,906	7,511	4,752	7,172	7,172	6,815	6,798	6,789
Operational Buildings			-	-	-	-	-	-	-	-	-
Housing			-	-	-	-	-	-	-	-	-
Other Assets			54,311	52,315	19,297	57,208	74,423	74,423	101,205	102,579	103,883

Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
R thousand		Audited	Audited	Audited	Original	Adjusted	Full Year	Budget Year	Budget Year +1	Budget Year +2
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		152	101	71	14	27	27	(19)	(21)	(22)
Computer Equipment		3,466	3,703	2,646	1,767	2,249	2,249	1,256	801	764
Furniture and Office Equipment		1,318	1,413	1,633	2,266	2,225	2,225	4,978	1,865	1,857
Machinery and Equipment		7,231	5,435	4,265	5,269	5,572	5,572	8,330	4,104	4,067
Transport Assets		5,918	11,865	14,531	15,662	15,928	15,928	27,562	12,817	12,739
Land		67,166	67,166	70,836	67,166	70,836	70,836	70,836	70,836	70,836
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	592,064	659,597	646,884	676,939	687,483	687,483	698,529	675,898	676,209
EXPENDITURE OTHER ITEMS										
Depreciation	7	102,369	(8,085)	46,058	40,873	40,873	40,873	42,917	44,891	46,013
Repairs and Maintenance by Asset Class	3	16,664	71,662	52,140	52,513	45,229	45,229	48,247	50,372	51,632
Roads Infrastructure		10,560	59,743	2,666	7,807	2,642	2,642	3,150	3,295	3,377
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		938	3,468	3,503	3,000	6,000	6,000	2,500	2,615	2,680
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	34,502	25,033	19,149	19,149	28,000	29,288	30,020
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		11,498	63,211	40,671	35,840	27,792	27,792	33,650	35,198	36,078
Community Facilities		392	388	2,304	2,480	2,309	2,309	2,162	2,261	2,318
Sport and Recreation Facilities		486	388	674	960	860	860	940	983	1,008
Community Assets		878	776	2,979	3,440	3,169	3,169	3,102	3,245	3,326
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		760	1,278	2,377	5,302	6,205	6,205	4,765	4,984	5,109
Housing		-	-	-	-	-	-	-	-	-
Other Assets		760	1,278	2,377	5,302	6,205	6,205	4,765	4,984	5,109
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	22	24	24	24	24	25	26
Furniture and Office Equipment		55	-	-	48	20	20	29	30	31
Machinery and Equipment		919	2,521	1,978	2,951	3,691	3,691	3,189	3,242	3,323
Transport Assets		2,553	3,876	4,114	4,908	4,328	4,328	3,488	3,648	3,740
Libraries		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		119,033	63,577	98,198	93,387	86,102	86,102	91,164	95,263	97,645
Renewal and upgrading of Existing Assets as % of total capex		14.9%	859.2%	-2518.6%	34.8%	50.7%	50.7%	12.1%	0.0%	0.0%
Renewal and upgrading of Existing Assets as % of deprecn		3.9%	388.5%	-88.3%	42.6%	79.5%	79.5%	15.2%	0.0%	0.0%
R&M as a % of PPE & Investment Property		2.8%	10.9%	8.1%	7.8%	6.6%	6.6%	6.9%	7.5%	7.6%
Renewal and upgrading and R&M as a % of PPE and Investment Prop		3.5%	6.1%	1.8%	10.3%	11.3%	11.3%	7.8%	7.5%	7.6%

References

1. Detail of new assets provided in Table SA34a
2. Detail of renewal of existing assets provided in Table SA34b
3. Detail of Repairs and Maintenance by Asset Class provided in Table SA34c
4. Must reconcile to total capital expenditure on Budgeted Capital Expenditure
5. Must reconcile to 'Budgeted Financial Position' (written down value)
6. Detail of upgrading of existing assets provided in Table SA34e
7. Detail of depreciation provided in Table SA34d

KZN212 Umdoni - Table A10 Basic service delivery measurement

Description	Ref	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 +1 2026/27	Budget Year +2 2027/28
<b>Household service targets</b>	1									
<b>Water:</b>										
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	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Energy:</b>										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Refuse:</b>										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-

Description	Ref	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 +1 2026/27	Budget Year +2 2027/28
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		735,000	735,000	735,000	735,000	735,000	735,000	772,853	808,404	828,614
Informal Settlements		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>	8									
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		735	735	735	735	735	735	773	808	829
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>		-	-	-	-	-	-	-	-	-
<b>Total cost of FBS provided</b>		<b>735</b>	<b>735</b>	<b>735</b>	<b>735</b>	<b>735</b>	<b>735</b>	<b>773</b>	<b>808</b>	<b>829</b>
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)		295,000	295,000	295,000	295,000	295,000	295,000	295,000	295,000	295,000
Water (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		20	20	20	20	20	20	20	20	20
<b>Revenue cost of subsidised services provided (R'000)</b>	9									
Property rates (tariff adjustment) ( impermissable values per section 17 of MPRA)		-	-	-	-	-	-	-	-	-
Property rates exemptions, reductions and rebates and impermissable values in excess of		9,736	14,897	(2,581)	14,046	14,744	14,744	16,453	17,210	17,640
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies		-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Total revenue cost of subsidised services provided</b>		<b>9,736</b>	<b>14,897</b>	<b>(2,581)</b>	<b>14,046</b>	<b>14,744</b>	<b>14,744</b>	<b>16,453</b>	<b>17,210</b>	<b>17,640</b>

#### References

1. Include services provided by another entity; e.g. Eskom
2. Stand distance <= 200m from dwelling
3. Stand distance > 200m from dwelling
4. Borehole, spring, rain-water tank etc.
5. Must agree to total number of households in municipal area (informal settlements receiving services must be included)
6. Include value of subsidy provided by municipality above provincial subsidy level
7. Show number of households receiving at least these levels of services completely free (informal settlements must be included)
8. Must reflect the cost to the municipality of providing the Free Basic Service
9. Reflect the cost to the municipality in terms of 'revenue foregone' of providing free services (note this will not equal 'Revenue Foregone' on SA1)



**KZN212 Umdoni - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'**

Description	Ref	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											
<b>REVENUE ITEMS:</b>											
<b>Non-exchange revenue by source</b>											
<b>Property rates</b>	6										
Total Property Rates		113,550	125,874	128,365	144,051	145,871	145,871	68,913	153,780	160,854	164,875
less Revenue Foregone (exemptions, reductions and rebates and		9,736	14,897	(2,581)	14,046	14,744	14,744	(16,630)	16,453	17,210	17,640
<b>Net Property Rates</b>		<b>103,814</b>	<b>110,977</b>	<b>130,946</b>	<b>130,005</b>	<b>131,127</b>	<b>131,127</b>	<b>85,543</b>	<b>137,327</b>	<b>143,644</b>	<b>147,235</b>
<b>Exchange revenue service charges</b>											
<b>Service charges - Electricity</b>	6										
Total Service charges - Electricity		-	-	-	-	-	-	1	-	-	-
less Revenue Foregone (in excess of 50 kwh per indigent household per		-	-	-	-	-	-	-	-	-	-
less Cost of Free Basic Services (50 kwh per indigent household per		-	-	-	-	-	-	-	-	-	-
<b>Net Service charges - Electricity</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Service charges - Water</b>	6										
Total Service charges - Water		-	-	-	-	-	-	-	-	-	-
less Revenue Foregone (in excess of 6 kilolitres per indigent household		-	-	-	-	-	-	-	-	-	-
less Cost of Free Basic Services (6 kilolitres per indigent household per		-	-	-	-	-	-	-	-	-	-
<b>Net Service charges - Water</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Service charges - Waste Water Management</b>											
Total Service charges - Waste Water Management		-	-	-	-	-	-	-	-	-	-
less Revenue Foregone (in excess of free sanitation service to indigent		-	-	-	-	-	-	-	-	-	-
less Cost of Free Basic Services (free sanitation service to indigent		-	-	-	-	-	-	-	-	-	-
<b>Net Service charges - Waste Water Management</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Service charges - Waste Management</b>	6										
Total refuse removal revenue		10,348	10,756	11,289	14,028	13,617	13,617	8,670	20,273	21,206	21,736
Total landfill revenue		609	554	598	540	540	540	371	553	579	593
less Revenue Foregone (in excess of one removal a week to indigent		-	-	-	-	-	-	-	-	-	-
less Cost of Free Basic Services (removed once a week to indigent		735	735	735	735	735	735	-	773	808	829
<b>Net Service charges - Waste Management</b>		<b>10,222</b>	<b>10,575</b>	<b>11,151</b>	<b>13,833</b>	<b>13,422</b>	<b>13,422</b>	<b>9,041</b>	<b>20,054</b>	<b>20,976</b>	<b>21,501</b>
<b>EXPENDITURE ITEMS:</b>											
<b>Employee related costs</b>											
Basic Salaries and Wages	2	95,955	95,979	99,052	117,828	105,316	105,316	68,178	110,960	116,041	118,930
Pension and UIF Contributions		15,499	16,015	16,455	20,425	17,564	17,564	10,939	19,308	20,065	20,826
Medical Aid Contributions		6,280	6,439	6,996	11,154	9,795	9,795	4,860	8,042	8,412	8,622
Overtime		7,666	8,500	10,182	6,733	11,374	11,374	8,353	11,233	11,750	12,044
Performance Bonus		6,735	7,087	7,247	9,130	7,947	7,947	7,228	8,663	9,061	9,288
Motor Vehicle Allowance		127	57	380	533	533	533	107	444	464	476
Cellphone Allowance		256	272	291	337	318	318	190	313	328	336
Housing Allowances		405	459	524	2,097	681	681	354	1,984	2,075	2,127
Other benefits and allowances		2,210	2,376	2,155	2,208	2,136	2,136	2,216	2,299	2,405	2,465
Payments in lieu of leave		(2,499)	1,706	1,630	3,500	1,500	1,500	872	3,000	3,138	3,216
Long service awards		1,066	3,149	856	1,785	1,785	1,785	745	1,785	1,868	1,914
Post-retirement benefit obligations	4	3,087	3,604	4,066	4,278	4,278	4,278	-	4,278	4,474	4,586



## **UMDONI MUNICIPALITY**

# **ANNEXURE 2**

Detailed capital data

**UMDONI MUNICIPALITY**

THE J.E.W.E.L OF THE SOUTH COAST

**CAPITAL BUDGET 2025-26****DRAFTT BUDGET TEMPLATE**

MTREF 2025-26

SECTION	FUNDING	PROJECT DESCRIPTION	2024-25 FINAL BUDGET (EXCL VAT)	ADJUSTMENTS (EXL VAT)	2024-25 FINAL ADJUSTED BUDGET (EXL VAT)	2025-26 DRAFT BUDGET (EXCL VAT)	2026-27 DRAFT BUDGET (INCL VAT)	2027-28 DRAFT BUDGET (INCL VAT)
<b>Finance</b>								
Finance	Internal funding	Furniture and Office Equipment ( Desk Expenditure & SCM & Chairs for Tender room)	173,913.04		173,913.04	131,578.95	-	-
			<b>173,913.04</b>	-	<b>173,913.04</b>	<b>131,578.95</b>		-
<b>Council</b>								
Special Programmes	Internal funding	Machinery and Equipment(Sound System)		17,391.30	17,391.30			
Municipal Admin	Internal funding	Machinery and Equipment(Camera- Comm Office) Drone		43,478.26	43,478.26	86,956.52		
Municipal Admin	Internal funding	Laptops, Computers and Printers						
			-	<b>60,869.57</b>	<b>60,869.57</b>	<b>86,956.52</b>		-
<b>Corporate</b>								
General Managemen	Internal funding	Laptops, Computers and Printers	434,782.61	434,782.61	869,565.22	391,304.35		
General Managemen	Internal funding	Purchase of fleet	4,230,812.85		4,230,812.85	13,043,478.26		
General Managemen	Internal funding	Furniture and Office Equipment		434,782.61	434,782.61	869,565.22		
			<b>4,665,595.46</b>	<b>869,565.22</b>	<b>5,535,160.68</b>	<b>14,304,347.83</b>		-
<b>Planning &amp; Dev</b>								
General Managemen	Specify (Add grant description)	Renewal of Umzinto Informal Trading Infrastructure	652,173.91	1,166,903.48	1,819,077.39			-
General Managemen	EPWP	Laptops, Computers and Printers	52,173.91		52,173.91			-
General Managemen	Specify (Add grant description)	Mechanical workshop				869,565.22		
Building Control	Internal funding	Furniture and Office Equipment		223,434.78	223,434.78	86,956.52		
			<b>704,347.83</b>	<b>1,390,338.26</b>	<b>2,094,686.09</b>	<b>956,521.74</b>	-	-
<b>Technical</b>								
Roads And Stormwat	Municipal Infrastructure	KwaMpondo Sportsground						
Roads And Stormwat	Municipal Infrastructure Grant	Smalo Road( Change to Smolo Road)						
Roads And Stormwat	Municipal Infrastructure Grant	Myeza Road						
Roads And Stormwat	Municipal Infrastructure	Mandalalathi Hall	2,802,436.89	- 1,334.56	2,801,102.33			
Roads And Stormwat	Infrastructure Grant	Mgangeni Hall	1,105,850.81	- 37,847.03	1,068,003.78			
Roads And Stormwat	Infrastructure Grant	Refurbishment Of Dumisa Community Hall And Skill Center (Ward 5)	5,469,133.00	1,000,000.00	6,469,133.00	6,508,347.00		
Roads And Stormwat	Infrastructure Grant	Construction Of Oswanini Hall (Ward 7 )	7,157,835.00	- 6,508,080.89	649,754.11	8,026,669.00		
Roads And Stormwat	Infrastructure Grant	Construction Of Mafithini Tar Road (Ward 08)	6,532,772.00	2,754,040.44	9,286,812.44	8,940,644.00		
Roads And Stormwat	Infrastructure Grant	Construction Of Nsongeni Tar Road (Ward 16)	6,282,019.00	2,793,470.69	9,075,489.69	5,151,519.00		

[illegible]

<b>SUMMARY OF THE FUNDING:</b>								
National Grants(FMG	Disaster grant-NATIONAL		-	12,915,652.17	12,915,652.17	-	-	-
	GOVERNMENT							
National Grants(MIG	MIG-NATIONAL		32,045,700.70	- 0.00	32,045,700.70	30,836,174.00	38,303,050.00	39,950,350.25
	GOVERNMENT							
National grants: Energy Efficiency and Demand-Side	National grant		3,260,869.57	- 1,441,792.17	1,819,077.39	869,565.22	-	-
	INTERNAL							
Transfer from Operat	FUNDING		14,734,411.85	2,614,618.41	17,349,030.25	22,257,665.90	-	-
			<b>50,040,982.11</b>	<b>14,088,478.41</b>	<b>64,129,460.52</b>	<b>53,963,405.12</b>	<b>38,303,050.00</b>	<b>39,950,350.25</b>



## **UMDONI MUNICIPALITY**

# **ANNEXURE 3**

Tariff of charges 2025-26 Draft budget



**UMDONI MUNICIPALITY**  
**TARIFF OF CHARGES**  
**2025/2026 DRAFT**

## CONTENTS

No.	Description		
1	PENALTIES AND COLLECTION CHARGES		
2	ADVERTISING SIGNS		
3	ENCROACHMENTS		
4	BUILDING PLAN FEES		
5	TOWN PLANNING		
6	CAMPING		
7	SKI BOAT FEES		
8	CEMETERY		
9	HIRE OF COMMUNITY HALL		
10	REFUSE SERVICES		
11	LIBRARIES		
12	FIRE BRIGADE SERVICES		
13	TAXI/BUS RANKS		
14	JOBGING		
15	HIRE OF MUNICIPAL GROUNDS		
16	CRAFT MARKET		
17	DOG LICENCES		
18	TRAFFIC CONTROL, VEHICLE LICENCING AND TESTING		
19	GOODS IN CUSTODY		
20	SMME CO-OPERATIVES		
21	MISCELLANEOUS		
22	HUMAN SETTLEMENT		



## 1. PENALTIES AND COLLECTION CHARGES

### PROPERTY RATES AND SERVICES:

#### Penalties:

Penalties for the late payment of all rates and services shall be raised in respect of any capital remaining unpaid after the final date, and shall be added to each month during which the default continues. Penalties shall be calculated in terms of the Municipal Property Rates Act.

#### HOUSING:

Interest on housing accounts shall be levied at 1% per month on outstanding capital payable in arrears.

Any arrears for part of a month shall be deemed, for the purpose of raising penalties and collection charges, to be equivalent to a month.

### ALL TARIFFS ARE ANNUAL UNLESS SPECIFIED

#### VALUE ADDED TAX

Tariffs may change with the finalisation of any VAT implications, and are in Rand value, unless indicated otherwise. The Tariffs reflected in this schedule supercede all previously

## 2. ADVERTISING SIGNS

2025 / 2026

2024 / 2025

It is hereby notified that the Umdoni Municipality has amended its Determination of Charges for Advertising Signs and Hoardings with effect from 1 July 2024 as set forth hereunder. All amounts indicated below are VAT inclusive.

2.1	In terms of clause 2: (i) Application fee	R 609.00		R 580.00	
2.2	In terms of clause 18.(3): (i) Banner permit fee	R 911.00		R 867.00	

	(ii) Banner bulk deposit	R 850.00		R 809.00	
2.3	In terms of clause 20.(2)(a):				
	(i) Application fee	R 611.00		R 581.00	
	(ii) For sale permit	R 132.00	per board per 90 days	R 125.00	per board per 90 days
	(iii) For sale bulk deposit	R 1 544.00		R 1 470.00	
2.4	In terms of clause 20.(2)(c):				
	(i) Application fee	R 611.00		R 581.00	
	(ii) On show permit	R 125.00	per property per show day	R 119.00	per property per show day
	(iii) On show bulk deposit	R 1 698.00		R 1 617.00	
2.5	In terms of clause 20.(2)(b):				
	(i) Application fee	R 611.00		R 581.00	
	(ii) Large temporary permit	R 933.00	per board per 30 days	R 888.00	per board per 30 days
	(iii) On show bulk deposit	R 1 698.00	thereof	R 1 617.00	thereof
2.6	In terms of clause 21.(3):				
	(i) Annual encroachment fee	R 1 521.00	per sign face	R 1 448.00	per sign face
2.7	In terms of clause 24 (i.e. posters):				
	(i) Application fee	R 611.00		R 581.00	
	(ii) A poster display fee to permit the display of posters of non-profit bodies only. These posters have to display the fundraising numbers of bodies or a formal constitution has to be submitted to Council. No commercial advertising and logos of sponsors will appear on posters;	R 15.00	per poster	R 14.00	per poster
	(iii) A poster display fee to permit the display of posters for religious, sporting, social and cultural events, with commercial advertising and logos of sponsors. The commercial advertising shall not exceed 30% of the area of the poster, nor is any lettering to be larger than any other lettering;	R 32.00	per poster with a minimum fee of R396.01	R 30.00	per poster with a minimum fee of R396.01

	(iv) A bulk deposit (fully refundable on removal) for a National, Provincial or Municipal election;	R 1 544.00	per candidate	R 1 470.00	per candidate
	(v) A bulk deposit (fully refundable on removal) for a Parliamentary, Provincial or Municipal referendum/election;	R 7 720.00	per political party	R 7 352.00	per political party
	(vi) A bulk deposit (fully refundable on removal) for non-profit, religious, sporting, social and cultural bodies.	R 1 544.00	per applicant	R 1 470.00	per applicant
2.8	In terms of clause 22 (i.e. billboards):				
	(i) Application fee	R 2 765.00		R 2 633.00	
	(ii) Annual fee (Private land)	R 12 293.00		R 11 707.00	
	(iii) Annual encroachment fee (Council land)	R 29 122.00		R 27 735.00	
2.9	In terms of clause 25 (i.e. sandwich boards):				
	(i) Application fee	R 611.00		R 581.00	
	(ii) Monthly rental	R 164.00		R 156.00	
2.10	(i) Illuminated Street Name Indicators (Council owned) - In terms of Resolution A.3.2 Mar-09	R 1 784.00	per annum	R 1 699.00	per annum
	(ii) 3rd party Illuminated Street Name Indicators (Council land) Annual Fee per signface	R 1 521.00	per sign face	R 1 448.00	per sign face
	(iii) 3rd Party Illuminated Street Name Indicators (Private land) Annual fee per signface	R 1 521.00	per sign face	R 1 448.00	per sign face
2.11	(i) 3rd party Litter Bins (Council land) Annual Fee per signface	R 798.00	per annum	R 760.00	per annum
	(ii) 3rd Party Litter Bins (Private land) Annual fee per signface	R 798.00	per annum	R 760.00	per annum
2.12	Pole Mounted Litter Bins - In terms of Council approved policy on Advertising Street Furniture	R 550.00	per annum	R 523.00	per annum
2.13	Advertising Seating Benches - In terms of Council approved policy on Advertising Street Furniture	R 798.00	per annum	R 760.00	per annum
2.14	Mobile (Trailer) Signs – In terms of Council approved policy on Trailer Advertising	R 3 148.00	per annum	R 2 998.00	per annum

2.15	Street Pole Permanent Poster Placeholders – In terms of Council approved policy on Permanent Poster Placeholders	R 723.00	per sign face per annum	R 688.00	per sign face per annum
	<b>3. ENCROACHMENTS</b>	<b>2025 / 2026</b>		<b>2024 / 2025</b>	
3.1	Application fee	R 639.00		R 608.00	
3.2	Annual permit – Overhangs and Awnings	R 1 062.00		R 1 011.00	
3.3	Charge per square metre or part thereof for the use of verge or pavements, available and approved by Council, <i>per annum (residential)</i>	R 86.00		R 81.00	
3.4.	Charge per square metre or part thereof for the use of verge or pavements, available and approved by Council, <i>per annum (Bussiness)</i>	R 145.00		R 138.00	
3.5	Per pedestrian gate within the Admiralty Reserve, Amenity reserve, Public Open Space, or Conservation Zone	R 1 514.00		R 1 441.00	
3.6	Charge per square metre for use of the Admiralty Reserve, Amenity reserve, Public Open Space, or Conservation Zone.	R 109.00		R 103.00	
3.7	Per boardwalk within the Admiralty or Amenity reserve	R 2 177.00		R 2 073.00	
	<b>4. BUILDING PLAN FEES</b>	<b>2025 / 2026</b>		<b>2024 / 2025</b>	
4.1	New buildings per square meter of floor space or part thereof > 60m²	R 18.00		R 17.00	
	Minimum fee up to 60m²	R 2 792.00		R 2 659.00	

4.2	Alterations to a building where no increase in floor area is involved	R 1 065.00		R 1 014.00	
4.3	Minor works in terms of the National Building Regulations or other work not listed Incl 1 inspection	R 1 497.00		R 1 425.00	
4.4.	Amended plans where increase in floor area is involved	R 1 065.00	plus R14.72 PER M <sup>2</sup>	R 1 014.00	plus R14.02 PER M <sup>2</sup>
4.5	Amended plans with no increase in floor area	R 1 065.00		R 1 014.00	
4.6	Preliminary plan scrutinising fees:				
	In respect of every preliminary plan of any building intended to be erected, or any other form of construction which may be deposited for scrutiny, consideration and comment prior to the submission of the plans together with application forms, the fee payable shall be as follows:	R 448.00		R 426.00	
4.7	Temporary Buildings:				
	For each six monthly period or part thereof in respect of every temporary building or structure for the erection of which the Council's approval has been obtained for on site use during the construction of a building or dwelling	R 640.00		R 609.00	
4.8	With every application for approval of plans the property owner or his agent shall lodge the said amount to be utilized by the town Council in part of full payment for the re-instatement of the Council's property, such as tarred roads, verges, kerbing, paving etc damaged during operations, if necessary (refer to 4.14 - building deposit - construction)				
4.9	For the use of a road verge abutting the property concerned for storage of building materials, per 6 month period or part thereof for each 20m <sup>2</sup> of verge or part thereof	R 40.00	per m <sup>2</sup>	R 38.00	per m <sup>2</sup>
4.10	If a plan is withdrawn or rejected and application is made thereafter to the Council, in writing, stating that it is not intended to amend and re-submit such plan, the Council may <b>refund</b> the verge deposit and site inspection fee only.				
4.11	For re-inspection through work not being ready for inspection or through defects, per visit, payable in advance	R 642.00		R 611.00	
	Boundary/Retaining wall plan fees on application for the approval of a boundary wall constructed of brick, cement or pre-cast cement fences:				

4.12	(a) For the first 140 linear metre or part thereof	R 1 065.00		R 1 014.00	
	(b) For every 10 linear metre or part thereof in excess of 140 linear metres	R 61.00		R 58.00	
4.13	Drainage/Foundation/Slab/Completion inspections	R 432.00		R 411.00	
4.14	Building Deposit - Construction	R 4 701.00	greater than 120 m²	R 4 477.00	than 120 m²
		R 3 490.00	greater than 60m² but	R 3 323.00	than 60m² but less than
		R 1 792.00	than and equal to 60m²	R 1 706.00	than and equal to 60m²
4.15	Fee for obtaining a demolition permit	R 642.00		R 611.00	
4.16	Refundable verge deposit for demolition	R 1 880.00		R 1 790.00	
4.17	Plan printing fees				
	A0	R 41.00		R 39.00	
	A1	R 27.00		R 25.00	
	A2	R 18.00		R 17.00	
	A3	R 15.00		R 14.00	
	A4	R 12.00		R 11.00	
<b>5. TOWN PLANNING</b>		<b>2025 / 2026</b>		<b>2024 / 2025</b>	
5.1.	Town Planning Scheme Clauses, per copy	R 11.00	per page	R 10.00	per page
5.2	Fee payable in respect of rezoning application in terms of the Planning and Development Act 6 of 2008.	R 618.00		R 588.00	
	Area of land to be zoned:				
	(1) 0 ha- 5ha (including minor inconsequential )				
	(2) <5000m²	R 4 863.00		R 4 631.00	
	(3) ≥5000m² - 5Ha	R 13 617.00		R 12 968.00	
	(4) >5ha – 10 ha	R 22 695.00		R 21 614.00	
	(5) >10ha	R 23 158.00	hectare/part thereof in	R 22 055.00	hectare/part thereof in
	Material change/cancellationj to an application				
	Appeals in terms of Planning By-Law	R 1 897.00		R 1 806.00	
	Advertisement is the responsibility of the applicant				
	No tariffs applicable for the applications of the state				

	Provided that the foregoing fees may be adapted or waived by the Council in respect of applications brought by a charitable institution				
	Special Consent Application/Consent Application/Relaxation of space about buildings				
	<b>LAND DEVELOPMENT APPLICATION: Special Consent</b>				
5.3	Fee payable in respect of special consent application in terms of Section 67 bis of the Ordinance 27 of 1949 as amended	R 8 105.00		R 7 719.00	
	CONSENT				
	Relaxations to building height (non residential without letters of consent)				
	Bed and Breakfast (max 6 bedrooms)	R 8 105.00		R 7 719.00	
	Guest House	R 11 579.00	basic fee plus R665.70 per bedroom	R 11 027.00	basic fee plus R634.00 per bedroom
	Tuck shops	R 1 134.00		R 1 080.00	
	Home Business	R 1 134.00		R 1 080.00	
	<b>RELAXATION OF SPACE ABOUT BUILDINGS, BUILDING LINES, HEIGHTS</b>				
	Relaxation of all building lines, space about buildings, heights (only where applicable in terms of the Schems)				
	a) For Residential sites	R 1 683.00		R 1 602.00	
	b) Non-residential sites	R 11 349.00		R 10 808.00	
	c) Relaxation of height of boundry walls in excess of 3m (Residential & Non residential sites)	R 1 683.00		R 1 602.00	
	Material change/cancellation to an application	development application fee as indicated above			development application fee as indicated above
	Appeals in terms of Planning By-Law	R 1 897.00		R 1 806.00	
	Appeal (Municipal Structures Act Section 62	R 1 897.00		R 1 806.00	
	Advertising at the cost of the applicant				
	No tariffs applicable for the applications of the state				

	Provided that the foregoing fees may be adapted or waived by the Council in respect of applications brought by a charitable institution				
	Front building line and/or rear space and /or side space (with letters of consent)	R 1 683.00		R 1 602.00	
5.4	Approval of sub divisional plans, examination and approval of Street Plans and Stormwater Drainage Services:				
	(i) Application fee for approval of Sub divisional plans:				
	Basic fee	R 4 863.00		R 4 631.00	
	Fee for additional subdivision	R 4 631.00	plus R507.15/portion	R 4 410.00	plus R483/portion
	(ii) Amendment of existing sub divisional plan	R 4 631.00	plus R507.15/portion	R 4 410.00	plus R483/portion
	LAND DEVELOPMENT APPLICATION: Removal/Amendment or Alteration of Conditions of Title or Application				
	All instances where the conditions are removed automatically by law	Free		Free	
	All instances where the conditions are amended/altere d or removed	R 3 062.00		R 2 916.00	
	Material change/cancellation to an application		50% of the land development application fee as indicated above		50% of the land development application fee as indicated above
	Advertising at the cost of the applicant				
	No tariffs applicable for the applications of the state				
	Provided that the foregoing fees may be adapted or waived by the Council in respect of applications brought by a charitable institution				
5.5	Removal of restrictive Condition of title	R 3 062.00		R 2 916.00	
5.6	Sectional Title application:				
	The fee generally or specifically prescribed in terms of Section 40 of the Sectional Titles Act, 1971 (Act 66 of 1971) as amended from time to time				



	Appeal:				
	(i) Minimum fee by aggrieved applicants or other persons appealing Council decision	R 1 897.00		R 1 806.00	
	(ii) Should the objection be repudiated, all costs incurred to be borne by the applicant				
	Development Levy	2025 / 2026		2024 / 2025	
5.7	Consolidations in terms of the Planning and Development Act	R 1 847.00		R 1 759.00	
5.8	Road Closure and Open Space	R 2 113.00		R 2 012.00	
5.9	Zoning Certificates	R 153.00		R 145.00	
5.10	Enforcement:	R 1 789.00		R 1 703.00	
	i) Guilty of contravening the Town Planning Scheme and/ or bylaws	R 7 720.00	additional R66. per day	R 7 352.00	R63 per day for every day
	Development of Land Outside the Scheme				
	Residential Development:				
	Unit1-4	R 2 784.00		R 2 651.00	
	Units 5-30	R 3 710.00		R 3 533.00	
	Units 31 or more	R 4 640.00		R 4 419.00	
5.11	Non Residential:				
	Commercial	R 7 423.00		R 7 069.00	
	Infrastructure	R 3 710.00		R 3 533.00	
	Agricultural	R 1 856.00		R 1 767.00	
	Religious				

	50m² or smaller				
	Municipal Projects				
5.12	GIS Printing (Aerials and Schemes)				
	A4	R 65.00		R 61.00	
	A3	R 83.00		R 79.00	
	GIS Printing (Cadastral)				
	A4	R 33.00		R 31.00	
	A3	R 41.00		R 39.00	
	<b>6. CAMPING AND/OR CARAVAN PARKS (VAT INCLUSIVE)</b>	<b>2025 / 2026</b>		<b>2024 / 2025</b>	
	Park Rynie Campsite:				
	(i) Parking a car (Mon-Fri) per day excl public holidays	R 45.00		R 42.00	
	(ii) Parking a car / Picnic weekends and public holidays	R 104.00		R 99.00	
	(iii) Parking a car / Picnic (in season)	R 133.00		R 126.00	
6.1	(iv) Parking – Bus per day		No Buses Allowed		No Buses Allowed
	(v) Site Fees – out of season	R 309.00		R 294.00	
	(vi) Site Fees – in season	R 367.00		R 349.00	
	(vii) 1 Pole marquee 6 x 6m per pole maximum size – Out of Season		N/A		N/A
	(viii) 1 Pole marquee 6 x 6m per pole maximum size – In Season		N/A		N/A
	Scottburgh Picnic Site/Beach Parking:				
6.2	(i) Per car (out of season)	R 37.00		R 35.00	
	(ii) Per car (in season)	R 60.00		R 57.00	

6.3	Parking Permit for residents – valid for 12 months from date of issue	R 147.00		R 140.00	
6.4	Parking in season at Preston and Rocky Bay – per day	R 45.00		R 42.00	
	<b>7. SKI BOAT FEES</b>	<b>2025 / 2026</b>		<b>2024 / 2025</b>	
7.1	Licence fees, payable once every five years		As per the memorandum of agreement		As per the memorandum of agreement
7.2	Tariff for launching of a ski boat – per annum		As per the memorandum of agreement		As per the memorandum of agreement
	<b>8. CEMETERY / BURIAL FEES</b>	<b>2025 / 2026</b>		<b>2024 / 2025</b>	
8.1	Residents:				
	(i) Child (under 12 years of age, including stillborn)	R 1 210.00		R 1 152.00	
	(ii) Adult	R 2 567.00		R 2 444.00	
8.2	Non resident	R 5 253.00		R 5 002.00	
8.3	Ashes internment	R 532.00		R 506.00	
8.4	Exhumations	R 3 084.00		R 2 937.00	

8.5	Erection of tombstone (Permit fee)	R 466.00		R 443.00	
	<b>9. HIRE OF COMMUNITY HALLS</b>	<b>2025 / 2026</b>		<b>2024 / 2025</b>	
	ALL TARIFFS WILL BE PER SESSION:				
9.1	Promotion of culture and education (book discussions, art evaluation, educational film shows etc):				
	(i) Scottburgh Town Hall :	R 1 103.00		R 1 050.00	
	(ii) Community Hall :	R 890.00		R 847.00	
	(iii) Umzinto Town Hall:	R 1 223.00		R 1 164.00	
	(iv) Umzinto Dining Hall:	R 958.00		R 912.00	
	(v) Umzinto Dining and Town Hall:	R 1 623.00		R 1 545.00	
9.2	Political meetings or meetings of a similar nature:				
	(i) Scottburgh Town Hall	R 2 756.00		R 2 624.00	
	(ii) Community Hall	R 1 117.00		R 1 063.00	
	(iii) Umzinto Town Hall	R 4 628.00		R 4 407.00	
	(iv) Umzinto Dining Hall	R 2 195.00		R 2 090.00	
	(v) Umzinto Town and Dining Hall	R 5 093.00		R 4 850.00	
9.3	Special functions (Weddings, birthdays, anniversaries, parties etc) – Weekday events (Mon-Fri until 4pm):				
	(i) Scottburgh Town Hall	R 2 939.00		R 2 799.00	
	(ii) Community Hall	R 1 158.00		R 1 102.00	
	(iii) Umzinto Town Hall	R 4 335.00		R 4 128.00	
	(iv) Umzinto Dining Hall	R 2 195.00		R 2 090.00	
	(v) Umzinto Dining and Town Hall	R 4 933.00		R 4 698.00	

9.4	Religious services and charitable institutions (Mon-Fri until 4pm):				
	(i) Scottburgh Town Hall	R 1 543.00		R 1 469.00	
	(ii) Community Hall	R 891.00		R 848.00	
	(iii) Umzinto Town Hall	R 2 009.00		R 1 913.00	
	(vi) Umzinto Dining Hall	R 1 251.00		R 1 191.00	
	(vii) Umzinto Dining and Town Hall	R 2 275.00		R 2 166.00	
9.5	Used by commercial undertakings( Mon – Fri until 4pm):				
	(i) Scottburgh Town Hall	R 5 093.00		R 4 850.00	
	(ii) Community Hall	R 1 396.00		R 1 329.00	
	(iii) Umzinto Town Hall	R 5 253.00		R 5 002.00	
	(iv) Umzinto Dining Hall	R 1 543.00		R 1 469.00	
9.6	Weekends and Public Holidays:				
	(i) Scottburgh Town Hall	R 5 291.00		R 5 039.00	
	Additional time per hour charge	R 325.00		R 309.00	
	(ii) Community Hall	R 1 609.00		R 1 532.00	
	(iii) Umzinto Town Hall	R 5 957.00		R 5 673.00	
	Additional time per hour charge	R 396.00		R 377.00	
	(iv) Umzinto Dining Hall	R 3 084.00		R 2 937.00	
	Additional time per hour charge	R 251.00		R 239.00	
	(v) Umzinto Dining and Town Hall	R 7 208.00		R 6 864.00	
	Additional time per hour charge	R 473.00		R 450.00	
	Booking fees (Deposits) payable in advance and refundable provided no damage is caused to the premises:				
	(i) Scottburgh Town Hall	R 1 591.00		R 1 515.00	

9.7	(ii) Community Hall	R 810.00		R 771.00	
	(iii) Umzinto Town Hall	R 2 645.00		R 2 519.00	
	(iv) Umzinto Dining Hall	R 810.00		R 771.00	
	Used by Government Departments (Provincial, National, SAPS, Dept of Health, SASSA, Dept of Social Development, Home Affairs, etc (Mon-Fri until 4pm) (for official government work excl, farewells, parties, social gatherings etc)				
	(i) Scottburgh Town Hall	No Cost		No Cost	
	(ii) Community Hall	No Cost		No Cost	
	(iii) Umzinto Town Hall	No Cost		No Cost	
	(iv) Umzinto Dining Hall	No Cost		No Cost	
	Senior Citizens Organisations (Mon-Fri until 4pm)				
	(i) Scottburgh Town Hall	R 199.00		R 189.00	
	(ii) Community Hall	R 66.00		R 62.00	
	(iii) Umzinto Town Hall	R 265.00		R 252.00	
	(iv) Umzinto Dining Hall	R 133.00		R 126.00	
	50% of Hire Fee on cancellation excluding non-profit and state organisations (should one month's notice be tendered then the above will not apply)				
9.8	Hire of (per session – 8 hours):				
	(i) Hire of PA system (per session)				
	(ii) Hire of air conditioner				
	(iii) Hire of video projector and screen				

9.9	Excessive cleaning after functions	R 544.00	PER HOUR	R 518.00	PER HOUR
	<b>Capacity Per Hall:</b>				
	Amahlongwa - 300				
	Amandawe - 300				
	Malangeni - 200				
	Shayamoya - 200				
	Umzinto (town) - 500				
	Umzinto (dining) - 200				
	Scottburgh - 300				
	<b>10. REFUSE SERVICES: (VAT EXCLUDED)</b>	<b>2025 / 2026</b>		<b>2024 / 2025</b>	
	The owner of the property shall be liable for all outstanding refuse.				
	<b>Developed Properties:</b>				
10.1.	<b>Domestic:</b> (Per single family dwelling, including farms, flats, sectional titles, and residential complexes):				
	(i) Over R 75,000	R 1 916.00		R 958.00	
	(ii) Under R 75,000	R 616.00		R 308.00	
10.2	<b>Bed and Breakfasts:</b>				
	(i) Basic	R 1 916.00		R 958.00	
	(ii) Per room	R 312.44		R 292.00	
	<b>Business Industries:</b> (includes boarding and old age establishments with central facilities)				
	(i) Micro (0 - 4 bags per week)	R 2 050.00		R 1 915.00	
	(ii) Small (5 – 12 bags per week)	R 6 101.00		R 5 701.00	

10.5	(iii) Medium (13 – 25 bags per week)	R 12 200.00		R 11 401.00	
	(iv) Large (26 - 45 bags per week)	R 17 667.00		R 16 511.00	
	(v) Macro 1 (46 – 85 bags per week)	R 31 151.00		R 29 113.00	
	(vi) Macro 2 (86 - 140 bags per week)	R 50 850.00		R 47 523.00	
	(vii) Macro 3 (141 - 200 bags per week)	R 74 270.00		R 69 411.00	
	(viii) Macro 4 (201 - 300 bags per week)	R 109 600.00		R 102 429.00	
	(ix) Macro 5 (301 - 400 bags per week)	R 143 958.00		R 134 540.00	
	(x) Macro 6 (401 – 500 bags per week)	R 177 143.00		R 165 554.00	
	(xi) Macro 7 (501 – 600 bags per week)	R 209 160.00		R 195 476.00	
	(xii) Macro 8 (601 – 700 bags per week)	R 240 004.00		R 224 302.00	
	(xiii) Macro 9 (701 – 800 bags per week)	R 269 680.00		R 252 037.00	
	(xiv) Macro 10 (800+ bags per week)	R 298 184.00		R 278 676.00	
	240 litre wheelie bin = five (5) 760mm x 910mm bags	R 1 343.00		R1 255.00	
10.6	Sports and recreation clubs, schools, welfare organisations:				
	(i) Organisations	R 1 701.00		R 1 589.00	
10.7	Vacant Sites Including farms (Irrespective of zoning or size in terms of the valuation roll)	R 357.00		R 333.00	
10.8	Commercial users disposing at landfill (VAT exclusive):				
	Domestic users using the dump more than once a week for disposal of Garden refuse				
	Solid refuse ( 200 kg)		N/A		N/A
	Garden Refuse (200 kg)	R 19.00		R 17.00	
	Builders Rubble (200 kg)	R 7.00		R 6.00	
	Mixed loads (200 kg)	R 19.00		R 17.00	
	Whole tyres (200 kg)		N/A		N/A



	Suitable cover (200 kg)		Free		Free
	Special Disposal (200 kg)		N/A		N/A
	Light waste (200 kg)		N/A		N/A
	Polystyrene (200 kg)		N/A		N/A
	Vehicle weighing service		N/A		N/A
	Dumping of Rubble				
	Disposal of clean soil – usable as cover material		Free		Free
10.9	Sale of Refuse Bags		N/A		N/A
10.10	Skips per removal	R 1 884.00		R 942.00	
10.11	<b>Illegal Dumping:</b>				
	A collection and disposal fee per 1m <sup>3</sup> load of refuse, waste, debris or rubble dumped.	R 4 116.00		R 2 744.00	
10.12	Sale of 240 litre Wheelie Bins:	R 1 343.00		R 1 255.00	
	<b>11. LIBRARIES</b>	<b>2025 / 2026</b>		<b>2024 / 2025</b>	
11.1.	Membership charges:				
	(i) Borrowers who reside outside the area of jurisdiction of Council, per adult, per annum	R 162.00		R 154.00	
	(ii) Children of 18 years and younger, where at least one parent is a member of the library				
	(iii) Visitors Deposit (refundable) per person Applications to be accompanied by residential address and official identity document (Maximum of 3 items)	R 231.00	per book	R 220.00	per book
	Fines:				

11.2	The fines for each item retained beyond the specified time shall be for each day or part thereof, per item:				
	Children:				
	(i) Books	R 4.00	per book	R 3.00	per book
	(ii) Video/Audio/CD		N/A		N/A
	Adult:				
	(iii) Books	R 4.00	per day	R 3.00	per day
	(iv) Video/Audio/CD	R 5.00	per day	R 4.00	per day
11.3	Damaged books:				
	Torn pages – per page	R 8.00		R 7.00	
	Torn or lost book barcode – per barcode	R 11.00		R 10.00	
	Torn book pockets	R 11.00		R 10.00	
	Damage to book spine	R 15.00		R 14.00	
	Damage to book – to be assessed on return to librarian		cost		cost
	Lost / damaged plastic covers-				
	-Small	R 8.00		R 7.00	
	-Medium	R 11.00		R 10.00	
	-Large	R 14.00		R 13.00	
11.4	Lost books:				
	Administration costs for the recovery of the above:				
	Basic charge		Cost + 10%		Cost + 10%
11.5	Photocopy of any document, per folio:				
	(i) Material from within	R 4.00		R 3.00	
	(ii) Material from outside	R 4.00		R 3.00	
	(iii) Printing (Black and White)	R 4.00		R 3.00	

	(iv) Printing Colour	R 9.00		R 8.00	
11.6	Hire of activity rooms for profit making				
	- During library hours	R 202.00	per session	R 192.00	per session
	- After hours and weekends	R 264.00	per hour	R 251.00	per hour
11.7	Deposit payable in advance and refundable provided the premises are used and no damage is caused to the premises	R 164.00		R 156.00	
	<b>12. FIRE BRIGADE SERVICES</b>	<b>2025 / 2026</b>		<b>2024 / 2025</b>	
	Fire Brigade Charges:				
12.1.	(i) Call out and first hour or part thereof	R 2 628.00		R 2 502.00	
	(ii) In excess of one hour or part thereof	R 1 391.00		R 1 324.00	
12.2	For each kilometre travelled by any Council motor vehicle to or from or in connection with the fire, per vehicle	R 33.00		R 31.00	
	[False Alarms will be charged for under (i) above]				
	Surcharges:				
	The following surcharges based on the tariff of charges shall be applicable:				
12.3	(i) Fires outside the Municipal area	105%		105%	
	(ii) Fires involving inflammable substances to any large extent	105%		105%	
	(iii) Fire where high tension electrical current is concerned	75%		75%	
	(iv) Fires occurring on business premises	75%		75%	
	(v) Government and Provincial buildings excluding rateable dwellings	37%		37%	
	(vi) Government and provincial land excluding rateable land	37%		37%	

	(vii) Any chemicals used		Cost + 30%		Cost + 30%
	(viii) Re-inspection after 14 days	R 296.00		R 281.00	
	<b>13. TAXI / BUS RANKS</b>	<b>2025 / 2026</b>		<b>2024 / 2025</b>	
13.1	Taxi permit per year OR	R 433.00		R 412.00	
	Taxi permit per month		No per month charge		No per month charge
13.2	Water tokens				
13.3	Buses	R 1 237.00	p.a	R 1 178.00	p.a
	<b>14. JOBBING</b>	<b>2025 / 2026</b>		<b>2024 / 2025</b>	
14.1	Clearing of plots		Cost + 50%		Cost + 50%
14.2	Damage to Road, Paving, Kerbing, Guttering		Cost + 50%		Cost + 50%
14.3	Pollution Control		Cost + 50%		Cost + 50%
14.4	Other		Cost + 50%		Cost + 50%
14.5	Standard 3m wide concrete access scoop for residential area sites	R 4 282.00		R 4 078.00	
	Additional cost per m for wider entrances to a maximum of 7m	R 819.00		R 780.00	
14.6	Standard 3m wide concrete access scoop for commercial and industrial sites	R 6 434.00		R 6 127.00	
	Additional cost per m for wider entrances to a maximum of 7m	R 1 234.00		R 1 175.00	

	<b>15. HIRE OF MUNICIPAL GROUNDS</b>	<b>2025 / 2026</b>		<b>2024 / 2025</b>	
	<b>Hire of ground / beaches only per day or part thereof:</b>				
	(i) Sporting, cultural, schools, charitable and religious organisations	R 462.00	per day	R 440.00	per day
	(ii) Organisations outside the Municipal Area	R 927.00	per day	R 882.00	per day
	(iii) Training sessions (per hour)	R 86.00	per hour	R 81.00	per hour
	(iv) Flea Markets	R 31.00	per stall+ R 1995.00 per day	R 29.00	per stall+ R 1900.00 per day
	(v) Political organisations	R 2 316.00	per day	R 2 205.00	per day
	(vi) Private functions/Commercial undertakings	R 2 316.00	per day	R 2 205.00	per day
	(vii) Deposit payable in advance and refundable provided the premises are used and no damage is caused to Council property.	R 3 087.00		R 2 940.00	
	(viii) Services rendered (electricity, water, and refuse)	R 462.00	per day	R 440.00	per day
	(ix) Penalty fee (should Council permission not be obtained)	R 8 245.00		R 7 852.00	
	(x) Wedding Ceremonies - only	R 462.00		R 440.00	
	<b>16. CRAFT MARKET</b>	<b>2025 / 2026</b>		<b>2024 / 2025</b>	
16.1	Undercover – permit per annum	R 279.00		R 265.00	
	<b>17. DOG LICENCES</b>	<b>2025 / 2026</b>		<b>2024 / 2025</b>	
	(i) For each male dog and each spayed bitch	R 77.00		R 73.00	
	(ii) For any unspayed bitch	R 294.00		R 280.00	
	(iii) For every such dog in any household in local authority areas, in excess of two dogs, subject to Council consent	R 226.00		R 215.00	

17.1	(iv) Duplicate badge	R 73.00		R 69.00	
	(v) Failure to license	R 851.00		R 810.00	
	(vi) Non-compliance with municipal animal control bylaws	R 851.00		R 810.00	
	(vii) Conveyance to Pound	R 931.00	plus cost of travel + cost at pound	R 886.00	plus cost of travel + cost at pound
<b>18. TRAFFIC CONTROL, VEHICLE LICENCING AND TESTING</b>		<b>2025 / 2026</b>		<b>2024 / 2025</b>	
18.1	Removal of motor vehicles from public roads and public space:	R 3 092.00	removal + R902.00 storage per day	R 2 944.00	removal + R859.00 storage per day
18.2	Release of impounded vehicles	R 931.00	plus all fees in 19.2	R 886.00	plus all fees in 19.2
18.3	Impounding fees per day	R 352.00	per day	R 335.00	per day
18.4	Mandatory enforcement fee		Cost + 10%		Cost + 10%
18.5	Driver's licence application fee		As per directive issued by National Department of Transport		As per directive issued by National Department of Transport
	Learner's licence application fee				
	Renewal of lost driver's card				
	Application of temporary driver's licence				
18.6	Contravention of the National Road Traffic Acts 93/1996		As per National Dept of Transport schedule		As per National Dept of Transport schedule
<b>19. GOODS IN CUSTODY</b>		<b>2025 / 2026</b>		<b>2024 / 2025</b>	
	The following charges shall be levied on goods confiscated and held in custody:				

19.1	Levy of Perishable and non-perishables	R 2 593.00	per day plus transportation and labour cost	R 2 469.00	per day plus transportation and labour cost
19.2	Abandoned vehicle	R 3 093.00	removal + R996.45 storage per day	R 2 945.00	removal + R949.00 storage per day
19.3	Livestock		To be determined in accordance with a tariff levied by a local livestock dealer plus the cost of transportation of livestock		To be determined in accordance with a tariff levied by a local livestock dealer plus the cost of transportation of livestock
19.4	Any goods confiscated and not claimed within 3 months will be sold to defray expenses.				
	Any other costs shall be determined by the Municipal Manager				
<b>20. SMME CO-OPERATIVES</b>		<b>2025 / 2026</b>		<b>2024 / 2025</b>	
20.1	Utilisation of the agricultural tractor by co-operatives	R 170.00	per hectare	R 161.00	per hectare
20.2	Utilisation of the disk harrow by co-operatives	R 170.00	per hectare	R 161.00	per hectare
<b>21. MISCELLANEOUS</b>		<b>2025 / 2026</b>		<b>2024 / 2025</b>	
	The following fees shall be paid to the Town Treasurer in advance:				
21.1	Search fee, per plan, document or file produced for inspection, excluding inspection of Council's minutes	R 73.00		R 69.00	

21.2	Certified copy of extract from minutes and/or hearings per page or part thereof	R 17.00		R 16.00	
21.3	Purchase of Valuation Roll, per copy	R 4.00		R 3.00	
21.4	Purchase of Voters Roll, per ward		Cost + 10%		Cost + 10%
21.5	Extract of Bylaws, per page of part thereof	R 10.00		R 9.00	
21.6	For supply of copy of any document or copy of any document supplied with permission and the discretion of the Municipal Manager, per page or part thereof	R 10.00		R 9.00	
21.7	For the supply of any document, or copy of any documents, stores or services not elsewhere specified in the Council's Bylaws and not ordinarily provided at the cost of the Council, the charge shall be		Cost + 10%		Cost + 10%
	Plan of the Umdoni entities		Cost + 10%		Cost + 10%
21.8	Rates Clearance Certificate				
	- Electronic	R 359.00		R 341.00	
	- Manual	R 718.00		R 683.00	
	Re-issue of clearance certificate	R 293.00		R 279.00	
	Valuation Certificate	R 146.00		R 139.00	
21.9	Fees payable in respect of dishonoured cheques or other negotiable				
	Transcripts:				



21.10	Per hour or part thereof				
	Basic fee	R 706.00		R 672.00	
	In addition, per page	R 45.00		R 42.00	
21.9	Non refundable tender deposits:		As specified in the advert		As specified in the advert
	The tender documentation deposit is charged on collection of a tender document by a tenderer and is non-refundable.				
21.10	Tender Appeals and objections (refundable if appeal or objection is successful)		5 % of the awarded value of the tender; limited to R6030		5 % of the awarded value of the tender; limited to R6030
21.11	Lodging of an objection against any entry in the Valuation Roll or Supplementary Roll (Non-Refundable)				
21.12	Lodging of an appeal against any entry in the Valuation Roll or Supplementary Roll (Refundable if appeal is successful).	R 890.00		R 847.00	
	Forfeit of appeal deposit for late withdrawal of appeals hearing.	R 890.00		R 847.00	
	Request for a change in appeals hearing date (Non refundable)	R 361.00		R 343.00	
	Section 78 queries on property valuations	R 279.00		R 265.00	
	Deeds Searches		Cost +10%		Cost +10%
21.13	Application fee for notification of reasons for outcome of objection lodged (Section 53 MPRA)	R 153.00		R 145.00	
21.14	Any charge made under this tariff or rates randage which remains unpaid after the final date for payment as determined by the Council shall be liable to penalty interest as determined by Council per annum for each month or part thereof during which the charge remains unpaid; provided that, where prior arrangements have been made for the payment of such charges by monthly instalments, and the instalment due for any month remains unpaid after the last				

	instalments, and the instalment due for any month remains unpaid after the last working day of that month, the penalty interest shall be calculated on the amount of such instalment then unpaid.				
	<b>22. HUMAN SETTLEMENT</b>	<b>2025 / 2026</b>		<b>2024 / 2025</b>	
	<b><u>ELECTRICITY</u></b>				
22.1	A Connection Fee, subject to Section 2(3) of the Electricity Supply By-Laws For single phase (230V) 40A subsidised connection with a small power distribution unit	R 585.00		R 557.00	
22.2	Disconnections				
	Where disconnected as a result of the illegal bypassing of the meter, meter tampering or for tampering with the metering installation; per disconnection for residential connection	R 974.00		R 927.00	
	<b>23. RATES RANDAGES</b>	<b>2025 / 2026</b>		<b>2024 / 2025</b>	
	Residential	0.012564		0.011966	
	Industrial	0.016081		0.015315	
	Business and Commercial	0.018218		0.017350	
	Public Service Purposes	0.016835		0.016034	
	Agriculture	0.003141		0.002991	
	Mining	0.018218		0.017350	
	Public Benefit Organization (PBO)	0.003141		0.002991	
	Multiple Purpose	Rated on dominate use			
	State Owned Property	Known as Public Service Purposes		Known as Public Service Purposes	
	Public Service Infrastructure	0.003141		0.002991	
	Vacant Other	0.031409		0.029913	

	<b>The rebates applied for the financial year</b>				
	Residential ( R 60,000 elective and 15,000 legislated)	R	75 000	R	75 000
		R	15 000	R	15 000
	Disabled Persons/Pensioners/Indigent: (inclusive of R 75 000 above)	R	370 000	R	370 000
	<b>Medium to High Density level developments (Sectional Titles and Share blocks) 4% on rates due for the financial year</b>				
	<b>Annual payments inclusive of arrears on or before a date determined during the final budget shall be granted a discount of 3.5% of the current rates and services raised during the financial year</b>				
	<b>5% rebate on the following categories of properties: Residential, Industrial, Commercial, Agricultural, Vacant Other</b>				



## **UMDONI MUNICIPALITY**

# **ANNEXURE 4**

SDBIP\_ monthly projections

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## SDBIP 2025/26 - Monthly Cashflows

Directorate	Total		
	Revenue	Operational Expenditure	Capital Expenditure
COUNCIL GENERAL	182,012,147	52,534,264.00	86,957.00
FINANCIAL SERVICES	165,895,489	53,439,017.00	131,579.00
TECHNICAL SERVICES	64,479,983	122,485,001.00	34,314,435.00
CORPORATE SERVICES	7,930,837	84,781,665.00	14,304,348.00
COMMUNITY SERVICES	20,695,442	121,348,738.00	4,169,815.00
STRATEGIC PLANNING AND DEVELOPMENT	2,930,871	18,675,872.00	956,522.00
Grand Total	<b>443,944,769</b>	<b>453,264,557.00</b>	<b>53,963,656.00</b>

**SDBIP 2025/26 - Monthly Cashflows**

Directorate	Revenue	July		August		September		October		November	
		Operational Expenditure	Capital Expenditure	Operational Expenditure	Capital Expenditure	Operational Expenditure	Capital Expenditure	Operational Expenditure	Capital Expenditure	Operational Expenditure	Capital Expenditure
COUNCIL GENERAL	182,012,147	4,377,855	7,246	4,377,855	7,246	4,377,855	7,246	4,377,855	7,246	4,377,855	7,246
FINANCIAL SERVICES	165,895,489	4,453,251	10,965	4,453,251	10,965	4,453,251	10,965	4,453,251	10,965	4,453,251	10,965
TECHNICAL SERVICES	64,479,983	10,207,083	2,859,536	10,207,083	2,859,536	10,207,083	2,859,536	10,207,083	2,859,536	10,207,083	2,859,536
CORPORATE SERVICES	7,930,837	7,065,139	1,192,029	7,065,139	1,192,029	7,065,139	1,192,029	7,065,139	1,192,029	7,065,139	1,192,029
COMMUNITY SERVICES	20,695,442	10,112,395	347,485	10,112,395	347,485	10,112,395	347,485	10,112,395	347,485	10,112,395	347,485
STRATEGIC PLANNING AND D	2,930,871	1,556,323	79,710	1,556,323	79,710	1,556,323	79,710	1,556,323	79,710	1,556,323	79,710
<b>Grand Total</b>	<b>443,944,769</b>	<b>37,772,046</b>	<b>4,496,971</b>	<b>37,772,046</b>	<b>4,496,971</b>	<b>37,772,046</b>	<b>4,496,971</b>	<b>37,772,046</b>	<b>4,496,971</b>	<b>37,772,046</b>	<b>4,496,971</b>

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## **UMDONI MUNICIPALITY**

# **ANNEXURE 5**

Grant register

UMDONI MUNICIPALITY									
2024/2025 FINANCIAL YEAR									
SUMMARY OF UNSPENT GRANTS									
DETAILS				2024/25				PERCENTAGE SPENT	PERCENTAGE SPENT BASED ON THE ALLOCATION RECEIVED EXCLUDING OPENING BALANCE
				UN-APPROVED 'ROLL OVER	ALLOCATION	RECEIVED	BALANCE TO BE RECEIVED	GRANT REALISED/ SPENT	LIABILITY AS AT 28 FEBRUARY 2025
CONDITIONAL GRANT	6,935,351.00	-	67,891,000.00	63,937,286.87	16,256,713.13	46,414,567.55	26,526,984.86		
MIG	-	-	38,529,000.00	24,759,286.87	13,769,713.13	19,787,275.78	4,972,011.09	79.92%	79.92%
EPWP	-	-	1,249,000.00	1,249,000.00	-	1,128,662.00	120,338.00	90.37%	90.37%
LIBRARIES GRANT	-	-	10,976,000.00	10,976,000.00	-	8,298,670.34	2,677,329.66	0.00%	0.00%
FMG	-	-	1,900,000.00	1,900,000.00	-	1,031,769.18	868,230.82	54.30%	54.30%
EDTEA GRANT (UMZINTO BUS RANK)	2,091,939.00	-	750,000.00	-	-	-	2,091,939.00	0.00%	0.00%
SMALL REHABILITATION GRANT	3,893.00	-	-	-	-	-	3,893.00	0.00%	0.00%
TITLE DEEDS RESTORATION GRANT	587,558.00	-	-	-	-	-	587,558.00	0.00%	0.00%
INEP	-	-	11,487,000.00	9,000,000	2,487,000.00	10,928,566.54	-	0.00%	0.00%
MUNICIPAL EMPLOYMENT INITIATIVE	31,147.00	-	-	-	-	-	31,147.00	0.00%	0.00%
BEACH INFRASTRUCTURE GRANT	321,415.00	-	-	-	-	-	321,415.00	0.00%	0.00%
MUNICIPAL DISASTER RELIEF GRANT	3,899,399.00	-	-	14,853,000	-	3,899,275.71	14,853,123.29	20.79%	0.00%
ENERGY EFFICIENCY AND DEMAND-SIDE MANAGEMENT	-	-	3,000,000.00	1,200,000	-	1,340,348.00	-	111.70%	111.70%
UNCONDITIONAL GRANT	-	-	182,950,000.00	137,153,000.00	45,797,000.00	-	-		
Equitable share	-	-	182,950,000.00	137,153,000.00	45,797,000.00	-	-	-	-
TOTAL UNSPENT GRANTS	6,935,351	-	250,841,000	201,090,287	62,053,713	46,414,568	26,526,985		



## **UMDONI MUNICIPALITY**

# **ANNEXURE 6**

Investment register

**UMDONI MUNICIPALITY**
**INVESTMENT REGISTER SUMMARY : 01 FEBRUARY 2025 TO 28 FEBRUARY 2025**

BANK	ACCOUNT	Interest rate	TYPE OF ACCOUNT	OPENING BALANCE AS AT 01 FEBRUARY 2025	INTEREST EARNED FOR THE MONTH	INTEREST PAID	BANK CHARGES	WITHDRAWALS	TRANSFERS	CLOSING BALANCE AS AT 28 FEBRUARY 2025
ABSA	92-3600-6170	9.88%	Call Account	23,656,398.33	129,883.35					23,786,281.68
ABSA	20-8166-5687	9.39%	fixed deposit	-						-
ABSA	2,081,521,338	9.36%	fixed deposit	-						-
ABSA	20-816-657-26	8.51%	fixed deposit	36,685,868.49						36,685,868.49
				<b>60,342,266.82</b>	<b>129,883.35</b>	-	-	-	-	<b>60,472,150.17</b>
FNB	6 222 5155 391	7.75%	Call Account	24,299,726.28	147,296.29		-	-	-	24,447,022.57
				<b>24,299,726.28</b>	<b>147,296.29</b>	-	-	-	-	<b>24,447,022.57</b>
STD BANK	5 876 211 6/007	8.00%	Call Account	3,301,169.91	121,429.81			- 121,429.81	25,000,000.00	28,301,169.91
	5 876 211 6/015	8.05%	Call Account	13,345,804.96	74,224.61				121,429.81	13,541,459.38
	058762116/028	7.50%	Call Account	6,253,955.21	35,981.66					6,289,936.87
	058762116/029	7.50%	Call Account	4,632,945.18	26,655.30					4,659,600.48
	058762116/035	7.25%	Call Account	1,403,432.68	7,805.39					1,411,238.07
				<b>28,937,307.94</b>	<b>266,096.77</b>	-	-	- 121,429.81	<b>25,121,429.81</b>	<b>54,203,404.71</b>
NEDBANK	7881017759/94	8.15%	Call Account	40,418,224.33	229,442.64					40,647,666.97
				<b>40,418,224.33</b>	<b>229,442.64</b>	-	-	-	-	<b>40,647,666.97</b>
				<b>153,997,525.37</b>	<b>772,719.05</b>	-	-	- 121,429.81	<b>25,121,429.81</b>	<b>179,770,244.42</b>



## **UMDONI MUNICIPALITY**

# **ANNEXURE 7**

Debtors recor

**DEBTORS AGE ANALYSIS FEBRUARY 2025**

**FEBRUARY 2025**

ACCOUNT TYPE	CURRENT	30 DAYS	60 DAYS	90 DAYS	120 DAYS	OVER 120	TOTAL	DEBT %
REFUSE REMOVAL	830,362.30	455,645.18	344,802.83	319,426.47	313,971.72	11,597,340.07	13,861,548.57	6.34%
PENALTIES	0.00	7,839.82	11,780.38	16,520.62	21,738.40	5,612,587.28	5,670,466.50	2.59%
RATES(Total of all categories)	7,669,025.24	3,770,123.16	2,715,478.61	2,471,754.21	2,315,360.83	109,804,133.59	128,745,875.64	58.91%
PENALTIES	0.00	37,529.36	53,442.10	73,387.59	91,400.26	35,512,635.10	35,768,394.41	16.37%
SEWER	0.00	0.00	0.00	0.00	0.00	6,051.17	6,051.17	0.00%
PENALTIES	0.00	0.00	0.00	0.00	0.00	5,805.94	5,805.94	0.00%
HOUSING	2,981.05	2,981.05	2,981.05	2,981.05	2,981.05	779,698.84	794,604.09	0.36%
PENALTIES	0.00	0.00	0.00	0.00	0.00	164,217.94	164,217.94	0.08%
TRAFFIC FINES	1,579,752.52	762,700.00	0.00	0.00	0.00	12,429,738.47	14,772,190.99	6.76%
PENALTIES							0.00	0.00%
SUNDRY ACCOUNTS	1,347,825.24	932,668.26	846,326.72	873,161.32	1,032,760.69	19,043,791.26	24,076,533.49	11.02%
PENALTIES	0.00	6,499.97	12,231.98	23,396.58	26,838.21	1,265,585.86	1,334,552.60	0.61%
Sub-total	11,429,946	5,975,987	3,987,044	3,780,628	3,805,051	196,221,586	225,200,241	100.00%
ADVANCED PAYMENTS	-6,640,863.81						-6,640,863.81	-3.04%

**Total**                      **4,789,083**                      **5,975,987**                      **3,987,044**                      **3,780,628**                      **3,805,051**                      **196,221,586**                      **218,559,378**

<b>% OF DEBT</b>	<b>2.2%</b>	<b>2.7%</b>	<b>1.8%</b>	<b>1.7%</b>	<b>1.7%</b>	<b>89.8%</b>	<b>100.00%</b>	
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**PREPARED BY**

**DEBTORS AGE ANALYSIS FEBRUARY 2025**

**FEBRUARY 2025**

ACCOUNT TYPE	CURRENT	30 DAYS	60 DAYS	90 DAYS	120 DAYS	OVER 120	TOTAL	DEBT %
REFUSE REMOVAL	830,362.30	455,645.18	344,802.83	319,426.47	313,971.72	11,597,340.07	13,861,548.57	6.34%
PENALTIES	0.00	7,839.82	11,780.38	16,520.62	21,738.40	5,612,587.28	5,670,466.50	2.59%
GENERAL RATES	-54.46	0.00	44.00	0.00	0.00	11,539,017.54	11,539,007.08	5.28%
PENALTIES	0.00	0.00	0.88	0.00	0.00	10,810,652.36	10,810,653.24	4.95%
RATES-RESIDENTIAL	4,693,841.62	2,438,739.10	1,737,710.62	1,546,691.30	1,411,541.80	45,513,946.35	57,342,470.79	26.24%
PENALTIES	0.00	24,335.72	34,199.37	45,817.22	56,296.22	12,376,508.24	12,537,156.77	5.74%
RATES-INDUSTRIAL	475,605.58	116,377.88	52,960.26	42,185.32	42,139.24	1,423,321.25	2,152,589.53	0.98%
PENALTIES	0.00	1,163.76	1,048.17	1,273.84	1,711.87	351,349.29	356,546.93	0.16%
RATES-COMMERCIAL	1,385,350.84	458,385.66	296,023.14	276,899.34	270,429.40	12,878,282.92	15,565,371.30	7.12%
PENALTIES	0.00	4,528.97	5,773.22	8,195.58	10,553.02	4,200,866.88	4,229,917.67	1.94%
RATES-AGRICULTURAL	407,946.74	277,684.36	251,465.43	248,142.37	245,988.42	8,818,279.99	10,249,507.31	4.69%
PENALTIES	0.00	2,739.69	4,952.95	7,382.22	9,846.13	2,840,157.63	2,865,078.62	1.31%
RATES-FARMS COMM	0.00	0.00	0.00	0.00	0.00	53,331.10	53,331.10	0.02%
PENALTIES	0.00	0.00	0.00	0.00	0.00	21,694.77	21,694.77	0.01%
RATES-FARMS - RES	0.00	0.00	0.00	0.00	0.00	1,541,219.51	1,541,219.51	0.71%
PENALTIES	0.00	0.00	0.00	0.00	0.00	750,735.36	750,735.36	0.34%
RATES-STATE OWNED						234,609.36	234,609.36	0.11%
PENALTIES						163,267.80	163,267.80	0.07%
RATES-PSI	0.00	0.00	0.00	0.00	0.00	693,143.73	693,143.73	0.32%
PENALTIES	0.00	0.00	0.00	0.00	0.00	410,716.95	410,716.95	0.19%
RATES-PRIVATE TOWNS		0.00	0.00	0.00		0.00	0.00	0.00%
PENALTIES		0.00					0.00	0.00%
RATES-INFORMAL SETTLE	0.00	0.00	0.00	0.00	0.00	354,974.46	354,974.46	0.16%
PENALTIES	0.00	0.00	0.00	0.00	0.00	124,184.56	124,184.56	0.06%
RATES-MINING	0.00					0.00	0.00	0.00%
PENALTIES						0.00	0.00	0.00%
RATES-VACANT LAND	534,857.47	390,596.65	294,089.22	274,650.00	262,076.09	12,288,032.65	14,044,302.08	6.43%

PENALTIES	0.00	3,879.06	5,803.81	8,205.85	10,479.32	2,758,921.41	2,787,289.45	1.28%
RATES-AGRIC-S/HOLDING	0.00	0.00	0.00	0.00	0.00	505,924.98	505,924.98	0.23%
PENALTIES	0.00	0.00	0.00	0.00	0.00	160,293.54	160,293.54	0.07%
RATES-RESI-S/HOLDING	0.00	0.00	0.00	0.00	0.00	64,812.16	64,812.16	0.03%
PENALTIES	0.00	0.00	0.00	0.00	0.00	28,063.13	28,063.13	0.01%
RATES-FARMS OTHER	0.00	0.00	0.00	0.00	0.00	60,986.21	60,986.21	0.03%
PENALTIES	0.00	0.00	0.00	0.00	0.00	22,651.43	22,651.43	0.01%
RATES-POW	89.67	78.76	78.76	78.76	78.76	338,954.10	339,358.81	0.16%
PENALTIES	0.00	0.79	1.58	2.38	3.20	162,808.27	162,816.22	0.07%
RATES-P SERVICE PURPO	115,796.56	84,712.93	79,559.36	79,559.30	79,559.30	13,444,101.26	13,883,288.71	6.35%
PENALTIES		845.89	1,591.16	2,403.32	2,403.32	328,216.98	335,460.67	0.15%
RATES-PBO	55,591.22	3,547.82	3,547.82	3,547.82	3,547.82	51,196.02	120,978.52	0.06%
PENALTIES		35.48	70.96	107.18	107.18	1,546.50	1,867.30	0.00%
SEWER	0.00	0.00	0.00	0.00	0.00	6,051.17	6,051.17	0.00%
PENALTIES	0.00	0.00	0.00	0.00	0.00	5,805.94	5,805.94	0.00%
HOUSING	2,981.05	2,981.05	2,981.05	2,981.05	2,981.05	779,698.84	794,604.09	0.36%
PENALTIES	0.00	0.00	0.00	0.00	0.00	164,217.94	164,217.94	0.08%
V.T.S.						0.00	0.00	0.00%
PENALTIES						0.00	0.00	0.00%
TRAFFIC FINES	1,579,752.52	762,700.00	0.00	0.00	0.00	12,429,738.47	14,772,190.99	6.76%
PENALTIES								0.00%
SUNDRY ACCOUNTS	1,347,825.24	932,668.26	846,326.72	873,161.32	1,032,760.69	19,043,791.26	24,076,533.49	11.02%
PENALTIES	0.00	6,499.97	12,231.98	23,396.58	26,838.21	1,265,585.86	1,334,552.60	0.61%
Sub-total	11,429,946.35	5,975,986.80	3,987,043.67	3,780,627.84	3,805,051.16	196,221,585.52	225,200,241.34	
ADVANCED PAYMENTS	-6,640,863.81						-6,640,863.81	-3.04%
Total	4,789,083	5,975,987	3,987,044	3,780,628	3,805,051	196,221,586	218,559,378	100.00%
% OF DEBT	2.2%	2.7%	1.8%	1.7%	1.7%	89.8%	100.00%	

COGTA REPORT

CATEGORY OF DEBTORS

GOVERNMENT							
	Future/	1/1/2025	12/1/2024	11/1/2024	10/1/2024	Older than	Total
	2/1/2025					10/1/2024	
	872,300.10	387,572.91	370,643.95	478,600.69	538,936.60	39,785,490.77	42,433,545.02

HOUSEHOLDS							
	Future/	1/1/2025	12/1/2024	11/1/2024	10/1/2024	Older than	Total
	2/1/2025					10/1/2024	
	3,667,652.66	4,881,727.25	3,133,493.59	2,871,781.65	2,783,145.93	136,474,959.88	153,821,332.95

COMMERCIAL							
	Future/	1/1/2025	12/1/2024	11/1/2024	10/1/2024	Older than	Total
	2/1/2025					10/1/2024	
	419,490.37	561,142.35	349,068.16	328,216.23	349,260.44	14,083,471.69	16,090,986.76

OTHER							
	Future/	1/1/2025	12/1/2024	11/1/2024	10/1/2024	Older than	Total
	2/1/2025					10/1/2024	
	-170,360.59	145,544.29	133,837.97	102,029.27	133,708.19	5,868,753.67	6,213,512.80

218,559,377.53





## **UMDONI MUNICIPALITY**

# **ANNEXURE 8**

Creditors recor

## List NT report F10(Creditors Aged Analysis)

&lt; 30 Days &lt; 60 Days &lt; 90 Days &lt; 120 Days &lt; 150 Days &lt; 180 Days &lt; 365 Days &gt; 365 Days

## CREDITORS AGE ANALYSIS BY CATEGORY AS AT:

07/03/2025

VAT	0400	409810.37-	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Loan repayme	0600	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Trade Credit	0700	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	0900	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		409810.37-	0.00	0.00	0.00	0.00	0.00	0.00	0.00

\* End of Report: Umdoni Municipality \*



## **UMDONI MUNICIPALITY**

### **ANNEXURE 9**

Bank recorn

UMDONI MUNICIPALITY

Cashbook Reconciliation for February 2025

CASHBOOK

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Balance B/fwd - 1 February 2025	8763160.81
Revenue: 40101010011	32052521.49
Expenditure: 40101010012	30599144.03-

Other:

CASHBOOK BALANCE - 28 February 2025	10216538.27
	=====

BANK STATEMENT

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Balance as per bank statement as at 28 February 2025	2028/02/02	25	11812547.81
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PLUS:

Receipts not cleared in bank	24	318120.14
Other	9	24976573.43

LESS:

Uncleared ACB	11	26305457.82-
Outstanding cheques		
Bank transactions not on GL	39	585245.29-

Cash Book balance	-----
as at 28 February 2025	10216538.27
	=====
Difference	0.00

Verified by: ..... ..

Signature: ..... .. On (dd /mm/ccyy) ..... ..



## **UMDONI MUNICIPALITY**

# **ANNEXURE 10**

Depreciation calculations

Fin_Yea	Cost code	Business Key	Directorate	Department
2024	1012020203160	2019072311221		
2024	0	9	MUNICIPAL MANAGER	Mayor And Council
2024	1031020202010	2019072311220		
2024	0	9	Corporate Services	Civic Buildings/Property Services
2024	1083020202010	2019072311221		
2024	0	0	Community Services	General Administration
2024	1032020203160	2019072311221		
2024	0	6	Community Services	Community Facilities
2024	1050020203160	2019072311221		
2024	0	7	Community Services	PARKS AND GARDENS
2024	1060020203160	2019072311221		
2024	0	8	Community Services	Beaches
2024	1092020202160	2020031104140		
2024	0	1	Community Services	Camping Sites
2024	1052020202160	2021031700117		
2024	0	3	Technical Services	Roads And Stormwater
2024	1052020202170	2021031700117		
2024	0	4	Technical Services	Roads And Stormwater
2024	1052020202210	2020072705236		
2024	0	9	Technical Services	Roads And Stormwater
2024	1052020202220	2021080206609		
2024	0	5	Technical Services	Roads And Stormwater
2024	1052020203150	2020072705237		
2024	0	1	Technical Services	Roads And Stormwater
2024	1052020203160	2020072705237		
2024	0	2	Technical Services	Roads And Stormwater
2024	1052020202010	2021031700117		
2024	0	1	Technical Services	Roads And Stormwater
2024	1052020202020	2020072705236		
2024	0	2	Technical Services	Roads And Stormwater
2024	1052020202030	2020072705236		
2024	0	3	Technical Services	Roads And Stormwater
2024	1052020202040	2020072705236		
2024	0	4	Technical Services	Roads And Stormwater
2024	1052020202050	2020072705236		
2024	0	5	Technical Services	Roads And Stormwater
2024	1052020202060	2020072705236		
2024	0	6	Technical Services	Roads And Stormwater
2024	1052020202100	2021031700117		
2024	0	2	Technical Services	Roads And Stormwater
2024	1052020202110	2020072705236		
2024	0	7	Technical Services	Roads And Stormwater
2024	1052020202140	2020072705236		
2024	0	8	Technical Services	Roads And Stormwater
2024	1011020185000	2019072311209		
2024	0	7	MUNICIPAL MANAGER	Municipal Manager
2024	1012020185000	2019072311209		
2024	0	8	MUNICIPAL MANAGER	Mayor And Council
2024	1020020185000	2019072311210		
2024	0	0	FINANCIAL SERVICES	GENERAL ADMINISTRATION
2024	1036020185000	2019072311210		
2024	0	8	Corporate Services	General Management
2024	1034020185000	2019072311211		
2024	0	6	Corporate Services	Human Resources
2024	1031020185000	2019072311211		
2024	0	8	Corporate Services	Civic Buildings/Property Services
2024	1083020185000	2019072311211		
2024	0	5	Community Services	General Administration
2024	1055020185000	2019072311209		
2024	0	9	Community Services	FIRE & DISASTER MANAGEMENT
2024	1060020185000	2019072311210		
2024	0	6	Community Services	Beaches
2024	1050020185000	2019072311210		
2024	0	1	Community Services	PARKS AND GARDENS
2024	1043020185000	2019072311209		
2024	0	6	Community Services	Traffic Control and Testing
2024	1032020185000	2019072311211		
2024	0	7	Community Services	Community Facilities
2024	1015020185000	2019072311210		
2024	0	9	Community Services	Libraries
2024	1052020185000	2019072311211		
2024	0	4	Technical Services	Roads And Stormwater
2024	1085020185000	2019072311210		
2024	0	3	Technical Services	Refuse disposal
2024	1051020185000	2019072311210		
2024	0	2	Technical Services	General Administration
2024	1061020185000	2019072311211		
2024	0	0	Technical Services	Housing Administration
2024	1030020185000	2019072311211	Planning And Development	Building Control
2024	1037020185000	2019072311210	Planning And Development	PLANNING
2024	1052020187080	2020072705235		
2024	0	3	Technical Services	Roads And Stormwater
2024	1012020186000	2019072311213		
2024	0	8	MUNICIPAL MANAGER	Mayor And Council
2024	1013020186000	2019072311213		
2024	0	4	MUNICIPAL MANAGER	Internal Audit
2024	1011020186000	2019072311213		
2024	0	3	MUNICIPAL MANAGER	Municipal Manager
2024	1084020186000	2021080206605		
2024	0	7	MUNICIPAL MANAGER	YOUTH DEVELOPMENT
2024	1020020186000	2019072311213		
2024	0	6	FINANCIAL SERVICES	GENERAL ADMINISTRATION
2024	1031020186000	2019072311214		
2024	0	5	Corporate Services	Civic Buildings/Property Services
2024	1035020186000	2019072311214		
2024	0	3	Corporate Services	Legal And Estates
2024	1034020186000	2019072311214		
2024	0	0	Corporate Services	Human Resources
2024	1036020186000	2019072311212		
2024	0	2	Corporate Services	General Management
2024	1083020186000	2019072311213		
2024	0	9	Community Services	General Administration
2024	1053020186000	2021080206605		
2024	0	0	Community Services	GENERAL MAINTENANCE
2024	1015020186000	2019072311212		
2024	0	0	Community Services	Libraries
2024	1032020186000	2019072311214		
2024	0	4	Community Services	Community Facilities
2024	1043020186000	2019072311214		
2024	0	6	Community Services	Traffic Control and Testing
2024	1050020186000	2019072311212		
2024	0	5	Community Services	PARKS AND GARDENS
2024	1060020186000	2019072311212		
2024	0	1	Community Services	Beaches

	1055020186000	2019072311213		
2024	0	5	Community Services	FIRE & DISASTER MANAGEMENT
	1061020186000	2019072311214		
2024	0	1	Technical Services	Housing Administration
	1085020186000	2019072311212		
2024	0	8	Technical Services	Refuse disposal
	1052020186000	2019072311213		
2024	0	2	Technical Services	Roads And Stormwater
	1051020186000	2019072311212		
2024	0	6	Technical Services	General Administration
	1030020186000	2019072311214	Planning And	
2024	0	2	Development	Building Control
	1037020186000	2021080206605	Planning And	
2024	0	1	Development	PLANNING
	1036020179020	2021080206603		
2024	0	4	Corporate Services	General Management
	1040020179020	2021080206604		
2024	0	0	Technical Services	Mechanical Workshop
	1052020192010	2020072705235		
2024	0	7	Technical Services	Roads And Stormwater
	1052020192030	2020072705235		
2024	0	8	Technical Services	Roads And Stormwater
	1052020192040	2020072705235		
2024	0	9	Technical Services	Roads And Stormwater
	1011020194000	2019072311216		
2024	0	3	MUNICIPAL MANAGER	Municipal Manager
	1012020194000	2019072311216		
2024	0	2	MUNICIPAL MANAGER	Mayor And Council
	1020020194000	2019072311216		
2024	0	9	FINANCIAL SERVICES	GENERAL ADMINISTRATION
	1036020194000	2019072311217		
2024	0	4	Corporate Services	General Management
	1034020194000	2019072311218		
2024	0	3	Corporate Services	Human Resources
	1031020194000	2019072311217		
2024	0	2	Corporate Services	Civic Buildings/Property Services
	1053020194000	2021080206607		
2024	0	3	Community Services	GENERAL MAINTENANCE
	1083020194000	2019072311217		
2024	0	5	Community Services	General Administration
	1032020194000	2019072311217		
2024	0	0	Community Services	Community Facilities
	1015020194000	2019072311217		
2024	0	3	Community Services	Libraries
	1060020194000	2019072311216		
2024	0	4	Community Services	Beaches
	1055020194000	2019072311216		
2024	0	5	Community Services	FIRE & DISASTER MANAGEMENT
	1050020194000	2019072311216		
2024	0	7	Community Services	PARKS AND GARDENS
	1043020194000	2019072311216		
2024	0	0	Community Services	Traffic Control and Testing
	1061020194000	2019072311218		
2024	0	4	Technical Services	Housing Administration
	1058020194000	2019072311217		
2024	0	6	Technical Services	Street Sweeping
	1052020194000	2019072311218		
2024	0	2	Technical Services	Roads And Stormwater
	1085020194000	2019072311217		
2024	0	7	Technical Services	Refuse disposal
	1051020194000	2019072311218		
2024	0	1	Technical Services	General Administration
	1040020194000	2019072311218		
2024	0	0	Technical Services	Mechanical Workshop
	1030020194000	2019072311216	Planning And	
2024	0	1	Development	Building Control
	1012020203010	2019072311222		
2024	0	2	MUNICIPAL MANAGER	Mayor And Council
	1020020203100	2021031700117		
2024	0	9	FINANCIAL SERVICES	GENERAL ADMINISTRATION
	1031020203010	2019072311222		
2024	0	5	Corporate Services	Civic Buildings/Property Services
	1036020203010	2019072311222		
2024	0	4	Corporate Services	General Management
	1035020203010	2019072311222		
2024	0	9	Corporate Services	Legal And Estates
	1055020203010	2019072311222		
2024	0	3	Community Services	FIRE & DISASTER MANAGEMENT
	1032020203010	2019072311222		
2024	0	1	Community Services	Community Facilities
	1015020203010	2019072311222		
2024	0	6	Community Services	Libraries
	1052020203110	2020072705237		
2024	0	3	Technical Services	Roads And Stormwater
	1052020203120	2020072705237		
2024	0	4	Technical Services	Roads And Stormwater
	1052020203010	2021031700117		
2024	0	5	Technical Services	Roads And Stormwater
	1061020203010	2019072311222		
2024	0	7	Technical Services	Housing Administration
	1052020203040	2021031700117		
2024	0	6	Technical Services	Roads And Stormwater
	1052020203050	2021031700117		
2024	0	7	Technical Services	Roads And Stormwater
	1052020203080	2021031700117		
2024	0	8	Technical Services	Roads And Stormwater
	1043020198010	2019072311219		
2024	0	8	Community Services	Traffic Control and Testing
	1032020198010	2019072311219		
2024	0	9	Community Services	Community Facilities
	1052020198020	2021031700116		
2024	0	7	Technical Services	Roads And Stormwater
	1052020198030	2021031700116		
2024	0	8	Technical Services	Roads And Stormwater
	1052020198010	2020031104139		
2024	0	9	Technical Services	Roads And Stormwater
	1032020189070	2019072311215		
2024	0	3	Community Services	Community Facilities
	1085020189010	2019072311215		
2024	0	0	Technical Services	Refuse disposal

	1052020189020	2021031700116		
2024	0	6	Technical Services	Roads And Stormwater
	1052020189040	2021080206606		
2024	0	1	Technical Services	Roads And Stormwater
	1032020199010	2019072311220		
2024	0	8	Community Services	Community Facilities
	1052020199010	2019072311220		
2024	0	7	Technical Services	Roads And Stormwater
	1052020199020	2021031700116		
2024	0	9	Technical Services	Roads And Stormwater
	1052020199030	2021031700117		
2024	0	0	Technical Services	Roads And Stormwater
	1011020195000	2019072311218		
2024	0	5	MUNICIPAL MANAGER	Municipal Manager
	1020020195000	2019072311219		
2024	0	4	FINANCIAL SERVICES	GENERAL ADMINISTRATION
	1036020195000	2019072311218		
2024	0	9	Corporate Services	General Management
	1043020195000	2019072311219		
2024	0	5	Community Services	Traffic Control and Testing
	1055020195000	2019072311218		
2024	0	7	Community Services	FIRE & DISASTER MANAGEMENT
	1060020195000	2019072311219		
2024	0	3	Community Services	Beaches
	1052020195000	2019072311219		
2024	0	0	Technical Services	Roads And Stormwater
	1040020195000	2019072311219		
2024	0	6	Technical Services	Mechanical Workshop



Section	Item	Function	Fund	Project	Annual Forecast	SCOA_Desc	SCOA_Desc1	SCOA_Desc	SCOA_Desc3	SCOA_Desc4	SCOA_Desc5
MAYOR AND COUNCIL CIVIC BUILDINGS/PROPERTY SERVICES	Outdoor Facilities	Mayor and Council	Non-funding Transactions	Depreciation and Amortisation	33,448.31	Expenditure	Depreciation and Amortisation	Depreciation	Community Assets	Sport and Recreation Facilities	Outdoor Facilities
GENERAL ADMINISTRATION	Halls	Property Services	Non-funding Transactions	Depreciation and Amortisation	987,933.18	Expenditure	Depreciation and Amortisation	Depreciation	Community Assets	Community Facilities	Halls
COMMUNITY FACILITIES	Outdoor Facilities	Corporate Support	Non-funding Transactions	Depreciation and Amortisation	9,381.61	Expenditure	Depreciation and Amortisation	Depreciation	Community Assets	Community Facilities	Halls
PARKS AND GARDENS	Outdoor Facilities	Community Halls and Facilities	Non-funding Transactions	Depreciation and Amortisation	918,081.84	Expenditure	Depreciation and Amortisation	Depreciation	Community Assets	Sport and Recreation Facilities	Outdoor Facilities
BEACHES	Outdoor Facilities	Community Parks (including Nurseries)	Non-funding Transactions	Depreciation and Amortisation	784,604.45	Expenditure	Depreciation and Amortisation	Depreciation	Community Assets	Sport and Recreation Facilities	Outdoor Facilities
CAMPING SITES	Public Ablution Facilities	Beaches and Jetties	Non-funding Transactions	Depreciation and Amortisation	2,373.40	Expenditure	Depreciation and Amortisation	Depreciation	Community Assets	Facilities	Outdoor Facilities
ROADS AND STORMWATER	Public Ablution Facilities	Recreational Facilities	Non-funding Transactions	Depreciation and Amortisation	251,305.32	Expenditure	Depreciation and Amortisation	Depreciation	Community Assets	Community Facilities	Public Ablution Facilities
ROADS AND STORMWATER	Markets	Roads	Non-funding Transactions	Depreciation and Amortisation	968,484.48	Expenditure	Depreciation and Amortisation	Depreciation	Community Assets	Community Facilities	Public Ablution Facilities
ROADS AND STORMWATER	Taxi Ranks/Bus Terminals	Roads	Non-funding Transactions	Depreciation and Amortisation	1,138,303.29	Expenditure	Depreciation and Amortisation	Depreciation	Community Assets	Community Facilities	Markets
ROADS AND STORMWATER	Capital Spares	Roads	Non-funding Transactions	Depreciation and Amortisation	62,616.88	Expenditure	Depreciation and Amortisation	Depreciation	Community Assets	Community Facilities	Taxi Ranks/Bus Terminals
ROADS AND STORMWATER	Indoor Facilities	Roads	Non-funding Transactions	Depreciation and Amortisation	480,171.39	Expenditure	Depreciation and Amortisation	Depreciation	Community Assets	Community Facilities	Capital Spares
ROADS AND STORMWATER	Outdoor Facilities	Roads	Non-funding Transactions	Depreciation and Amortisation	149,003.64	Expenditure	Depreciation and Amortisation	Depreciation	Community Assets	Facilities	Indoor Facilities
ROADS AND STORMWATER	Halls	Roads	Non-funding Transactions	Depreciation and Amortisation	56,560.72	Expenditure	Depreciation and Amortisation	Depreciation	Community Assets	Facilities	Outdoor Facilities
ROADS AND STORMWATER	Centres	Roads	Non-funding Transactions	Depreciation and Amortisation	5,227,033.22	Expenditure	Depreciation and Amortisation	Depreciation	Community Assets	Community Facilities	Halls
ROADS AND STORMWATER	Cr?ches	Roads	Non-funding Transactions	Depreciation and Amortisation	53,193.83	Expenditure	Depreciation and Amortisation	Depreciation	Community Assets	Community Facilities	Centres
ROADS AND STORMWATER	Clinics/Care Centres	Roads	Non-funding Transactions	Depreciation and Amortisation	7,745.21	Expenditure	Depreciation and Amortisation	Depreciation	Community Assets	Community Facilities	Cr?ches
ROADS AND STORMWATER	Fire/Ambulance Stations	Roads	Non-funding Transactions	Depreciation and Amortisation	74,357.33	Expenditure	Depreciation and Amortisation	Depreciation	Community Assets	Community Facilities	Clinics/Care Centres
ROADS AND STORMWATER	Testing Stations	Roads	Non-funding Transactions	Depreciation and Amortisation	20,465.71	Expenditure	Depreciation and Amortisation	Depreciation	Community Assets	Community Facilities	Fire/Ambulance Stations
ROADS AND STORMWATER	Libraries	Roads	Non-funding Transactions	Depreciation and Amortisation	47,865.71	Expenditure	Depreciation and Amortisation	Depreciation	Community Assets	Community Facilities	Testing Stations
ROADS AND STORMWATER	Cemeteries/Crematoria	Roads	Non-funding Transactions	Depreciation and Amortisation	669,791.72	Expenditure	Depreciation and Amortisation	Depreciation	Community Assets	Community Facilities	Libraries
ROADS AND STORMWATER	Public Open Space	Roads	Non-funding Transactions	Depreciation and Amortisation	495,081.61	Expenditure	Depreciation and Amortisation	Depreciation	Community Assets	Community Facilities	Cemeteries/Crematoria
					615,845.21	Expenditure	Depreciation and Amortisation	Depreciation	Community Assets	Community Facilities	Public Open Space
					<b>12,432,045.77</b>						
MUNICIPAL MANAGER	Computer Equipment	Municipal Manager, Town Secretary and Chief Executive	Non-funding Transactions	Depreciation and Amortisation	7,536.40	Expenditure	Depreciation and Amortisation	Depreciation	Computer Equipment		
MAYOR AND COUNCIL	Computer Equipment	Mayor and Council	Non-funding Transactions	Depreciation and Amortisation	3,761.53	Expenditure	Depreciation and Amortisation	Depreciation	Computer Equipment		
GENERAL ADMINISTRATION	Computer Equipment	Finance	Non-funding Transactions	Depreciation and Amortisation	17,558.61	Expenditure	Depreciation and Amortisation	Depreciation	Computer Equipment		
GENERAL MANAGEMENT	Computer Equipment	Administrative and Corporate Support	Non-funding Transactions	Depreciation and Amortisation	1,040,013.90	Expenditure	Depreciation and Amortisation	Depreciation	Computer Equipment		
HUMAN RESOURCES	Computer Equipment	Human Resources	Non-funding Transactions	Depreciation and Amortisation	8,646.39	Expenditure	Depreciation and Amortisation	Depreciation	Computer Equipment		
CIVIC BUILDINGS/PROPERTY SERVICES	Computer Equipment	Property Services	Non-funding Transactions	Depreciation and Amortisation	185,578.26	Expenditure	Depreciation and Amortisation	Depreciation	Computer Equipment		
GENERAL ADMINISTRATION	Computer Equipment	Corporate Support	Non-funding Transactions	Depreciation and Amortisation	1,756.19	Expenditure	Depreciation and Amortisation	Depreciation	Computer Equipment		
FIRE & DISASTER MANAGEMENT	Computer Equipment	Fire Fighting and Protection	Non-funding Transactions	Depreciation and Amortisation	2,891.77	Expenditure	Depreciation and Amortisation	Depreciation	Computer Equipment		
BEACHES	Computer Equipment	Beaches and Jetties	Non-funding Transactions	Depreciation and Amortisation	1,005.45	Expenditure	Depreciation and Amortisation	Depreciation	Computer Equipment		
PARKS AND GARDENS	Computer Equipment	Community Parks (including Nurseries)	Non-funding Transactions	Depreciation and Amortisation	541.65	Expenditure	Depreciation and Amortisation	Depreciation	Computer Equipment		
TRAFFIC CONTROL AND TESTING	Computer Equipment	Road and Traffic Regulation	Non-funding Transactions	Depreciation and Amortisation	14,089.60	Expenditure	Depreciation and Amortisation	Depreciation	Computer Equipment		
COMMUNITY FACILITIES	Computer Equipment	Community Halls and Facilities	Non-funding Transactions	Depreciation and Amortisation	3,234.33	Expenditure	Depreciation and Amortisation	Depreciation	Computer Equipment		
LIBRARIES	Computer Equipment	Libraries and Archives	Non-funding Transactions	Depreciation and Amortisation	25,889.13	Expenditure	Depreciation and Amortisation	Depreciation	Computer Equipment		
ROADS AND STORMWATER	Computer Equipment	Roads	Non-funding Transactions	Depreciation and Amortisation	35,524.29	Expenditure	Depreciation and Amortisation	Depreciation	Computer Equipment		
REFUSE DISPOSAL	Computer Equipment	Solid Waste Removal	Non-funding Transactions	Depreciation and Amortisation	1,591.59	Expenditure	Depreciation and Amortisation	Depreciation	Computer Equipment		
GENERAL ADMINISTRATION	Computer Equipment	Administrative and Corporate Support	Non-funding Transactions	Depreciation and Amortisation	1,271.27	Expenditure	Depreciation and Amortisation	Depreciation	Computer Equipment		
HOUSING ADMINISTRATION	Computer Equipment	Housing	Non-funding Transactions	Depreciation and Amortisation	707.37	Expenditure	Depreciation and Amortisation	Depreciation	Computer Equipment		
		Town Planning, Building Regulations and Enforcement, and City Engineer	Non-funding Transactions	Depreciation and Amortisation	5,641.18	Expenditure	Depreciation and Amortisation	Depreciation	Computer Equipment		
BUILDING CONTROL	Computer Equipment	Economic Development/Plannin	Non-funding Transactions	Depreciation and Amortisation	2,441.32	Expenditure	Depreciation and Amortisation	Depreciation	Computer Equipment		
PLANNING	Computer Equipment				<b>1,294,933.55</b>						
					<b>9,346.23</b>	Expenditure	Depreciation and Amortisation	Depreciation	Electrical Infrastructure	LV Networks	
					<b>8,901.17</b>						
ROADS AND STORMWATER	LV Networks	Roads	Non-funding Transactions	Depreciation and Amortisation	2,823.05	Expenditure	Depreciation and Amortisation	Depreciation	Furniture and Office Equipment		
MAYOR AND COUNCIL	Furniture and Office Equipment	Mayor and Council	Non-funding Transactions	Depreciation and Amortisation	19.34	Expenditure	Depreciation and Amortisation	Depreciation	Furniture and Office Equipment		
INTERNAL AUDIT	Furniture and Office Equipment	Governance Function	Non-funding Transactions	Depreciation and Amortisation	5,992.47	Expenditure	Depreciation and Amortisation	Depreciation	Furniture and Office Equipment		
MUNICIPAL MANAGER	Furniture and Office Equipment	Municipal Manager, Town Secretary and Chief Executive	Non-funding Transactions	Depreciation and Amortisation	3,407.34	Expenditure	Depreciation and Amortisation	Depreciation	Furniture and Office Equipment		
SPECIAL PROGRAMMES (YOUTH ADVISORY CENTRE)	Furniture and Office Equipment	Municipal Manager, Town Secretary and Chief Executive	Non-funding Transactions	Depreciation and Amortisation	11,568.80	Expenditure	Depreciation and Amortisation	Depreciation	Furniture and Office Equipment		
GENERAL ADMINISTRATION	Furniture and Office Equipment	Finance	Non-funding Transactions	Depreciation and Amortisation	13,354.44	Expenditure	Depreciation and Amortisation	Depreciation	Furniture and Office Equipment		
CIVIC BUILDINGS/PROPERTY SERVICES	Furniture and Office Equipment	Property Services	Non-funding Transactions	Depreciation and Amortisation	591.85	Expenditure	Depreciation and Amortisation	Depreciation	Furniture and Office Equipment		
LEGAL AND ESTATES	Furniture and Office Equipment	Legal Services	Non-funding Transactions	Depreciation and Amortisation	3,317.38	Expenditure	Depreciation and Amortisation	Depreciation	Furniture and Office Equipment		
HUMAN RESOURCES	Furniture and Office Equipment	Human Resources	Non-funding Transactions	Depreciation and Amortisation	50,598.90	Expenditure	Depreciation and Amortisation	Depreciation	Furniture and Office Equipment		
GENERAL MANAGEMENT	Furniture and Office Equipment	Administrative and Corporate Support	Non-funding Transactions	Depreciation and Amortisation	449.77	Expenditure	Depreciation and Amortisation	Depreciation	Furniture and Office Equipment		
GENERAL ADMINISTRATION	Furniture and Office Equipment	Corporate Support	Non-funding Transactions	Depreciation and Amortisation	1,276.17	Expenditure	Depreciation and Amortisation	Depreciation	Furniture and Office Equipment		
GENERAL MAINTENANCE	Furniture and Office Equipment	Community Halls and Facilities	Non-funding Transactions	Depreciation and Amortisation	62,609.07	Expenditure	Depreciation and Amortisation	Depreciation	Furniture and Office Equipment		
LIBRARIES	Furniture and Office Equipment	Libraries and Archives	Non-funding Transactions	Depreciation and Amortisation	81,589.70	Expenditure	Depreciation and Amortisation	Depreciation	Furniture and Office Equipment		
COMMUNITY FACILITIES	Furniture and Office Equipment	Community Halls and Facilities	Non-funding Transactions	Depreciation and Amortisation	31,463.84	Expenditure	Depreciation and Amortisation	Depreciation	Furniture and Office Equipment		
TRAFFIC CONTROL AND TESTING	Furniture and Office Equipment	Road and Traffic Regulation	Non-funding Transactions	Depreciation and Amortisation	193.36	Expenditure	Depreciation and Amortisation	Depreciation	Furniture and Office Equipment		
PARKS AND GARDENS	Furniture and Office Equipment	Community Parks (including Nurseries)	Non-funding Transactions	Depreciation and Amortisation	6,326.23	Expenditure	Depreciation and Amortisation	Depreciation	Furniture and Office Equipment		
BEACHES	Furniture and Office Equipment	Beaches and Jetties	Non-funding Transactions	Depreciation and Amortisation							

FIRE & DISASTER MANAGEMENT	Furniture and Office Equipment	Fire Fighting and Protection	Non-funding Transactions	Depreciation and Amortisation	25,362.92	Expenditure	Depreciation and Amortisation	Depreciation	Furniture and Office Equipment		
HOUSING ADMINISTRATION	Furniture and Office Equipment	Housing	Non-funding Transactions	Depreciation and Amortisation	1,053.39	Expenditure	Depreciation and Amortisation	Depreciation	Furniture and Office Equipment		
REFUSE DISPOSAL	Furniture and Office Equipment	Solid Waste Removal	Non-funding Transactions	Depreciation and Amortisation	153.01	Expenditure	Depreciation and Amortisation	Depreciation	Furniture and Office Equipment		
ROADS AND STORMWATER	Furniture and Office Equipment	Roads	Non-funding Transactions	Depreciation and Amortisation	22,248.15	Expenditure	Depreciation and Amortisation	Depreciation	Furniture and Office Equipment		
GENERAL ADMINISTRATION	Furniture and Office Equipment	Administrative and Corporate Support	Non-funding Transactions	Depreciation and Amortisation	3,112.25	Expenditure	Depreciation and Amortisation	Depreciation	Furniture and Office Equipment		
BUILDING CONTROL	Furniture and Office Equipment	Town Planning, Building Regulations and Enforcement, and City Engineer	Non-funding Transactions	Depreciation and Amortisation	4,009.27	Expenditure	Depreciation and Amortisation	Depreciation	Furniture and Office Equipment		
PLANNING	Furniture and Office Equipment	Development/Plannin	Non-funding Transactions	Depreciation and Amortisation	2,755.80	Expenditure	Depreciation and Amortisation	Depreciation	Furniture and Office Equipment		
					<u>318,858.57</u>						
GENERAL MANAGEMENT	Effluent Licences	Administrative and Corporate Support	Non-funding Transactions	Depreciation and Amortisation	40,887.22	Expenditure	Depreciation and Amortisation	Amortisation	Intangible Assets	Licences and Rights	Effluent Licences
MECHANICAL WORKSHOP	Effluent Licences	Administrative and Corporate Support	Non-funding Transactions	Depreciation and Amortisation	4,963.21	Expenditure	Depreciation and Amortisation	Amortisation	Intangible Assets	Licences and Rights	Effluent Licences
					<u>43,667.07</u>						
ROADS AND STORMWATER	Improved Properties	Roads	Non-funding Transactions	Depreciation and Amortisation	26,121.78	Expenditure	Depreciation and Amortisation	Depreciation	Investment Property	Revenue Generating	Improved Properties
ROADS AND STORMWATER	Improved Properties	Roads	Non-funding Transactions	Depreciation and Amortisation	319,609.79	Expenditure	Depreciation and Amortisation	Depreciation	Investment Property	Non-revenue Generating	Improved Properties
ROADS AND STORMWATER	Unimproved Properties	Roads	Non-funding Transactions	Depreciation and Amortisation	11,162.11	Expenditure	Depreciation and Amortisation	Depreciation	Investment Property	Non-revenue Generating	Unimproved Properties
					<u>339,898.75</u>						
MUNICIPAL MANAGER	Machinery and Equipment	Municipal Manager, Town Secretary and Chief Executive	Non-funding Transactions	Depreciation and Amortisation	6,496.28	Expenditure	Depreciation and Amortisation	Depreciation	Machinery and Equipment		
MAYOR AND COUNCIL	Machinery and Equipment	Mayor and Council	Non-funding Transactions	Depreciation and Amortisation	8,544.41	Expenditure	Depreciation and Amortisation	Depreciation	Machinery and Equipment		
GENERAL ADMINISTRATION	Machinery and Equipment	Finance	Non-funding Transactions	Depreciation and Amortisation	75.12	Expenditure	Depreciation and Amortisation	Depreciation	Machinery and Equipment		
GENERAL MANAGEMENT	Machinery and Equipment	Administrative and Corporate Support	Non-funding Transactions	Depreciation and Amortisation	25,138.20	Expenditure	Depreciation and Amortisation	Depreciation	Machinery and Equipment		
HUMAN RESOURCES	Machinery and Equipment	Human Resources	Non-funding Transactions	Depreciation and Amortisation	1,606.08	Expenditure	Depreciation and Amortisation	Depreciation	Machinery and Equipment		
CIVIC BUILDINGS/PROPERTY SERVICES	Machinery and Equipment	Property Services	Non-funding Transactions	Depreciation and Amortisation	224,080.23	Expenditure	Depreciation and Amortisation	Depreciation	Machinery and Equipment		
GENERAL MAINTENANCE	Machinery and Equipment	Community Halls and Facilities	Non-funding Transactions	Depreciation and Amortisation	34.00	Expenditure	Depreciation and Amortisation	Depreciation	Machinery and Equipment		
GENERAL ADMINISTRATION	Machinery and Equipment	Administrative and Corporate Support	Non-funding Transactions	Depreciation and Amortisation	30.05	Expenditure	Depreciation and Amortisation	Depreciation	Machinery and Equipment		
COMMUNITY FACILITIES	Machinery and Equipment	Community Halls and Facilities	Non-funding Transactions	Depreciation and Amortisation	265,627.18	Expenditure	Depreciation and Amortisation	Depreciation	Machinery and Equipment		
LIBRARIES	Machinery and Equipment	Libraries and Archives	Non-funding Transactions	Depreciation and Amortisation	66,557.84	Expenditure	Depreciation and Amortisation	Depreciation	Machinery and Equipment		
BEACHES	Machinery and Equipment	Beaches and Jetties	Non-funding Transactions	Depreciation and Amortisation	12,389.20	Expenditure	Depreciation and Amortisation	Depreciation	Machinery and Equipment		
FIRE & DISASTER MANAGEMENT	Machinery and Equipment	Fire Fighting and Protection	Non-funding Transactions	Depreciation and Amortisation	76,951.10	Expenditure	Depreciation and Amortisation	Depreciation	Machinery and Equipment		
PARKS AND GARDENS	Machinery and Equipment	Community Parks (including Nurseries)	Non-funding Transactions	Depreciation and Amortisation	50,831.53	Expenditure	Depreciation and Amortisation	Depreciation	Machinery and Equipment		
TRAFFIC CONTROL AND TESTING	Machinery and Equipment	Road and Traffic Regulation	Non-funding Transactions	Depreciation and Amortisation	86,480.82	Expenditure	Depreciation and Amortisation	Depreciation	Machinery and Equipment		
HOUSING ADMINISTRATION	Machinery and Equipment	Housing	Non-funding Transactions	Depreciation and Amortisation	424.65	Expenditure	Depreciation and Amortisation	Depreciation	Machinery and Equipment		
STREET SWEEPING	Machinery and Equipment	Street Cleaning	Non-funding Transactions	Depreciation and Amortisation	7,593.89	Expenditure	Depreciation and Amortisation	Depreciation	Machinery and Equipment		
ROADS AND STORMWATER	Machinery and Equipment	Roads	Non-funding Transactions	Depreciation and Amortisation	389,353.10	Expenditure	Depreciation and Amortisation	Depreciation	Machinery and Equipment		
REFUSE DISPOSAL	Machinery and Equipment	Solid Waste Removal	Non-funding Transactions	Depreciation and Amortisation	132,321.72	Expenditure	Depreciation and Amortisation	Depreciation	Machinery and Equipment		
GENERAL ADMINISTRATION	Machinery and Equipment	Administrative and Corporate Support	Non-funding Transactions	Depreciation and Amortisation	1,318.24	Expenditure	Depreciation and Amortisation	Depreciation	Machinery and Equipment		
MECHANICAL WORKSHOP	Machinery and Equipment	Administrative and Corporate Support	Non-funding Transactions	Depreciation and Amortisation	43,089.77	Expenditure	Depreciation and Amortisation	Depreciation	Machinery and Equipment		
BUILDING CONTROL	Machinery and Equipment	Town Planning, Building Regulations and Enforcement, and City Engineer	Non-funding Transactions	Depreciation and Amortisation	4,174.54	Expenditure	Depreciation and Amortisation	Depreciation	Machinery and Equipment		
					<u>1,336,302.82</u>						
MAYOR AND COUNCIL	Municipal Offices	Mayor and Council	Non-funding Transactions	Depreciation and Amortisation	722.56	Expenditure	Depreciation and Amortisation	Depreciation	Other Assets	Operational Buildings	Municipal Offices
GENERAL ADMINISTRATION	Depots	Finance	Non-funding Transactions	Depreciation and Amortisation	177.74	Expenditure	Depreciation and Amortisation	Depreciation	Other Assets	Operational Buildings	Depots
CIVIC BUILDINGS/PROPERTY SERVICES	Municipal Offices	Property Services	Non-funding Transactions	Depreciation and Amortisation	3,079,351.44	Expenditure	Depreciation and Amortisation	Depreciation	Other Assets	Operational Buildings	Municipal Offices
GENERAL MANAGEMENT	Municipal Offices	Administrative and Corporate Support	Non-funding Transactions	Depreciation and Amortisation	361,761.87	Expenditure	Depreciation and Amortisation	Depreciation	Other Assets	Operational Buildings	Municipal Offices
LEGAL AND ESTATES	Municipal Offices	Legal Services	Non-funding Transactions	Depreciation and Amortisation	741.70	Expenditure	Depreciation and Amortisation	Depreciation	Other Assets	Operational Buildings	Municipal Offices
FIRE & DISASTER MANAGEMENT	Municipal Offices	Fire Fighting and Protection	Non-funding Transactions	Depreciation and Amortisation	124,757.23	Expenditure	Depreciation and Amortisation	Depreciation	Other Assets	Operational Buildings	Municipal Offices
COMMUNITY FACILITIES	Municipal Offices	Community Halls and Facilities	Non-funding Transactions	Depreciation and Amortisation	51,405.17	Expenditure	Depreciation and Amortisation	Depreciation	Other Assets	Operational Buildings	Municipal Offices
LIBRARIES	Municipal Offices	Libraries and Archives	Non-funding Transactions	Depreciation and Amortisation	10,731.11	Expenditure	Depreciation and Amortisation	Depreciation	Other Assets	Operational Buildings	Municipal Offices
ROADS AND STORMWATER	Capital Spares	Roads	Non-funding Transactions	Depreciation and Amortisation	1,763.00	Expenditure	Depreciation and Amortisation	Depreciation	Other Assets	Operational Buildings	Capital Spares
ROADS AND STORMWATER	Staff Housing	Roads	Non-funding Transactions	Depreciation and Amortisation	10,066.66	Expenditure	Depreciation and Amortisation	Depreciation	Other Assets	Housing	Staff Housing
ROADS AND STORMWATER	Municipal Offices	Roads	Non-funding Transactions	Depreciation and Amortisation	36,193.07	Expenditure	Depreciation and Amortisation	Depreciation	Other Assets	Operational Buildings	Municipal Offices
HOUSING ADMINISTRATION	Municipal Offices	Housing	Non-funding Transactions	Depreciation and Amortisation	7,822.41	Expenditure	Depreciation and Amortisation	Depreciation	Other Assets	Operational Buildings	Municipal Offices
ROADS AND STORMWATER	Workshops	Roads	Non-funding Transactions	Depreciation and Amortisation	106,123.73	Expenditure	Depreciation and Amortisation	Depreciation	Other Assets	Operational Buildings	Workshops
ROADS AND STORMWATER	Yards	Roads	Non-funding Transactions	Depreciation and Amortisation	153,728.10	Expenditure	Depreciation and Amortisation	Depreciation	Other Assets	Operational Buildings	Yards
ROADS AND STORMWATER	Training Centres	Roads	Non-funding Transactions	Depreciation and Amortisation	97,928.08	Expenditure	Depreciation and Amortisation	Depreciation	Other Assets	Operational Buildings	Training Centres
					<u>3,850,737.02</u>						
TRAFFIC CONTROL AND TESTING	Roads	Road and Traffic Regulation	Non-funding Transactions	Depreciation and Amortisation	5,149.63	Expenditure	Depreciation and Amortisation	Depreciation	Roads Infrastructure	Roads	
COMMUNITY FACILITIES	Roads	Community Halls and Facilities	Non-funding Transactions	Depreciation and Amortisation	3,686,135.51	Expenditure	Depreciation and Amortisation	Depreciation	Roads Infrastructure	Roads	
ROADS AND STORMWATER	Road Structures	Roads	Non-funding Transactions	Depreciation and Amortisation	983,745.11	Expenditure	Depreciation and Amortisation	Depreciation	Roads Infrastructure	Road Structures	
ROADS AND STORMWATER	Road Furniture	Roads	Non-funding Transactions	Depreciation and Amortisation	574,522.99	Expenditure	Depreciation and Amortisation	Depreciation	Roads Infrastructure	Road Furniture	
ROADS AND STORMWATER	Roads	Roads	Non-funding Transactions	Depreciation and Amortisation	11,149,922.34	Expenditure	Depreciation and Amortisation	Depreciation	Roads Infrastructure	Roads	
					<u>16,399,475.57</u>						
COMMUNITY FACILITIES	Capital Spares	Community Halls and Facilities	Non-funding Transactions	Depreciation and Amortisation	905.37	Expenditure	Depreciation and Amortisation	Depreciation	Solid Waste Infrastructure	Capital Spares	
REFUSE DISPOSAL	Landfill Sites	Solid Waste Removal	Non-funding Transactions	Depreciation and Amortisation	76,318.56	Expenditure	Depreciation and Amortisation	Depreciation	Solid Waste Infrastructure	Landfill Sites	

ROADS AND STORMWATER	Waste Transfer Stations	Roads	Non-funding Transactions	Depreciation and Amortisation	16,784.44	Expenditure	Depreciation and Amortisation	Depreciation	Solid Waste Infrastructure	Waste Transfer Stations
ROADS AND STORMWATER	Waste Drop-off Points	Roads	Non-funding Transactions	Depreciation and Amortisation	467,517.67	Expenditure	Depreciation and Amortisation	Depreciation	Solid Waste Infrastructure	Waste Drop-off Points
					<u>534,786.70</u>					
COMMUNITY FACILITIES	Drainage Collection	Community Halls and Facilities	Non-funding Transactions	Depreciation and Amortisation	2,274,951.35	Expenditure	Depreciation and Amortisation	Depreciation	Storm water Infrastructure	Drainage Collection
ROADS AND STORMWATER	Drainage Collection	Roads	Non-funding Transactions	Depreciation and Amortisation	529,815.79	Expenditure	Depreciation and Amortisation	Depreciation	Storm water Infrastructure	Drainage Collection
ROADS AND STORMWATER	Storm Water Conveyance	Roads	Non-funding Transactions	Depreciation and Amortisation	256,629.50	Expenditure	Depreciation and Amortisation	Depreciation	Storm water Infrastructure	Storm Water Conveyance
ROADS AND STORMWATER	Attenuation	Roads	Non-funding Transactions	Depreciation and Amortisation	639,429.52	Expenditure	Depreciation and Amortisation	Depreciation	Storm water Infrastructure	Attenuation
					<u>3,524,596.35</u>					
MUNICIPAL MANAGER	Transport Assets	Municipal Manager, Town Secretary and Chief Executive	Non-funding Transactions	Depreciation and Amortisation	18,127.45	Expenditure	Depreciation and Amortisation	Depreciation	Transport Assets	
GENERAL ADMINISTRATION	Transport Assets	Finance	Non-funding Transactions	Depreciation and Amortisation	74,331.48	Expenditure	Depreciation and Amortisation	Depreciation	Transport Assets	
GENERAL MANAGEMENT	Transport Assets	Administrative and Corporate Support	Non-funding Transactions	Depreciation and Amortisation	157,932.42	Expenditure	Depreciation and Amortisation	Depreciation	Transport Assets	
TRAFFIC CONTROL AND TESTING	Transport Assets	Road and Traffic Regulation	Non-funding Transactions	Depreciation and Amortisation	257,430.45	Expenditure	Depreciation and Amortisation	Depreciation	Transport Assets	
FIRE & DISASTER MANAGEMENT	Transport Assets	Fire Fighting and Protection	Non-funding Transactions	Depreciation and Amortisation	62,722.85	Expenditure	Depreciation and Amortisation	Depreciation	Transport Assets	
BEACHES	Transport Assets	Beaches and Jetties	Non-funding Transactions	Depreciation and Amortisation	138,878.09	Expenditure	Depreciation and Amortisation	Depreciation	Transport Assets	
ROADS AND STORMWATER	Transport Assets	Roads	Non-funding Transactions	Depreciation and Amortisation	378,623.96	Expenditure	Depreciation and Amortisation	Depreciation	Transport Assets	
MECHANICAL WORKSHOP	Transport Assets	Administrative and Corporate Support	Non-funding Transactions	Depreciation and Amortisation	1,886,839.19	Expenditure	Depreciation and Amortisation	Depreciation	Transport Assets	
					<u>2,833,224.65</u>					
					<u>42,916,928.00</u>					



## **UMDONI MUNICIPALITY**

# **ANNEXURE 11**

Service delivery standards

Province: Municipality(KZN212) - Draft Schedule of Service Delivery Standards Table for Umdoni Municipality 2025/2026

Standard	Description	Service Level
<b>Solid Waste Removal</b>		
Premise based removal (Residential Frequency)		yes
Premise based removal (Business Frequency)		yes
Bulk Removal (Frequency)		yes
Removal Bags provided(Yes/No)		yes
Garden refuse removal Included (Yes/No)		yes
Street Cleaning Frequency in CBD		yes
Street Cleaning Frequency in areas excluding CBD		
How soon are public areas cleaned after events (24hours/48hours/longer)		24hours
Clearing of illegal dumping (24hours/48hours/longer)		24hours
Recycling or environmentally friendly practices(Yes/No)		yes
Licensed landfill site(Yes/No)		
<b>Water Service</b>		
Water Quality rating (Blue/Green/Brown/No drop)		
Is free water available to all? (All/only to the indigent consumers)		yes
Frequency of meter reading? (per month, per year)		per month
Are estimated consumption calculated on actual consumption over (two month/s/three month/s/longer period)		yes
On average for how long does the municipality use estimates before reverting back to actual readings? (months)		2 months
<b>Duration (hours) before availability of water is restored in cases of service interruption (complete the sub questions)</b>		
One service connection affected (number of hours)		
Up to 5 service connection affected (number of hours)		
Up to 20 service connection affected (number of hours)		
Feeder pipe larger than 800mm (number of hours)		
What is the average minimum water flow in your municipality?		
Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)		
How long does it take to replace faulty water meters? (days)		
Do you have a cathodic protection system in place that is operational at this stage? (Yes/No)		
<b>Electricity Service</b>		
What is your electricity availability percentage on average per month?		-
Do your municipality have a ripple control in place that is operational? (Yes/No)	no	
How much do you estimate is the cost saving in utilizing the ripple control system?		0
What is the frequency of meters being read? (per month, per year)		per month
Are estimated consumption calculated at consumption over (two month/s/three month/s/longer period)		n/a
On average for how long does the municipality use estimates before reverting back to actual readings? (months)		n/a
Duration before availability of electricity is restored in cases of breakages (immediately/one day/two days/longer)		-
Are accounts normally calculated on actual readings? (Yes/no)		n/a
Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)		n/a
How long does it take to replace faulty meters? (days)		n/a
Do you have a plan to prevent illegal connections and prevention of electricity theft? (Yes/No)		n/a
How effective is the action plan in curbing line losses? (Good/Bad)		n/a
How soon does the municipality provide a quotation to a customer upon a written request? (days)		7 days
How long does the municipality takes to provide electricity service where existing infrastructure can be used? (working days)		2 weeks
How long does the municipality takes to provide electricity service for low voltage users where network extension is not required? (working days)		2 days
How long does the municipality takes to provide electricity service for high voltage users where network extension is not required? (working days)		4 days
<b>Sewerage Service</b>		
Are your purification system effective enough to put water back in to the system after purification?		yes
To what extend do you subsidize your indigent consumers?		10%
<b>How long does it take to restore sewerage breakages on average</b>		
Severe overflow? (hours)		48
Sewer blocked pipes: Large pipes? (Hours)		24
Sewer blocked pipes: Small pipes? (Hours)		12
Spillage clean-up? (hours)		12
Replacement of manhole covers? (Hours)		12
<b>Road Infrastructure Services</b>		
Time taken to repair a single pothole on a major road? (Hours)		5
Time taken to repair a single pothole on a minor road? (Hours)		5
Time taken to repair a road following an open trench service crossing? (Hours)		72
Time taken to repair walkways? (Hours)		3
<b>Property valuations</b>		
How long does it take on average from completion to the first account being issued? (one month/three months or longer)		1 month
Do you have any special rating properties? (Yes/No)		no
<b>Financial Management</b>		
Is there any change in the situation of unauthorised and wasteful expenditure over time? (Decrease/increase)		decrease
Are the financial statement outsources? (Yes/No)		yes
Are there Council adopted business process structuring the flow and management of documentation feeding to Trial Balance?		
How long does it take for an Tax/Invoice to be paid from the date it has been received?		30 days
Is there advance planning from SCM unit linking all departmental plans quarterly and annually including for the next two to three years procurement plans?		yes
<b>Administration</b>		
Reaction time on enquiries and requests?		
Time to respond to a verbal customer enquiry or request? (working days)		
Time to respond to a written customer enquiry or request? (working days)		
Time to resolve a customer enquiry or request? (working days)		
What percentage of calls are not answered? (5%,10% or more)		n/a
How long does it take to respond to voice mails? (hours)		
Does the municipality have control over locked enquiries? (Yes/No)		
Is there a reduction in the number of complaints or not? (Yes/No)		yes
How long does it take to open an account to a new customer? (1 day/ 2 days/ a week or longer)		1 day
How many times does SCM Unit, CFO's Unit and Technical unit sit to review and resolve SCM process delays other than normal monthly management meetings?		
<b>Community safety and licensing services</b>		
How long does it take to register a vehicle? (minutes)		5
How long does it take to renew a vehicle license? (minutes)		18
How long does it take to issue a duplicate registration certificate vehicle? (minutes)		5
How long does it take to de-register a vehicle? (minutes)		5
How long does it take to renew a drivers license? (minutes)		18
What is the average reaction time of the fire service to an incident? (minutes)		11
What is the average reaction time of the ambulance service to an incident in the urban area? (minutes)		
What is the average reaction time of the ambulance service to an incident in the rural area? (minutes)		
<b>Economic development</b>		
How many economic development projects does the municipality drive?		
How many economic development programme are deemed to be catalytic in creating an enabling environment to unlock key economic growth projects?		
What percentage of the projects have created sustainable job security?		
Does the municipality have any incentive plans in place to create an conducive environment for economic development? (Yes/No)		
<b>Other Service delivery and communication</b>		
Is a information package handed to the new customer? (Yes/No)		yes
Does the municipality have training or information sessions to inform the community? (Yes/No)		yes
Are customers treated in a professional and humanly manner? (Yes/No)		yes



## **UMDONI MUNICIPALITY**

# **ANNEXURE 12**

Circulars



## Municipal Budget Circular for the 2025/26 MTREF

### CONTENTS:

<b>1. THE SOUTH AFRICAN ECONOMY AND INFLATION TARGETS .....</b>	<b>3</b>
<b>2. KEY FOCUS AREAS FOR THE 2025/26 BUDGET PROCESS .....</b>	<b>4</b>
2.1 LOCAL GOVERNMENT CONDITIONAL GRANTS ALLOCATIONS .....	4
2.2 METROPOLITAN MUNICIPALITIES TRADING SERVICES REFORM PERFORMANCE INCENTIVE.....	6
2.3. REPORTING REQUIREMENTS FOR DISASTER ALLOCATIONS .....	7
2.4. BUDGETING AND REPORTING OF THE INTEGRATED NATIONAL ELECTRIFICATION PROGRAMME (INEP) .....	8
2.5. STOPPING AND REALLOCATION GUIDELINES .....	9
<b>3. REVENUE MANAGEMENT .....</b>	<b>10</b>
3.1 REVENUE ENHANCEMENT AND IMPROVED DEBT COLLECTION.....	11
3.2 MAXIMISING THE REVENUE GENERATION OF THE MUNICIPAL REVENUE BASE .....	11
3.3 SETTING COST REFLECTIVE TARIFFS .....	13
3.4 CONSUMER DEPOSITS AND SECURITIES.....	13
3.5 CONTRACTS WITH CUSTOMERS .....	14
3.6 INDIGENT MANAGEMENT .....	14
3.7. VOLUNTARY RESTRICTION OF NOTIFIED MAXIMUM DEMAND (NMD) .....	14
3.8. PRO-ACTIVELY MANAGING COLLECTION OF MUNICIPAL REVENUE IN ESKOM SUPPLIED AREAS .....	15
3.9. ESKOM BULK TARIFF INCREASES.....	15
3.10. ORGAN OF STATE DEBT.....	15
<b>4. FUNDING OF MUNICIPAL BUDGETS AND OTHER MANAGEMENT ISSUES .....</b>	<b>16</b>
4.1. FUNDING OF MUNICIPAL BUDGETS .....	16
4.2. EMPLOYEE RELATED COSTS .....	16
4.3. REMUNERATION OF COUNCILLORS .....	17
4.4. MUNICIPAL PENSION FUND CONTRIBUTIONS.....	17
4.5. UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE REDUCTION AND IMPLEMENTATION OF CONSEQUENCE MANAGEMENT.....	18
4.6. SPECIAL ADJUSTMENT BUDGET TO AUTHORISE 2023/24 UNAUTHORISED EXPENDITURE.....	19
<b>5. MUNICIPAL STANDARD CHART OF ACCOUNTS (MSCOA).....</b>	<b>19</b>
5.1. RELEASE OF VERSION 6.9 OF THE CHART.....	19
5.2. FUTURE CHART CHANGES .....	20
5.2.1. Cost capitalisation to assets (current and non-current) .....	20
5.2.2. Entity reporting .....	21
5.2.3. SARS binding general ruling BGR74.....	21
5.2.4. Costing segment .....	22
5.3. IMPROVING MSCOA DATA STRINGS CREDIBILITY .....	22
5.3.1 Balance Sheet Budgeting .....	22
5.3.2 Use of external service providers.....	22
5.3.4 Use of modules on integrated system solution .....	23
5.3.5 Audited Actuals (AUDA) Data String vs Annual Financial Statements (AFS) .....	24
5.4. OWNERSHIP OF DATA ON MUNICIPAL SYSTEMS .....	24
5.5. BUDGET OVERRIDE AND VIREMENT .....	24
5.6. REGULATION OF THE MINIMUM BUSINESS PROCESSES AND TECHNICAL SPECIFICATIONS FOR MSCOA.....	25
<b>6. MUNI EMONITOR, FMCMM AND AUDIT ACTION PLAN SYSTEM .....</b>	<b>25</b>
6.1 MUNI EMONITOR .....	25
6.2 AUDIT ACTION PLANS .....	26
6.3 FINANCIAL MANAGEMENT CAPABILITY MATURITY MODEL (FMCMM) .....	26

<b>7. SERVICE DELIVERY BUDGET AND IMPLEMENTATION PLANS (SDBIP) .....</b>	<b>27</b>
7.1. KEY PERFORMANCE INDICATORS (KPIs) IN THE TOP-LAYER OF SDBIP .....	27
7.2. ADJUSTMENTS TO THE SDBIP .....	28
7.3. CRITERIA FOR ADJUSTING KPIs IN THE SDBIP .....	28
7.4. ALIGNMENT OF THE ADJUSTMENTS BUDGET AND ADJUSTMENTS TO THE SDBIP .....	29
<b>8. THE MUNICIPAL BUDGET AND REPORTING REGULATIONS .....</b>	<b>30</b>
8.1. ASSISTANCE WITH THE COMPILATION OF BUDGETS .....	30
<b>9. SUBMITTING BUDGET DOCUMENTATION AND A SCHEDULES FOR THE 2025/26 MTREF ....</b>	<b>30</b>
9.1. SUBMISSIONS TO THE NATIONAL TREASURY .....	31
9.2. TIME FRAMES FOR SUBMISSION .....	31
9.3. UPDATING OF CONTACT DETAILS ON GoMUNI .....	31
9.4. TRAINING ON GoMUNI .....	32



## Introduction

This budget circular provides guidance to municipalities with their compilation of the 2025/26 Medium Term Revenue and Expenditure Framework (MTREF). It is linked to the Municipal Budget and Reporting Regulations (MBRR) and the Municipal Standard Chart of Accounts (mSCOA) and strives to support municipalities' budget preparation processes so that the minimum requirements are achieved.

Among the objectives of this budget circular is to demonstrate how municipalities should undertake annual budget preparation in accordance with the budget and financial management reform agenda by focussing on key "game changers". These game-changers include ensuring that municipal budgets are 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. Municipalities are reminded to refer to the annual budget circulars of the previous years for guidance in areas of the budget preparation that are not covered in this circular.

## 1. The South African economy and inflation targets

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

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

The following macro-economic forecasts must be considered when preparing the 2025/26 MTREF municipal budgets.

**Table 1: Macroeconomic performance and projections, 2023 - 2027**

Fiscal year	2023/24	2024/25	2025/26	2026/27	2027/28
	Actual	Estimate	Forecast		
CPI Inflation	5.9%	4.6%	4.4%	4.5%	2.5%

Source: Medium Term Budget Policy Statement 2024.

Note: the fiscal year referred to is the national fiscal year (April to March) which is more closely aligned to the municipal fiscal year (July to June) than the calendar year inflation.

Growth in household consumption expenditure is expected to improve to 1.2 per cent in 2024, up from 0.7 per cent in 2023. Households have seen growth in real incomes as this year progressed and inflation has cooled, while consumer confidence has been buoyed by several factors, including stable electricity supply and expectations of improving financial conditions following a September cut in interest rates. Real purchasing power is expected to be bolstered by a further moderation in inflation and lower interest rates supporting household balance sheets. The newly implemented two-pot retirement system, which allows consumers to withdraw a portion of their savings before retirement, may also boost household consumption over the next few years depending on the eventual use of the withdrawn funds.

During 2024, headline inflation has cooled to its lowest rate in over three years, supported by lower food and transport prices. Underlying inflation – measured by the core inflation rate, which excludes volatile items such as food, non-alcoholic beverages, fuels, and energy – has also moderated to two-year lows, supported by lower imported inflation. Headline inflation is projected to stabilise around the midpoint of the 3–6 per cent inflation target range in the medium term. Lower food prices, a stronger rand and comparatively low oil prices present favourable risks. Meanwhile, unfavourable risks to the outlook include higher administered prices and unfavourable weather conditions for agriculture.

Even though confidence of the consumers has been uplifted by the improved economy, households are still struggling to pay municipal accounts and that has a negative impact on municipal own revenues. It is therefore noted that variations in regional specifics are possible, however, any variation of assumptions must be explicitly set out and well explained in the budget narratives, in the absence of which the Treasuries will refer the budget back to council for alignment to the macroeconomic performance projections.

## 2. Key focus areas for the 2025/26 budget process

### 2.1 Local government conditional grants allocations

Over the 2025 Medium-Term Expenditure Framework (MTEF), the government proposes an allocation of 9.8 per cent to local government. Local government funding is projected to increase from R184.8 billion in 2025/26 to R197.9 billion in 2027/28. In 2025/26, this comprises R106.1 billion for the local government equitable share, R16.8 billion from the general fuel levy sharing with metros, and R61.8 billion for both direct and indirect conditional grants. The increased allocations to local government reflect the government's commitment to social protection as a cornerstone of its fiscal strategy, ensuring ongoing support for indigent populations and the expansion of critical infrastructure through conditional grants. These figures represent the preliminary fiscal framework outlined in the 2024 Medium Term Budget Policy Statement. The final details will be provided in the 2025 Budget Review.

#### Notable changes to the conditional grants system

Government has finalised its review of the conditional grant system and developed a range of reforms based on the results. These reforms are aimed to rationalise conditional grants and enhance their effectiveness and will be implemented from 2025/26.

In the metro space, National Treasury remain committed to consolidating grants to improve efficiency and effectiveness. Starting with the 2025 Budget, the Neighbourhood Development Partnership Grant (NDPG direct) and the Programme and Project Preparation Support Grant (PPPSG) will be consolidated. Over the 2025 Medium-Term Revenue and Expenditure Framework (MTREF), further reforms will include integrating the Municipal Systems Improvement Grant (MSIG) and the Neighbourhood Development Partnership Grant (NDPG indirect) into the budget baselines of the Department of Cooperative Governance and the National Treasury, respectively. Both departments will still earmark these to ensure that these allocations are used for their original purposes.

Additionally, the non-metro components of the NDPG direct will be merged with a portion of the PPPSG, and the grant will be redesigned to better serve its objectives. Most of other proposed reforms being discussed currently are planned for medium- to long-term implementation.

NT advise municipalities to utilise the indicative numbers that were presented in the 2024 Division of Revenue Act when developing the 2025/26 MTREF calculations. It is crucial to also consider the

proposed changes to baselines that were presented in the 2024 MTBPS, as they may have an impact. NT recommend this must be prioritised in all budgetary planning for the upcoming fiscal year. In terms of the outer year allocations (2027/28 financial year), it is proposed that municipalities conservatively limit funding allocations to the indicative numbers as presented in the 2024 Division of Revenue Act for 2025/26. The Division of Revenue Bill, 2024, which includes the annexures outlining allocations to each municipality is available at:

<https://www.treasury.gov.za/documents/national%20budget/2024/default.aspx>

### ***Division Of Revenue Amendment Bill, 2024 (DoRAB)***

**Additional funding to the Municipal Disaster Recovery Grant** – R684 million is added to the Municipal Disaster Recovery Grant (MDRG – Recovery) to fund the reconstruction and rehabilitation of municipal infrastructure damaged by the flood and storm surges that occurred in various parts of the country between December 2023 and July 2024. This will benefit several municipalities in five provinces with the following breakdown: Eastern Cape municipalities (10): R319 million; Free State municipalities (4): R48 million; KwaZulu-Natal municipalities (7): R152 million; Limpopo municipalities (4): R88 million; and Mpumalanga municipalities (4): R77 million.

**Reprioritisation from the Public Transport Network Grant** – R300 million is shifted from the Public Transport Network Grant (PTNG) to the Taxi Relief Fund to fund the extension of the programme. While the fund was introduced as a relief measure during the height of the COVID- 19 pandemic, it has been extended and forms part of the work that the Department of Transport is undertaking in the formalisation of the taxi industry.

**Rescheduling of BFI funding in the Regional Bulk Infrastructure Grant** – reduction of R225 million to the allocation of Drakenstein Local Municipality in the Regional Bulk Infrastructure Grant (RBIG) to align to the revised implementation plan and cashflow projections for the sanitation infrastructure upgrade project funded through the BFI.

**Roll-over** – R29 million is rolled over in the MSIG to complete projects related to the development of the Smart Cities Framework, Capital Expenditure Framework, Data Management Project, and Records Management Project.

### **Changes to conditional grant frameworks and allocations**

The framework of the MDRG – recovery will be amended to ring-fence the additional funds for the repair and reconstruction of municipal infrastructure damaged by the disasters that occurred between December 2023 and June 2024.

The framework of the RBIG will be updated to amend the ring-fenced BFI amount for Drakenstein Local Municipality's sanitation infrastructure upgrade project.

The framework of the PTNG is amended to reflect the revised 2024/25 baseline following the reprioritisation towards the Taxi Relief Fund.

The framework of the MSIG is amended to account for the approved roll-over in the 2024/25 financial year.

Details per municipality, of the changes to allocations for the municipal disaster recovery grant, municipal systems improvement grant, public transport network grant and regional bulk infrastructure grant that have been described in Part 2 of the explanatory memorandum to the DoRAB will be gazetted. These changes per municipality are shown in **Annexures D to E and Appendix A** of the DoRAB.

All amended frameworks will be gazetted in terms of section 15(2) of the 2024 DoRA, after consulting Parliament.

## 2.2 Metropolitan Municipalities Trading Services Reform performance incentive

The provision of water, sanitation, electricity, and solid waste management are in a significant decline, resulting in poor reliability, safety, and accessibility of these services. The immediate cause of service decline is long-term and systemic underinvestment in maintaining, rehabilitating, and expanding infrastructure assets. Fundamental weaknesses in the structure and management of trading services underpin and exacerbate underinvestment in trading services infrastructure and assets. Currently, trading services face negative cash flows, placing at risk overall metropolitan municipalities (refers herein as metros)'s finances and their ability to support the necessary investments and contribute to the financial health of the entire municipality. Thus, there is a growing risk to municipal finances from the impact of failing trading services and an urgent need to incentivise the turnaround of trading services/ utilities to improve performance and increase investment in infrastructure.

A new feature of the conditional grant structure from 2024/25 is a performance incentive for metros who agree to embark upon specific trading services reforms, subject to performance on accountability, financial and operational performance metrics. The purpose of the Metro Trading Services performance incentive is to support and incentivise the turnaround of metro trading services to functional utilities that can access loan finance.

The incentive programme is currently planned to run over six years, from 2024/25 to 2030/31, and will cover water and sanitation (W&S), electricity and energy (E&E), and solid waste management (SWM). Maximum performance incentive amounts will be allocated to metros through the annual Division of Revenue Act, based on household and poverty indices. The envisaged scale of the incentive is such that, with commensurate internally generated funding, metro trading services capital expenditure can more than double compared to the current baseline.

To access the performance incentive, most metros have already developed Trading Services Reform Strategies, with two annexures (A1: Institutional Road Map, and A2: Business and Investment Plans) for their Water and Sanitation and Electricity and Energy Trading Services. (See Guidance Note 2: Assessment Criteria, Process and Timeframes, Metro preparations for the introduction of trading services infrastructure financing reforms). The date for submission of Solid Waste Management A, A1 and A2s is 31 July 2025. The guidance note is accessible [at this link on the National Treasury website](#).

Metros with acceptable reform strategies for W&S and E&E will need to develop a third Annexure to their sector-specific Trading Services Reform Strategies, namely Annexure 3: Performance Improvement Action Plan (PIAP). Each A3: PIAP will have approximately 40 indicators across three performance areas (Accountability, Financial and Operational (W&S or E&E or SWM)).

For each indicator, metros will specify their starting points, ambitions, programmes to accomplish the ambitions, and annual targets for the six years of the programme. The A3: PIAP as agreed to by National Treasury and passed by the metro council will become the metro's trading service **performance contract** against which incentive allocations are confirmed or adjusted, through the Division of Revenue Act. The Council-approved sector-specific A3: PIAP must be submitted to National Treasury as part of the metro's submission of budget documentation.

Metros are currently receiving formal feedback on submissions already made. Workshop briefings, a Guidance Note, and direct support will be provided to enable metros to complete the A3: PIAP template.

For metros seeking to access the incentive, the second day of the Mid-year Budget and Performance Review (MYBR) engagements will be dedicated in assessing the readiness for trading services reform and the details of A3: PIAP. Metros should submit a complete first draft A3: PIAP prior to the MYBR engagement.

Similarly, for metros seeking to access the incentive, the Budget and Benchmark engagements will devote time to assess investment plans, commercial initiatives, of trading services. Metros should be ready for the meeting with a final A3: PIAP.

Metros who have been or are unable to generate satisfactory Trading Services Reform Strategy documents will have further opportunities (with assistance of NT) to join the programme in future.

### 2.3. Reporting requirements for Disaster Allocations

National Treasury has in the previous circular (MFMA Circular No. 126 dated 07 December 2023) indicated that municipalities that receive their disaster funding before the start of the municipal year, i.e., 01 July, but after the end of the national financial year, 31 March, do not need to request a rollover as any deemed unspent disaster fund transferred to municipalities during that period (01 April to 30 June) will be regarded as an automatic rollover. This consideration is done because funding for this form of a disaster would have been transferred from the new year's allocation. Therefore, National Treasury will support that these unspent monies be carried over into the new municipal year's budget. The contents of MFMA Circular No 126 are not repeated here as the position still holds.

Disaster response funding for local government is provided for in the Division of Revenue Act, 2024 (Act No. 24 of 2024) (DoRA) through the Municipal Disaster Response Grant schedule 7B (MDRG 7B); and the Municipal Recovery Grant schedule 5B (MDRG 5B).

Funds from the MDRG 7B allocations are unallocated until a classification of a disaster by the Head of National Disaster Management Centre (NDMC) in terms of Section 23(1)(b) of the Disaster Management Act, 2002 (Act No. 57 of 2002). This grant provides for the immediate release of funds for disaster response if an occurrence cannot be adequately addressed in line with section 2(1)(b) of the Disaster Management Act, 2002 (Act No. 57 of 2002).

The MDRG 5B funds longer-term rehabilitation and reconstruction of municipal infrastructure damaged by a disaster.

Section 25 of the 2024 DoRA provides that:

- (3) (a) The transferring officer may, with the approval of the National Treasury, make one or more transfers of a Schedule 7 allocation to a province or municipality for a classified disaster, within 100 days after the date of the classification of the disaster.*
- (c) The National Treasury must, within 21 days after the end of the 100-day period envisaged in paragraph (a), by notice in the Gazette, publish all transfers of a Schedule 7 allocations made for a classified disaster.*
- (f) The funds approved in terms of paragraph (a) must be included in municipal adjustments budgets.*

Any additional disaster funding that may be approved by the National Treasury through section 19 (6) of the DoRA which states that "On a joint request by the transferring officer and the National Disaster Management Centre (NDMC), the National Treasury may approve that a conditional allocation in Schedule 4, 5 or 6, or a portion thereof, be reallocated to pay for the alleviation of the impact of a classified disaster or the reconstruction or rehabilitation of infrastructure damage caused by a classified disaster", must comply with all the reporting requirements in the DoRA. Before the National Treasury approves a reallocation, the receiving officer of the conditional allocation in Schedule 4 or 5 or the transferring officer of a Schedule 6



allocation must confirm that the affected funds are not committed in terms of any statutory or contractual obligation". These funds upon approval constitute a part of the total disaster allocation for that financial year and must comply with the framework conditions of the disaster funding.

Upon approval by the National Treasury either through section 25(3)(a) or section 19(6), municipalities are required to follow all reporting prescripts in terms of the DoRA. In terms of the duties of receiving officer in respect of schedule 5 or 7 allocations, section 12 requires municipalities to report expenditure and transfers received monthly, not later than 10 working days after the end of each month. Further, a municipality must submit a quarterly non-financial performance report within 30 days after the end of each quarter. Lastly, municipalities must evaluate the financial and non-financial performance of the municipality, in respect of programmes partially or fully funded by a schedule 5 allocation and submit such evaluation to the transferring officer and the relevant provincial treasury within two months after the end of the 2024/25 financial year applicable to a municipality. The reporting must also comply with the framework of the Disaster grant.

In addition to the reporting requirements outlined in section 12 of the DoRA, municipalities must adhere to the reporting guidelines specified in the disaster management frameworks. Municipalities are required to implement all approved projects and ensure that allocated funds are used for their intended purposes. Municipalities should submit disaster assessment reports and funding requests, signed by the Accounting Officer, to the Provincial Disaster Management Centre (PDMC) within 14 days of the disaster classification. Additionally, municipalities must provide a performance report, including supporting evidence (such as payment certificates, photographs, and invoices) demonstrating the progress of project implementation, to the PDMC within 30 days after the end of the quarter in which the funds were utilised. National Treasury may withhold and / or stop any funds due to the municipality that does not adhere to the reporting requirements in the DoRA.

In terms of any disaster funding that municipalities receive between 01 July and 31 March and have not been spent by the end of the municipal year, 30 June, a request for a rollover is required and it is not deemed automatic. This is slightly different from an instance wherein disaster response funds are transferred to municipalities after the end of the national financial year, 31 March.

#### **2.4. Budgeting and reporting of the Integrated National Electrification Programme (INEP)**

The DoRA provides for the allocation to ensure access to electricity through provision of capital subsidies to Eskom and municipalities for the eradication of the household's electrification backlogs and to ensure universal access to electricity.

These allocations are made to Eskom for the Eskom areas of supply and to municipalities for their areas of supply. This allocation criteria on the electrification programme follows the powers and functions (licensed and unlicensed) to both municipalities and Eskom. However, there are instances where some allocations that are within the Eskom areas of supply, are made to municipalities. This is done to accelerate the delivery of the electrification services and the eradication of backlogs.

National Treasury has therefore issued the *mSCOA Circular No. 16* dated 16 October 2024 to provide more detailed guidance on the budgeting for these forms of funding. Municipalities are therefore requested to follow the *mSCOA Circular No. 16*.

## 2.5. Stopping and reallocation guidelines

The Division of Revenue Act provides that in instances where municipalities reflect a serious or persistent material breach of the Act (DoRA and MFMA), i.e., non-compliance against the provisions of the Acts, non-compliance against grant framework and significant under-expenditure, National Treasury may at its discretion or at the request of the transferring officer stop and reallocate the conditional grants from non-complying municipalities to best performing municipalities.

Following the 2024/25 mid-year expenditure reports (second quarter report) in terms of section 10 of the 2024 DoRA and sections 71 and 72 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA), National Treasury annually considers invoking sections 18 and 19 of DoRA.

In terms of DoRA, National Treasury utilises the reported information from both municipalities and the transferring officers in terms of section 10 and section 71 of the DoRA and MFMA, respectively. The second quarter reports dated 31 December annually is targeted as a benchmark to determine whether municipalities have adequately performed against the total allocations made. Various conditional grant frameworks give guide on the conditions required for compliance and as a measure of the performance of the municipalities.

Transferring officers are required as part of section 12 of DoRA (duties of the transferring officer) to assess and monitor the performance of the municipalities against the conditional grants and recommend to National Treasury that underperforming municipalities should be considered for stopping, while best performing municipalities are considered for additional funding in terms of sections 18 and 19 of DoRA (stopping and reallocation). In terms of section 18(2) of DoRA, a request by a transferring officer or a receiving officer to stop the transfer of a schedule 4B or 5B allocation, or a portion thereof must be submitted to the National Treasury by **31 January 2025**.

National Treasury is required in terms of sections 17, 18 and 19 of DoRA and section 38 of the MFMA to consult municipalities and afford them an opportunity to make a written representation as to why their conditional grants should not be stopped. Only after National Treasury has consulted and engaged municipalities on this intention (stopping), would the Treasury decide to either stop or not stop. Therefore, the stopping and reallocation process is a consultative “process” for which National Treasury must decide on. Recommendations from all relevant stakeholders, i.e., transferring officers and provincial treasuries are considered before the National Treasury decides.

The following questions form part of the decision when National Treasury writes to municipalities to consider stopping the allocation due to persistent underspending and non-compliance against the provisions of the legislations:

- Why expenditure reported as at 31 December 2024 is below 40 per cent;
- Progress report against approved projections (provide list/ names of approved projects);
- Representation on the cash coverage for grants transferred (Liquidity ratio) and all committed unspent funds must be ringfenced;
- Representation on the initial cash flow projections against actual performance;
- Progress report on any approved rolled over for 2023/24 financial year;
- Commitment that the allocated funds are committed and that they will be fully spent by the end of the financial year, 30 June 2025, i.e., commitment that the municipality will not request rollover against the funds proposed to be stopped;
- Representation on all projects awarded after the second quarter of the municipal financial year as at 31 December 2024;

- Representation on any commitments made against Supply Chain Management Regulation 32 projects in terms of the Supply Chain Management policy and chapter 11 of the MFMA and progress made against these projects;
- Declaration by the municipality on the amount that should be stopped by National Treasury;
- All reporting must be accurate and aligned to mSCOA system and
- An acceleration plan against the 2024/25 approved implementation plan.

According to section 19 of DoRA, when a schedule 4B or 5B allocation, or a portion thereof, is stopped in terms of section 18, the National Treasury may, after consultation with the transferring officer and the relevant provincial treasury, determine the portion of the allocation to be reallocated, as the same type of allocation as it was allocated originally, to one or more provinces or municipalities, on condition that the allocation must be spent by the end of the 2024/25 financial year.

Reallocation is therefore based on availability of funding, with priority being reallocation of funds within the same district or a province. Priority is also given to the best performing municipalities, municipalities with ready projects for implementation, committed multi-projects that could be brought forward, etc i.e., A maximum expenditure of 70 per cent against original allocation is used as an indicator for reallocation. In terms of stopping of the allocations against slow spending municipalities, a 40 per cent benchmark is used to engage municipalities whether their funds should be stopped or not. It is important to note that a representation from municipalities in terms of section 38(2) (a) of the MFMA and a recommendation from the transferring officer/provincial treasury is considered before National Treasury can stop the funds.

### 3. Revenue Management

The weak economic growth continues to impact municipal finances, and this has strained consumers' ability to pay for services as communicated in MFMA Circular No. 89. Coupled with this conundrum is the marginal growth in national transfers as compared to the past. These two critical factors necessitate municipalities to function optimally, suggesting that municipal operations, processes, and procedures must be efficient. Inefficiencies in this space are guaranteed to manifest on municipal finances. Although some municipalities have managed these challenges well, others have fallen into financial distress and face liquidity challenges. Subsequently, municipalities are unable to meet their payment obligations to Eskom, water boards and other creditors. Therefore, municipalities must maximise their revenue generating potential and collect what is due to them and concurrently, eliminate wasteful and non-core spending. Municipal budgets will be scrutinised to ensure that municipalities adequately provide for their core mandate and to service their debt obligations. Municipalities must ensure that expenditure is limited to the maximum revenue collected and not spend money that they do not have.

National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring that the tariffs are cost reflective for the financial sustainability of the municipality. The Consumer Price Index (CPI) inflation is forecasted to be 4.4 per cent; therefore, municipalities are required to justify all increases more than the projected inflation target for 2025/26 in their budget narratives and pay careful attention to the differential incidence of tariff increases across all consumer groups. In addition, municipalities should include details of their revenue growth assumptions for the different service charges in the budget narrative.



### 3.1 Revenue enhancement and Improved debt collection

Although different methods and tools are available to municipalities for improving revenue and debt collection through external sources, National Treasury would like to encourage municipalities to productively make use of the available revenue tools developed and available.

A useful method to ensure that all properties in the municipality are levied as per the 2014 Amended Property Rates Act and the municipality's tariffs and rates policies, is the correct use of the **National Treasury Valuation Roll Reconciliation Tool**. Except for property rates, other statistical data of consumers, like the number of users for different services (although it will not perfectly match) can also be benchmarked against.

The correct use of **National Treasury Cost Reflective Tariff** and **Valuation Roll Reconciliation Tools**, together with the statistical data from the municipal billing system, must be utilised to ensure the maximum levying of revenue. Unfortunately, these tools cannot be used successfully if the input data is not correct and / or output is not correctly interpreted.

The **Smart Meters Grant Roll-Out** and **RT29-2024** Transversal Tender (available to all government institutions) are both useful not only to improve revenue in municipalities, but also to assist in improving debt collection. Not only can water and electricity losses be reduced, but cash can be generated up front.

By making use of the available tools and smart metering systems, municipalities will be in a better position to prepare cost-reflective tariffs and credible funded budgets, budgets that align with actual revenues and expenditures.

***Municipalities must focus on increasing collection rates, curbing material losses, and aligning their budgets with actual financial realities.***

### 3.2 Maximising the revenue generation of the municipal revenue base

#### ***Property Rates***

Reference is made to MFMA Circulars No. 93, paragraph 3, 98 paragraph 4.1 and 123 paragraph 5.1. The emphasis in these MFMA Circulars is to ensure that municipalities are using their entire revenue base for the revenue budget projections. The status quo remains; however, it is essential that municipalities reconcile their most recent consolidated valuation roll data to that of the current billing system to ensure that revenue anticipated from property rates is realistic. The municipalities should implement a data management strategy and develop internal capacity to perform these reconciliations and investigations to improve completeness of billing.

The periodic general valuation of properties can result in significant changes in the market values of properties, especially where regular supplementary valuations are not done during the period of validity of the valuation roll. In the year in which a new valuation roll is implemented, where the general valuation of properties results in significant increases in the market values of a significant proportion of the properties, it would be advisable to reduce the cent in the Rand rates for categories of rateable properties for which the greater proportion of the market values increased significantly in the general valuation. To do this, the municipality must run various permutations of different cent in the Rand rates against different categories of properties to ascertain the rates payable against the different permutations.

The use of the Valuation Roll Reconciliation tool of National Treasury, can assist to test the various permutations of tariffs. After running the different permutations, the municipality can then determine cent in the Rand rates for the different categories of rateable properties that do not cause rates shocks that increase the rates payable by property owners excessively.

Municipalities are referred to the Department of Cooperative Governance's practice note in this regard, which is contained in the Local Government: Municipal Property Rates Act General Guidelines (March 2020) which can be found at the following link:

<https://www.cogta.gov.za/index.php/municipal-property-rates/>

### **Requirements for a billing report**

The Billing report must at a minimum provide the following per each property:

- Market value;
- Property category;
- Amount billed;
- Unique property identifier (linked to the Valuation Roll);
- Property owner;
- Rebate value;
- Exemption value; and
- Reduction value.

Although the format of the billing reports will vary across municipalities, the billing report will always have the above-mentioned specifics for any municipality regardless of the financial system used as they all use the valuation roll as the basis to update the municipal financial system. Municipalities are advised to engage their service providers in ensuring that there is a standardised billing report that considers the minimum billing report requirements.

### **Part A and Part B Register**

Reference is made to the Municipal Property Rates Act – section 23 of the MPRA reads as follows:

1. A municipality must draw up and maintain a register in respect of properties situated within that municipality, consisting of a Part A and Part B;
2. Part A of the register consists of the current valuation roll of the municipality, including any supplementary valuation rolls of the municipality prepared in terms of section 78;
3. Part B of the register must specify which properties on the valuation roll or any supplementary valuation rolls are subject to – (a) an exemption from the rate in terms of section 15; (b) a rebate on or a reduction in the rate in terms of section 15; (c) a phasing-in of the rate in terms of section 21; or (d) an exclusion referred to in section 17 (1) (a), (e), (g), (h) and (i);
4. The register must be open for inspection by the public during office hours. If the municipality has an official website or another website available to it, the register must be displayed on that website; and
5. A municipality must at regular intervals, but at least annually, update Part B of the register. Part A of the register must be updated in accordance with the provisions of this Act relating to the updating and supplementing of valuation rolls.

Based on the cited section, municipalities are expected to comply with the provisions of section 23 of the MPRA to ensure that the latest information is used in the reconciliation process. All revenue foregone as supported by municipal policies due to municipal reductions rebates and exemptions must be accounted for in the Part B register and all subsequent supplementary rolls performed are accounted for using a Part A register.

Furthermore, municipalities are also advised and expected to comply with section 8(1) of the MPRA in terms of the billing methodology that should be specified within their policies to ensure that the correct categories (based on the selection made by the municipality) are used

in the reconciliation process. A further test would be to reconcile this information with the Deeds Office registry.

In accordance with the MFMA Circular No. 93, municipalities are once more requested to submit their reconciliation of the Valuation roll, Part A register of the billing system to National Treasury on a quarterly basis by no later than the 10<sup>th</sup> working day after the end of the quarter. A detailed action plan must accompany the reconciliation where variances are noted.

[A copy of the Valuation Roll Reconciliation Tool template is available as Annexure A of this Circular.](#)

The information must be uploaded by the municipality's approved registered user(s) using the GoMuni Upload Portal at: [https://lg.treasury.gov.za/ibi\\_apps/signin](https://lg.treasury.gov.za/ibi_apps/signin).

### **3.3 Setting cost reflective tariffs**

It is important that municipalities periodically conduct cost of supply studies in the provision of each basic service. Municipalities must ensure that when tariffs are designed that consumption charges for services are only based on consumption and all other variable costs and fixed costs e.g., salary and wages, etc. should be covered by a fixed charge. Municipalities must ensure that when tariffs are designed, capital repayment of loans are included in the provision for depreciation that must be budgeted for.

During the budgeting process, provision must be made for revenue to be generated by the tariffs levied for services to address the maintenance of infrastructure. Repairs and Maintenance need to be sufficiently covered in Employee Related Costs, Contracted Services, Operational Expenditure, and Inventory Consumed. New infrastructure developments in a municipal area of jurisdiction should be obliged to consider and incorporate efficiency sources of energy available such as solar or wind to respond to the ongoing global energy crisis. Using the latest format of the Cost Reflective Tariff Tool after the upload of the Adjustments Budget, again after the Tabled Budget (Draft Budget) and again after the Council Approved Budget, municipalities will be able to have a better understanding of the cost reflectiveness of its tariffs and future tariff adjustments successfully explained.

It is important to note that the Cost Reflective Tariff Tool's outcome is dependent on a well-structured budget with all applicable revenue and expenditure items included.

The latest version, National Treasury Tariff Tool Linked Vol. 2 of 27 November 2024, is available as **Annexure B** of this Circular. This latest Volume 2 now replaces the Tariff Setting Tool - 05 November 2019 mentioned in MFMA Circular No. 98.

The populated Cost Reflective Tariff Tool, must be uploaded by the municipality's approved registered user(s) using the GoMuni Upload Portal at:

[https://lg.treasury.gov.za/ibi\\_apps/signin](https://lg.treasury.gov.za/ibi_apps/signin).

### **3.4 Consumer Deposits and securities**

Credit control policies must be reviewed and amended to include the raising of consumer deposits, the authority to raise deposits must be deleted where it is still in the Electricity and Water by-laws, this must be included in the credit control and debt collection by-laws. Deposits must be equal or more than two months bulk accounts from water services authorities and Eskom.

### 3.5 Contracts with customers

All municipalities should ensure that their service agreements with customers address the following matters:

- Requirements of POPIA;
- Digital and Physical Domicile for the delivery of notices;
- Acceptance of liability in the case of proven tampering of services;
- Acceptance of Magistrates Court Jurisdiction if in arrears and legal action has been taken;
- Acceptance to adhere to Municipal policies and by-laws;
- Acceptance and approval to be handed over to third party if in arrears inclusive of credit bureau;
- Acceptance to give access to meter readers to read meters;
- Municipality accept to render promptly bills; and
- Municipality accept to limit the estimation of consumption on meters.

### 3.6 Indigent Management

It is critical to progressively manage the restriction of free basic services to national policy limits. Therefore, free basic services to indigent households must be restricted. Where any unlimited supply or supply above national policy limits is provided, the budget narrative must explicitly articulate how this is funded, also in a context of facilitating adequate asset management and adequate provision for related debt impairment and ability to maintain payment of Eskom, bulk water, and other creditors.

**Establishing and maintaining credible indigent register** – It is important that the municipalities undertake the following actions to conduct quality control and monitor the indigents:

- Check accuracy and identify any overstatement of the indigent debtor which will enable municipalities to confirm the accuracy of the reported number of indigent debtors;
- Proactively identify indigent citizens and accelerate the registration process through data-driven indigency status verification, as a precursor to tabling applications to Council for approval;
- Verify the status of indigents on the current indigent register thereby reducing the risk of citizens benefiting from the indigent subsidy when they do not qualify for it anymore;
- Create a verifiable indigent register which reduces performance audit risk through the provision of monthly controls and credible, third party, data-driven evidence to support the validity of households registered as indigent;
- Use the insight provided regarding indigents to make any necessary amendments to current Indigent Policy; and
- Municipalities are advised to work closely with DCoG and their respective provincial counterparts to simplify its indigent management registration processes – even consider qualifying criteria that can be independently checked without requiring a hefty administration burden on indigent households that are already financially constrained, including facilitating such on-site close to where indigents may reside. It is noted that the municipality needs to report on all indigent households for water and energy within its demarcation also in the Eskom supplied areas since the LGES: Free basis services (FBS) allocation is targeted at the demarcation. The municipality must therefore focus in its 2024/25 MTREF Schedule A submission to report on all indigent households (also in Eskom supplied areas).

### 3.7. Voluntary restriction of notified maximum demand (NMD)

Municipalities are advised that Eskom agreed with National Treasury that once a municipality in principle agreed to a Notified Maximum Demand (NMD) restriction with National Treasury,

Eskom will within 30 days of National Treasury request advise on its ability to restrict the NMD at bulk supply points in that municipality. Eskom will restrict the NMD or not charge any NMD exceedance charges and penalties to the municipality until 30 June 2027 or earlier as may be agreed between National Treasury and the municipality. Should any municipality with the electricity function not be able to maintain its Eskom bulk account, it is strongly urged to make an application to the National Treasury for such a voluntary restriction of its NMD by Eskom. The application must include a council resolution to the effect that council approves and agrees to such a voluntary restriction and the effective date thereof. National Treasury will then make an application to Eskom for this purpose.

### **3.8. Pro-actively managing collection of municipal revenue in Eskom supplied areas**

The National Treasury notes that in the context of the Electricity Regulation Act, 2006 (ERA) existing section 21(5) prohibiting Eskom to cut supply in their areas to assist municipalities to collect on rates, water, wastewater and refuse removal – municipalities have no other tool but the restriction of water to collect in Eskom supply areas. Until ERA is amended it is critical that municipalities update their By-laws and policies to facilitate and legally allow the restriction of water as part of proper credit control for municipal revenue collection in Eskom supplied areas. The process before the supply of water is restricted/ limited, must honour the water supply rights of the indigent as well as the administrative processes and procedures, as contained in the municipal by-laws and policies read with section 4(3)(a) of the Water Services Act.

### **3.9. Eskom Bulk Tariff increases**

The National Energy Regulator of South Africa (NERSA) is responsible for the price determination of the bulk costs of electricity. In the municipal financial year 2024/25, bulk electricity costs increased by 12.7 per cent, a slight decrease as compared to 15.0 per cent in the 2023/24 municipal financial year.

Given the absence of an approved tariff increase by Eskom and no approval of Eskom tariff application available yet for the 2025/26 financial year, municipalities are cautioned to not only use the National Treasury Cost Reflective Tariff Tool, but also to do the Cost of Supply Study as prescribed by NERSA.

### **3.10. Organ of State Debt**

The reconciliation of Organ of State debt begins with the municipal statement as the foundational document, serving as the baseline for reviewing and verifying all transactions, balances, and outstanding amounts between the municipality and the respective organ of state. This statement ensures that the reconciliation process is rooted in the municipality's official financial records. Technical and provincial advisors must meticulously analyse the statement to confirm that it accurately reflects all billed amounts, payments received, adjustments made, and any interest or penalties applied. By starting with the municipal statement, the process systematically identifies discrepancies and allows for their resolution through collaboration with the municipality and the organ of state.

Using the municipal statement as the starting point, the municipality will cross-check it against the organ of state's financial records, identifying mismatches or omissions. The detailed analysis will uncover issues such as unrecorded payments, incorrect billing, or misallocated funds. Once all discrepancies are resolved and the accounts are reconciled, the verified amounts become final and binding. It is imperative that all accounts verified during this reconciliation process are settled in full. This ensures that both the municipality and the organ of state fulfil their financial obligations, promoting accountability and reducing long-standing debt burdens.



As part of the reconciliation, municipalities must apply their credit control and debt collection policies, which are also applicable to Organ of State accounts. These policies ensure structured and proactive debt management, including efforts to engage the organ of state to finalise payment agreements for the settled amounts. Additionally, any credits or overpayments identified during reconciliation must be processed promptly by the municipality through issuing credit notes or adjusting in their financial systems. Evidence supporting reconciled balances, credits, or any adjustments must be retained to ensure compliance with financial management standards and to maintain transparency.

Finally, once the reconciliation is complete and all parties agree on the verified balances, the municipality must formally sign off on the reconciled accounts. This step signifies the accuracy and acceptance of the financial records. The organ of state must then ensure that all verified accounts are settled in full without delay, demonstrating its commitment to sound financial management and equitable treatment of debtors. By enforcing credit control measures and focusing on timely settlement, the municipality not only improves its financial position, but also strengthens relationships with organs of state, fostering a culture of accountability and mutual respect.

## **4. Funding of municipal budgets and other management issues**

### **4.1. Funding of municipal budgets**

National Treasury has observed over the years that many municipalities that adopt unfunded budgets are adopting budget funding plans as a mere compliance exercise. There is very little progress made to turn around from an unfunded budget position, to a funded one. To this effect, National Treasury will only allow municipalities to turn around from an unfunded budget position to a funded position within three years, of which in each year there should be measurable progress in terms of the improvement in the collection rate and cost containment initiatives. Failure for the municipalities to show visible progress each year, such municipality will not be allowed to table an unfunded budget. On monthly basis, these municipalities are required to submit progress reports to the GoMuni Portal which must be closely monitored by the respective Provincial Treasuries.

Also note that all municipalities that adopted funded budgets in 2024/25, will not be allowed to adopt unfunded budgets in 2025/26 and going forward, this implies that such budget will be referred by National/ Provincial treasury for review until the funded position is achieved. This is to enforce compliance with Section 18 of the MFMA and to encourage prudent financial management which includes collecting what is due to a municipality and paying for services rendered.

### **4.2. Employee related Costs**

The salary and wage collective agreement were signed by the parties of the South African Local Government Bargaining Council (SALGBC) on Friday, 6 September 2024 and municipalities are expected to implement the agreement with immediate effect as from 1 July 2024.

In respect of the 2025/26 financial year, all employees covered by this agreement shall receive, with effect from 1 July 2025, an increase based on the average CPI percentage for the period 1 February 2024 until 31 January 2025, plus 0.75 per cent. The publications of Statistics South Africa shall be used to determine the average CPI.

In case the average CPI percentage for the period 1 February 2025 until 31 January 2026 is less than 4 per cent, it will be deemed to be 4 per cent, and if the average CPI percentage for this period is higher than 7 per cent, it will be deemed to be 7 per cent.

Municipalities that wish to be exempted from the collective agreement for this financial year, should apply 30-days from the date of approval of the budget of the municipality by the municipal council, or 30 June 2025. The onus to prove the case for the granting of exemption lies with the applicant municipality, and guidance is provided by SALGA.

If the municipality has missed the deadline to apply for exemption, and still wishes to do so, then the municipality will have to apply for condonation for the late referral and must show good cause of the referral as the panellist has the power to condone any failure to meet timelines. The panellist has the powers to grant full or partial exemption, and a municipality can apply to be exempted from any provision in the agreement.

In addition, the municipality must ensure that it enlists responses to all the indicators in terms of Sections 138 and 140 of the Municipal Finance Management Act. All the above are intended to ensure that municipalities find it easier to file appropriate exemption applications backed by relevant financial information.

#### **4.3. Remuneration of Councillors**

Municipalities are advised to budget for the actual costs approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually between December and January by the Department of Cooperative Governance. It is anticipated that this salary determination will also consider the fiscal constraints. Municipalities should also consider the guidance provided above on salary increases for municipal officials during this process. Any overpayment to councilors contrary to the upper limits as published by the Minister of Cooperative Governance and Traditional Affairs will be irregular expenditure in terms of section 167 of the MFMA and must be recovered from the councilor(s) concerned.

#### **4.4. Municipal Pension Fund Contributions**

It has been observed that municipalities have defaulted on their responsibility to ensure that 3<sup>rd</sup> party payment obligations are met, despite deductions being made from employees' salaries. This has put several municipal employees in a very unfortunate situation where they have no funds in their pension fund accounts despite salary deductions having been made.

We wish to refer accounting officers to their fiduciary responsibilities as outlined in section 61(2)(a) of the MFMA, in terms of which an accounting officer may not act in a way that is inconsistent with the duties assigned to accounting officers of municipalities in terms of the MFMA. The failure to pay over deductions to pension funds is inconsistent with section 65(2)(f) of the MFMA which requires the accounting officer to ensure that the municipality complies with its tax, levy, duty, pension, medical aid, audit fees and other statutory commitments. Equally of importance is to ensure that payments to these statutory bodies are prioritised, or suitable arrangements are made with them towards settling their accounts.

Such failure constitutes an act of financial misconduct in terms of section 171(1)(b) of the MFMA, which provides that the accounting officer of a municipality commits an act of financial misconduct if he or she deliberately or negligently fails to comply with a duty imposed by a provision of the Act on the accounting officer of a municipality.

Additionally, the above failure also constitutes a financial offence in terms of section 173 of the MFMA, read together with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings. Section 173 of the MFMA provides that the accounting officer is guilty of an offence if that accounting officer, amongst others, deliberately or in a grossly negligent way contravenes or fails to comply with section 65(2)(f) of the MFMA.

Municipalities must therefore ensure that measures are put in place to ensure that salary deductions for pension fund contributions are paid over to the pension funds. In addition, those municipalities who have outstanding pension fund contributions are advised to ensure that any outstanding payments are paid over by latest end of the 2024/25 financial year, failure which will result in punitive measures being implemented against relevant municipalities.

Equally important is to ensure that payments to these statutory bodies are prioritised, or suitable arrangements are made with them towards settling their accounts. The two bodies must be equally urged to ensure that they provide suitable attachments when they issue their invoices to the municipality so that there is clarity of payments being made.

#### **4.5. Unauthorised, irregular, fruitless and wasteful expenditure reduction and implementation of consequence management**

Section 62(1)(d) of the Local Government: Municipal Finance Management Act, 2003 (MFMA) requires an accounting officer of a municipality to take reasonable steps to prevent unauthorised, irregular, or fruitless and wasteful expenditure (UIFWE) and other losses. Section 62(1)(e) of the MFMA obligates the accounting officer to ensure that disciplinary or, when appropriate, criminal proceedings are instituted against any municipal official who has allegedly committed an act of financial misconduct or an offence in terms of Chapter 15 of the MFMA.

We have noted that many municipalities still have high UIFWE disclosed in their annual financial statements. The high UIFWE balances confirms that more still needs to be done by the Municipal Public Accounts Committee (MPAC) in line with section 32 of the MFMA to address the balance of UIFWE. Municipalities are continuing to incur UIFWE year-on-year, which is indicative of ineffective preventative.

In addition to the above, many municipalities are still not establishing disciplinary boards or ensuring that the board in place to investigate allegations or instances of financial misconduct are functional. The disciplinary board is an independent advisory body that assists the council with the investigation of allegations of financial misconduct and is required in terms of regulation 4(1) of the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014. Therefore, the establishment of a disciplinary board is a legislative requirement.

Therefore, municipalities are required to submit an action plan that must address timelines for the establishment of the disciplinary board (where one does not exist) as well as addressing the backlogs of financial misconduct investigations. The action plan must address the period from 02 January 2024 to 31 August 2025. The action plan should include monthly calendar actions that will allow the monitoring of the compiled action plan.

#### ***The action plan should include the following information:***

- a. a plan to process the UIFWE balances up to 30 June 2024 by 31 August 2025 and how future UIFWE will be prevented with specific UIFWE prevention controls;
- b. the key process changes (including administrative processes) the municipality will implement to ensure that the UIFWE balances are processed to adhere to the August 2025 deadline; and
- c. the process to be followed to establish and appoint members of the disciplinary board and address the backlog of financial misconduct referrals to the disciplinary board.

The above action plan must be approved by council together with the 2024/25 adjustments budget and should be submitted to the National Treasury through the MFMA helpdesk at [mfma@treasury.gov.za](mailto:mfma@treasury.gov.za) by the latest end of February 2025.



#### 4.6. Special Adjustment Budget to authorise 2023/24 Unauthorised Expenditure

Section 28(2)(g) of the MFMA, read with regulation 23(6) of the Municipal Budget and Reporting (MBRR), provides the circumstances and the timelines within which the municipality must adjust its budget in relation to the unauthorised expenditure incurred during the previous financial year.

Regulation 23(6)(a) of the MBRR requires that the budget be dealt with as part of the adjustments budget contemplated in sub-regulation (1) of the MBRR. In terms of sub-regulation (1), an adjustments budget referred to in sections 28(2)(b), (d) and (f) of the MFMA may be tabled in the municipal council at any time after the mid-year budget and performance assessment has been tabled in the council but not later than 28 February of the current year. Additionally, in terms of regulation 23(6)(b), a special adjustments budget must be tabled in the municipal council when a mayor tables the annual report in terms of section 127(2) of the MFMA, which may only deal with unauthorised expenditure from the previous financial year which the council is being requested to authorise in terms of section 32(2)(a)(i) of the MFMA.

Therefore, municipalities are reminded to take this opportunity to table and approve an adjustments budget in relation to the unauthorised expenditure which was incurred during the 2023/24 financial year in line with section 28(2)(g) of the MFMA, read with regulation 23(6).

## 5. Municipal Standard Chart of Accounts (*mSCOA*)

### 5.1. Release of Version 6.9 of the Chart

On an annual basis, the *mSCOA* chart is reviewed to address implementation challenges and correct chart related errors. Towards this end, Version 6.9 is released with this circular. Version 6.9 of the chart will be effective from 2025/26 and must be used to compile the 2025/26 MTREF. The linkages to chart version 6.9 can be downloaded from GoMuni on the following link under the *mSCOA*/ List *mSCOA* WIP account linkages menu option:

[https://lg.treasury.gov.za/ibi\\_apps/signin](https://lg.treasury.gov.za/ibi_apps/signin)

The reports on the Local Government and Reporting System (LGDRS) are populated from financial and non-financial data strings. Municipalities must use the linkages on GoMuni referred to above and not the formulas in the regulated MBRR Schedules when generating their data strings.

The MBRR Schedules (A to F) and non-financial data string (A1S) was also aligned to chart version 6.9. A protected version of the MBRR Schedules for version 6.9 of the A1S are available on the MFMA Webpage on the link below:

<http://mfma.treasury.gov.za/RegulationsandGazettes/Municipal%20Budget%20and%20Reporting%20Regulations/Pages/default.aspx>

Municipalities must verify that the A1S data string does not contain spaces and special characters prior to submission to the GoMuni Upload portal as this will result in the data not pulling through on table A10 of the A1 system generated schedule.

All municipalities must prepare their 2025/26 MTREF budgets using the budget modules of their integrated systems solution, generate their financial and non-financial data string and produce the Schedule A1 directly from the integrated systems solution. The manual preparation of these documents outside the integrated systems solution is not allowed in terms of the *mSCOA* Regulations.

For the National Treasury to consider a new chart change in version 6.10 of the chart, the issue must be logged with all relevant detail, supporting documents and screenshots (where applicable) on the *mSCOA* Frequently Asked Question (FAQ) portal by 31 August 2025. The *mSCOA* FAQ portal can be accessed by all registered GoMuni users on the following link:

[https://lg.treasury.gov.za/ibi\\_apps/signin](https://lg.treasury.gov.za/ibi_apps/signin)

Importantly, when a FAQ is logged, it is considered by the FAQ committee after it has been investigated. If the FAQ members do not find grounds for a chart change, the FAQ will be closed with an explanation. If there is merit for a chart change in the next version of the chart, the matter is referred to the *mSCOA* Technical and Steering Committees for recommendation and approval. This process only concludes by the end of October annually. The FAQ process will therefore not provide quick responses to queries.

If a query pertains to GoMuni related issues (such as the **A**, **B** and **C** Schedules) and not a chart change, then an email with all relevant detail, supporting documents and screenshots must be sent to [lgdataqueries@treasury.gov.za](mailto:lgdataqueries@treasury.gov.za).

It should also be noted that *mSCOA* Circulars No 9, 10, 11 and 12 have also been aligned to *mSCOA* chart version 6.9 and the addendums to these circulars are released with this circular and will be published on the MFMA webpage. The addendums to these circulars can be accessed on the following link:

<https://mfma.treasury.gov.za/RegulationsandGazettes/MunicipalRegulationsOnAStandardChartOfAccountsFinal/Pages/default.aspx>

## **5.2. Future chart changes**

The following chart changes are still under consultation and if approved, it will be effected in chart version 6.10:

### **5.2.1. Cost capitalisation to assets (current and non-current)**

The National Treasury has received multiple requests through the *mSCOA* FAQ database to include items for Cost Capitalisation to Assets (current and non-Current) in alignment with the principle applied to Employee Related Costs (Cost Capitalisation to PPE). The requested items pertain mainly to the following categories:

- Employee Related Cost
- Depreciation
- Contracted services (such as maintenance)
- Consumables and materials
- Other operating costs etc

In terms of the Generally Recognised Accounting Practice (GRAP), GRAP 1.104 states that *an entity shall present an analysis of expenses using a classification based on either the nature of expenses or their function within the entity, whichever provides information that is reliable and more relevant.*

Municipalities provide this analysis based on the nature of the expenses.

GRAP 12 further requires that *Inventories paragraphs 19 to 28 must be considered to determine which costs must be included in the cost price of inventory. In terms of paragraph 19 the cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.*

This GRAP standard specifically requires that any conversion costs be accounted for as part of the cost of inventory, rather than being expensed according to their nature. These costs may include labour and other expenses for personnel directly involved in the conversion process, such as water purification, as well as any attributable overheads.

When costs related to water inventory are capitalised in accordance with GRAP 12.19, no expense is recognised at the time of incurrence since a capital item is created. The expense is only recognised when the water inventory is distributed, at which point it is recorded as "Inventory consumed". This will reflect the nature of the expense incurred.

This is similar in principle to costs that are capitalised to property, plant, and equipment in accordance with GRAP 17.22. GRAP 17.22 outlines that examples of directly attributable costs that should be capitalised as part of the cost of an item of property, plant, and equipment (PPE) include expenses such as employee costs related to the construction or acquisition of the PPE, site preparation, delivery, installation, and assembly costs, among others. Once the PPE is ready for use (i.e., when it becomes available for its intended purpose), an expense is recognised in the form of "Depreciation". This depreciation represents the nature of the expense incurred over time, rather than the individual costs that were initially capitalised.

Therefore, it would not be correct to analyse and present the cost items incurred per GRAP 12.19 as the expense items outlined in the requirements of GRAP 1.104. The actual expense, by nature, is the "inventory consumed" expense, which reflects the consumption of the inventory rather than the individual costs incurred during its acquisition or conversion.

Given the current lack of consistency and the fact that only a few municipalities are accurately accounting for cost capitalisation, a guide will be issued once the consultation process with National Treasury's Office of the Accountant-General, the Accounting Standards Board (OAG), and the Auditor-General (AGSA) has been concluded.

### **5.2.2. Entity reporting**

Currently the Local Government Database and Reporting System (LGDRS) does not make provision for the separate submission of data strings for municipal entities. However, NT is in the process of developing data strings for entities for implementation in chart version 6.10. In the interim, municipalities must verify the VAT 201 return information directly with their entity. It should be emphasised that SARS is using the *mSCOA* data strings submitted to the GoMuni Upload portal for their verification processes relating to VAT 201 returns, and municipalities should ensure that their consolidated data strings are credible, as incorrect data will negatively impact this process.

### **5.2.3. SARS binding general ruling BGR74**

This binding general ruling issued by SARS under section 89 of the Tax Administration Act 28 of 2011 sets out the VAT treatment of supplies of goods or services made by municipalities to the national or provincial government under each contracting method. This BGR does not determine the contractual agreement between the parties but gives the VAT implications based on the nature of the transaction and the contractual capacity of the parties to the agreement. Note that the BGR 74 must be interpreted with the Value-Added Tax Act 89 of 1991.

In applying the principles of BGR 74, it is possible for municipalities to recognise output tax liabilities which they previously did not recognise. Municipalities must make appropriate payment arrangements with SARS to settle their previous unrecognised output tax liabilities due to SARS while ensuring that current output tax liabilities are settled without delay. While municipalities under BGR 74 may need to recognise output tax liabilities, municipalities should

also recognise possible previously unrecognised input tax deductions, for example, in the case of VAT expenditure incurred while completing certain housing programmes.

In accordance with the guidelines outlined in mSCOA Circular No. 12: Guidance on Value Added Tax (VAT), where municipalities are the developers for housing projects (excluding where the housing project relates to rental stock), municipalities can deduct the input tax on VAT expenditure incurred in the payment of housing and other contractors, which they have contracted in the course of constructing the houses. The VAT 409 Guide for Fixed Property and Construction for Vendors provides further guidance on the issue of low-cost housing.

In accordance with section 65(2)(f) of the MFMA, the municipality must comply with its tax commitments. Failure by the accounting officer of a municipality to comply with the duty imposed by section 65(2)(f) of the MFMA, which relates to tax commitments, not only constitutes an act of financial misconduct in terms of section 171(1)(b) of the MFMA, but also a financial offence in terms of section 173 of the MFMA. In terms of MFMA Circular No. 74, municipalities were advised to refrain from engaging tax consultants or other external service providers in preparing and reviewing their VAT returns. Where municipalities appoint tax consultants and other service providers to assist with the preparation, submission, review or correcting of VAT returns, the expenditure incurred in paying for the tax consultants and other service providers constitutes fruitless and wasteful expenditure.

#### **5.2.4. Costing segment**

The costing segment includes provisions for secondary cost allocation and categorise charge-out and recoveries separately. This approach ensures that there is a clear distinction in costs associated with both internal allocations and external recoveries, allowing for more accurate financial management and reporting. Due to the inconsistent implementation of the costing segment across municipalities, the National Treasury will review the costing segment in 2025. Changes to the principles in the Project Summary Document (PSD) as well as the mSCOA chart version 6.10 are envisaged.

### **5.3. Improving mSCOA data strings credibility**

#### **5.3.1 Balance Sheet Budgeting**

Balance sheet budgeting refers to the practise where the revenue and expenditure transactions, as well as the financial impact of these transactions on the statement of financial position, are included in the budget. In other words, all the planned transactions must be included in the budget. The debiting and crediting of all the transactions that will transpire in the ensuing financial year equates to balance sheet budgeting; thus, planning for the expense as well as the accrual, and payment of the liability. The revenue and expenditure must be accrued in the control accounts at correct posting levels and payments made and received. The correct combination of the mSCOA segments must also be used to ensure that data strings are credible. The PSD provides guidance on data string combinations.

Financial system solutions should be set-up correctly for balance sheet budgeting.

#### **5.3.2 Use of external service providers**

When municipalities appoint external service providers, they must ensure that these service providers have the expertise and skills to comply with the mSCOA Regulations. Section 5(2) of these regulations states that:

(2) The financial and business applications or systems used by a municipality or municipal entity must—

- (a) provide for the hosting of the general ledger structured in accordance with the classification framework determined in terms of regulation 4(2);
- (b) be capable of accommodating and operating the standard chart of accounts;
- (c) provide a portal allowing for free access, for information purposes, to the general ledger of the municipality or municipal entity, by any person authorised by the Director-General or the Accounting officer of the municipality.

This means that service providers appointed by the municipality **must** comply with the following requirements when performing the work that they were appointed to do:

- Have sufficient working knowledge to use the *mSCOA* accounts and regulated segments correctly;
- Use systems and tools that comply with the provisions of the *mSCOA* Regulation 5(1) and (2);
- Use the data available on the integrated financial system solution of the municipality to:
  - Prepare key documents such as the IDP, budget, in-year reports, AFS, asset registers, etc.; and
  - Develop analysis tools and dashboards for the municipality.

When an external service provider uses excel spreadsheets or systems and tools that are not *mSCOA* compliant and populate these spreadsheets and tools from data outside of the system solution, it has a detrimental impact on the credibility of data string submitted to the GoMuni Upload portal as the data will not be aligned to the data in the spreadsheets and tools of the external service provider. This compromises the intention of *mSCOA* to have one version of the truth for reporting to municipal management, council, provincial and national government.

*mSCOA* requires planning, budgeting, transacting, and reporting to be done directly in and from the integrated financial system solution. Furthermore, the MFMA and the Preferential Procurement Regulations (2022) that became effective on 16 January 2023 allows for the blacklisting of companies to do business with the state for a period of up to 10 years for non-performance and other malpractices such as not complying with legislative requirements.

#### **5.3.4 Use of modules on integrated system solution**

The *mSCOA* Regulations required municipalities to acquire integrated system solutions from 01 July 2017 to enable the seamless integration of information to the General Ledger on the core financial system. Whereas most municipalities have complied with the Regulations, a number of municipalities are not fully utilising the modules available on their integrated system solution. Instead, they are purchasing the same modules from third-party system providers, and this constitutes fruitless and wasteful expenditure.

Often these third-party modules and sub-systems do not integrate seamlessly with the core system solution to ensure smooth and efficient operations; thereby necessitating manual intervention to integrate and consolidate reporting.

Where third-party modules/ sub-systems are being used by municipalities, it is important to ensure that monthly and year-end adjustments are processed in the core system solution and not in the third-party modules/ sub-systems to achieve accuracy in financial reporting and



prevent discrepancies in information. It should also be noted that the rules for integration between the core system solution and third-party modules/ sub-systems must be set by the core system provider and the latter is not required to integrate with any third-party module/ sub-system provider unless this has been agreed upon in the service level agreement.

### **5.3.5 Audited Actuals (AUDA) Data String vs Annual Financial Statements (AFS)**

The *mSCOA* data string assessments performed by the national and provincial treasuries identified that there is generally poor alignment between the audited data strings submitted to the GoMuni Upload portal and the AFS submitted and audited by the Auditor-General South Africa (AGSA).

Adjusting journals agreed upon with AGSA must be processed in the core financial system and not in the AFS Tool. The misalignment has a direct impact on the opening balances that is critical to the statement of financial position and cash flow.

Municipalities must ensure that the pre-audited (PAUD), audited (AUDA) and restated (RAUD) data strings are carefully reviewed before submission thereof to the GoMuni Upload portal. The Trial Balance, audit data strings and AFS must be in perfect alignment before submission.

### **5.4. Ownership of data on municipal systems**

Section 65(2)(e) of the MFMA requires that monies owed by the municipality must be paid within 30 days of receipt of an invoice. Often when municipalities default for extended periods on payments to municipal system providers, system support is suspended until payment has been received or a payment plan has been agreed to. National Treasury supports that penalties are imposed by creditors for the non-payment of services and goods that were delivered. However, it must be emphasised that the ownership of the data contained in municipal systems rests with the municipality and in cases where services are suspended, the municipality should still be able to access their data. Also, where there is a migration to another system solution, the data on the legacy system must be transferred to the municipality. This applies to data stored on a server owned by the municipality, off-site server owned by a third party or in the cloud.

It is therefore important that the service level agreement entered with system providers clearly outlines the format and procedures related to access to data to minimise operational disruptions and ensure that legislative deadlines are met.

### **5.5. Budget override and virement**

In terms of Sections 15 of the MFMA, a municipality may incur expenditure only within the limits of the amounts appropriated for the different votes in a council approved budget. However, National and Provincial Treasuries often identify transactions against items where no budget has been allocated in their data string analysis. This is a clear indication that the budget controls in the integrated system solution have been overridden. The National Treasury has instructed system vendors to ensure that strict controls are in place when the budget is overridden on the system as this bad practice circumvents the build-in system controls that should eliminate unauthorised and irregular expenditure.

Municipalities must review their Virement policy annually and ensure that it aligns with the principles and guidance in *mSCOA* Circular No. 8 (29 April 2020). Virements may only be made between existing budget provisions and must be included in an adjustments budget.

Accounting Officers are reminded that once the council has approved the annual budget for the financial year, it must be locked, and any amendments to the budget can only be made through the adjustments budget process, in accordance with the MBRR.

From the 2025/26 MTREF, municipalities will be required to report on their virements through the submission of a separate data string on virements in the form of a virement string and budget report. Validation rules applicable to the virement data string will be communicated in due course.

## 5.6. Regulation of the minimum business processes and technical specifications for *mSCOA*

In terms of Regulation 6(1) and 7(1) of Municipal Regulations on Standard Chart of Accounts (2014), the Minister of Finance may determine the minimum business process requirements and system requirements for municipalities and municipal entities to enable the implementation of the regulations.

In 2024, extensive work was done regarding the regulations. The project consists of the following main outputs and planned time frames:

No	Output	Planned Time Frame
1	Review and update the minimum business processes for <i>mSCOA</i>	April 2024 to March 2025
2	Develop standard operating procedures for <i>mSCOA</i>	February 2025 to April 2025
3	Review and update the minimum technical specifications for <i>mSCOA</i>	April 2025 to Oct 2025
4	Align the current ICT due diligence assessment for <i>mSCOA</i> to the updated <i>mSCOA</i> requirements	
5	Develop Regulations on the minimum business processes and technical specifications for <i>mSCOA</i>	Oct/November 2025
6	Training on the new Regulations	November 2025 to Feb 2026

The comments and inputs received at the working groups engagements and via the dedicated email box on the minimum business processes for *mSCOA* have been considered and incorporated as applicable. Stakeholders are encouraged to provide their final inputs **by 31 January 2025** to [mSCOARegs@treasury.gov.za](mailto:mSCOARegs@treasury.gov.za)

All presentations and draft documents for comments can be located on the MFMA Webpage under *mSCOA* – Municipal Standard Chart of Accounts/ Regulations on Minimum Business Processes and Technical Specifications for *mSCOA*/ Working Groups on the following link:

<https://mfma.treasury.gov.za/RegulationsandGazettes/MunicipalRegulationsOnAStandardChartOfAccountsFinal/mSCOA%20Minimum%20Requirements/Forms/AllItems.aspx>

## 6. Muni eMonitor, FMCMM and Audit Action Plan System

### 6.1 Muni eMonitor

National Treasury launched and rolled out the Muni eMonitor System in November 2023 to strengthen the capacity and capability of municipalities and municipal entities to comply with the provisions of the MFMA and its regulations, to improve information flows for public accountability, to enhance monitoring, oversight, support measures and effective reporting by various stakeholders in municipalities, municipal entities, provincial treasuries, and National Treasury. Numerous capacity-building sessions were undertaken with various stakeholders, and Muni eMonitor champions were identified in every municipality and provincial treasury. More information on the system is also provided in MFMA Circular No. 125 on National Treasury's website.

The system consists of two main components, namely: the MFMA legislated calendar with the Actions Management function and the Evaluations Questionnaire function. The implementation plan of the two main components is as follows:

*MFMA legislated calendar with the Actions Management function* – All Actions appearing under the legislative calendar for each month must be processed within the specific month that they appear in the calendar.

**Evaluations Questionnaire** – Evaluations (covering various financial management disciplines) will be published by National Treasury (on a quarterly and ad hoc basis) for municipalities to complete and submit on the system within the deadlines stipulated by National Treasury (These evaluations replace the previous reporting requirements that municipalities were required to complete in Excel).

It has been noted that since the launch and rollout of the system, there are still municipalities/ municipal entities that have not completed and submitted the Actions Management and Evaluation Questionnaire on the Muni eMonitor system. Please note that sections 74 and 104 of the MFMA state that the Accounting Officer of a municipality/ municipal entity must submit to the National Treasury such information, returns, documents, explanations, and motivations as may be prescribed or as may be required. Therefore, to avoid any possible non-compliance, municipalities are requested to complete and submit both the Actions Management and Evaluation Questionnaires within the timeframes/ deadlines stipulated in the system.

Furthermore, it has also been noted that some municipalities are reporting information without adequate review and verification of the accuracy of the information provided by the municipality/ municipal entity. Municipalities/ municipal entities are advised that National Treasury will be using the information submitted on the Muni eMonitor system as input into the MFMA Compliance report, and thus, the onus lies with municipalities/municipal entities to submit credible information on the system to ensure that the report correctly reflects the situation at their institution.

## 6.2 Audit Action Plans

It is mandatory that municipalities and municipal entities develop their Audit Action plans on the FMCMM and Audit Action Plan web-enabled system and monitor and report on the implementation of the developed action plans to address the findings on the system. It has been noted that a few municipalities are still preparing and monitoring audit action plans outside of the web-enabled system.

Municipalities are reminded that the completion of the Audit Action Plan on the web-enabled system is one of the criteria required for the disbursement of the Equitable Share. Therefore, to avoid any possible withholding of the grant, municipalities are requested to develop, monitor, and report on the implementation of the Audit Action Plan on the FMCMM and Audit Action Plan web-enabled system.

## 6.3 Financial Management Capability Maturity Model (FMCMM)

MFMA Circular No. 114 documents the annual implementation plan for the completion of the FMCMM assessment. It breaks down the completion of the 21 modules over a 12-month period. It has been noted that many municipalities are still not completing the FMCMM on the web-enabled system and/ or are not developing action plans to address internal control deficiencies identified through the assessment.

The Auditor General of South Africa has repeatedly reported that the system of internal controls at municipalities is either not in place or ineffective. Furthermore, the 2022/23 audit outcomes indicate that 42 per cent of municipalities (excluding outstanding audits) are still receiving



negative audit outcomes, thereby highlighting weaknesses in financial management and internal control deficiencies.

We have also noted a strong correlation between municipalities scoring low in specific modules and them having audit findings in those same disciplines. Therefore, it is requested that municipalities prioritise the completion of the FMCMM assessment (in line with MFMA Circular No. 114) as well as complete the development and implementation of the generated action plans to address the internal control deficiencies identified and to put in place risk mitigation strategies to ensure that weaknesses identified are addressed proactively so that they do not adversely impact on the future audit outcomes.

## **7. SERVICE DELIVERY BUDGET AND IMPLEMENTATION PLANS (SDBIP)**

### **7.1. Key Performance Indicators (KPIs) in the top-layer of SDBIP**

SDBIPs serve as a critical performance management tool, aligning municipal KPIs with budgets and Integrated Development Plans (IDPs) to enable effective monitoring of service delivery performance, as emphasised in MFMA Circular No. 13. To operationalise IDPs, municipalities translate the broader strategic objectives outlined in IDPs into specific, measurable, and monitorable performance indicators and targets in the SDBIP. A distinguishing feature of the SDBIP is its emphasis on measurability. National Treasury has observed ongoing challenges in structuring and revising key KPIs within the SDBIP during the financial year. These challenges stem from misalignment between the Integrated Development Plan (IDP), budget, and SDBIP, leading to ineffective performance monitoring and reporting.

To address these issues, municipalities are advised to adhere to the Municipal Finance Management Act (MFMA) and guidance outlined in related MFMA Circulars. Specifically, MFMA Circular No. 13 emphasises the importance of aligning the SDBIP with the IDP and budget to ensure cohesive planning and execution. Additionally, MFMA Circular No. 88 provides guidance on standardised set of indicators, aiming to improve the quality of performance information across municipalities.

#### *Overcrowding of KPIs in the SDBIP*

Municipalities continue to include an extensive number of KPIs in their strategic scorecard or top-layer SDBIP or without aggregating departmental output indicators or lower layer SDBIP, despite the guidance outlined in MFMA Circular No. 13. This high volume of indicators in top-layer SDBIPs can dilute focus and make monitoring cumbersome. Municipalities are therefore encouraged to streamline their indicators by consolidating KPIs in the top-layer SDBIP, focusing on most critical indicators in achieving strategic objectives, ensuring a more manageable and effective monitoring process.

#### *Clarity of objectives*

Many KPIs lack clarity regarding their alignment with municipal objectives and intended service delivery outcomes outlined in the IDPs. This raises concerns about the 'ultimate objective' of these indicators, questioning their relevance and purpose. Additionally, municipalities duplicate KPIs across multiple functional areas or departments, resulting in redundant reporting efforts. Municipalities are urged to align all KPIs with the SMART criteria (Specific, Measurable, Achievable, Relevant, and Time-bound) and strategic objectives or priorities outlined in IDPs, this will enable better monitoring of progress, identifying performance challenges, and taking

timely corrective actions. Reference is made to the Framework of Managing Performance and Programme Information (FMPPI) for further guidance on performance management.

## 7.2. Adjustments to the SDBIP

Municipalities adjust KPIs during the financial year, generally following adjustments budgets under Section 28 of the MFMA. While these KPI adjustments may be necessary to respond to unforeseen circumstances, underperformance of revenue or policy changes, some municipalities use this process to manipulate original KPIs to avoid accountability for underperformance. This practice undermines transparency, as original KPIs are excluded from Section 52(d) reports or Annual Performance Reports (APRs), compromising the municipal council's role to exercise oversight, and limiting stakeholders' ability to assess actual performance against initial KPIs and targets.

Adjustments to KPIs are driven by either external or internal factors. External factors include but are not limited to, significant changes in external circumstances, unforeseeable or unavoidable expenditure referred to in Sections 28(2)(c) and 29, national policy developments or changes to nationally prescribed indicators. Internal factors include, adjustments budgets as contemplated in Section 28(2) (a, b, d, e, and f), wording errors and poorly defined KPIs.

## 7.3. Criteria for adjusting KPIs in the SDBIP

The following criteria outline the conditions under which a municipality may amend the KPIs in the SDBIP during the financial year:

<b>Internal factors</b>
<ul style="list-style-type: none"> <li>Only KPI targets may be adjusted due to under-collection of revenue or reprioritisation of funds, in terms of the council-approved adjustments budget referred to in Section 28(2) (a, e &amp; d) of the MFMA.</li> <li>Only KPI targets may be adjusted during the financial year, in line with Section 28(2)(b), to account for additional funding or resources that have become available during the financial year, enabling the revision or acceleration of spending programme already prioritised in the IDP.</li> <li>KPI description may be revised to correct errors in the wording. An explanation for the correction must accompany the revision.</li> <li>KPIs may be adjusted to align with changes in municipal circumstances or emergencies, provided these adjustments remain consistent with the strategic objectives and priorities outlined in the IDP. The reasons for these changes must be clearly explained in the revised SDBIP.</li> </ul>
<b>External factors</b>
<ul style="list-style-type: none"> <li>KPIs may be adjusted in response to amendments to legislation, government policies, or frameworks introduced by national or relevant provincial departments, affecting original KPIs. The related legislation or policy must be referenced and documented as evidence for the change.</li> <li>KPIs may be changed to respond to natural disasters, unforeseeable or unavoidable expenditures referred to in Sections 28(2)(c) and 29 of the MFMA. The reasons for these changes must be adequately justified.</li> <li>KPIs may change because of revisions to nationally prescribed indicators as contemplated by the applicable legislation or circular. An explanation for these KPI revisions must be articulated in the SDBIP, referencing the relevant legislation, framework or circular.</li> </ul>
<b>Cross-cutting conditions</b>
<ul style="list-style-type: none"> <li>Municipalities must reflect all KPI changes in their SDBIPs and APRs, providing clear and justifiable reasons for each change and detailing the process followed.</li> </ul>

- Both the original and revised KPIs must continue to be reported on in the Section 52(d) of the MFMA and the APR for accountability and transparency.
- KPI changes are prohibited during the fourth quarter of the financial year (April – June). Only KPI changes in relation to natural disaster or unavoidable or unforeseen expenditure will be permitted during the fourth quarter of the financial year.

#### 7.4. Alignment of the adjustments budget and adjustments to the SDBIP

When a municipality adjusts its KPIs during the financial year, it must align the changes with the provisions of Section 28 of the MFMA and the Municipal Budgeting and Reporting Regulations (MBRR). The table below outlines the different types of adjustments budgets and their linkage to SDBIP adjustments:

Types of adjustments budget	Timeframes	Sections of MFMA and MBRR	SDBIP KPIs in-year changes
Adjustments due to under-collection of revenue	Anytime	S.28(2)(a)	Only changes to KPI targets are allowed
Main adjustments budget	February – after the tabling of the mid-year budget assessment and performance  Only one adjustments budget referred to in Section 23(1) except S.28(2)(b)	S.28(2) (b, d & f) Reg. 23(1&2)	Allows for amendments to the SDBIP to address underperformance or realignment with revised priorities and allocations. This is subjected to the conditions outlined above
Additional funds from national / provincial government	60 days after the approval of the relevant national / provincial adjustments budget	S.28(2)(b) Reg. 23(3)	Only changes to KPI targets are allowed
Unforeseen and unavoidable expenditure	Within 60 days of expenditure being incurred	S.28(2)(c), 29(3) & 32 Reg. 23(4), 71 & 72	KPIs may be adjusted to reflect changes in resources or priorities caused by these expenditures
Roll-over of municipal funds	Before 25 August	S.28 (2)(e), Reg. 23(5)	Linked to revisions of the SDBIP to include projects and targets funded by rolled-over amounts
Authorisation of unauthorised expenditure	During main adjustments budget in February. After tabling of the annual report for that year (7 months after the financial year end)	S. 28(g), 32, 127(2) Reg. 23(6)	No changes to KPIs are allowed

**All SDBIP adjustments must be tabled and approved in council.**

National Treasury further discourages excessive or unjustified KPI revisions during the financial year as such practices distort municipal performance monitoring and reporting.

**N.B This guidance relating to in-year KPI changes in SDBIP should be read in conjunction with guidance provided in the MFMA Circular No. 88 – Addendum 6.**

## 8. The Municipal Budget and Reporting Regulations

### 8.1. Assistance with the compilation of budgets

If municipalities require advice with the compilation of their respective budgets, specifically the budget documents or Schedule A, they should direct their enquiries to their respective provincial treasuries or to the following National Treasury officials:

Province	Responsible NT officials	Tel. No.	Email
Eastern Cape	Matlatji Mashoeshoe	012-315 5553	<a href="mailto:Matlatji.Mashoeshoe@treasury.gov.za">Matlatji.Mashoeshoe@treasury.gov.za</a>
Buffalo City	Pitso Zwane	012-315 5171	<a href="mailto:Pitso.Zwane@Treasury.gov.za">Pitso.Zwane@Treasury.gov.za</a>
Free State	Mandla Gilimani	012-315 5807	<a href="mailto:Mandla.Gilimani@treasury.gov.za">Mandla.Gilimani@treasury.gov.za</a>
	Sifiso Mabaso	012-315 5952	<a href="mailto:Sifiso.mabaso@treasury.gov.za">Sifiso.mabaso@treasury.gov.za</a>
	Cethekile Moshane	012-315 5079	<a href="mailto:Cethekile.moshane@treasury.gov.za">Cethekile.moshane@treasury.gov.za</a>
Gauteng	Matlatji Mashoeshoe	012-315 5553	<a href="mailto:Matlatji.Mashoeshoe@treasury.gov.za">Matlatji.Mashoeshoe@treasury.gov.za</a>
	Pitso Zwane	012-315 5171	<a href="mailto:Pitso.Zwane@Treasury.gov.za">Pitso.Zwane@Treasury.gov.za</a>
	Oreal Tshidino	012 315 5090	<a href="mailto:Oreal.Tshidino@Treasury.gov.za">Oreal.Tshidino@Treasury.gov.za</a>
City of Tshwane and City of Johannesburg	Willem Voigt	012-315 5830	<a href="mailto:WillemCordes.Voigt@treasury.gov.za">WillemCordes.Voigt@treasury.gov.za</a>
	Makgabo Mabotja	012-315 5156	<a href="mailto:Makgabo.Mabotja@treasury.gov.za">Makgabo.Mabotja@treasury.gov.za</a>
	Enock Ndlovu	012-315 5866	<a href="mailto:Enock.Ndlovu@treasury.gov.za">Enock.Ndlovu@treasury.gov.za</a>
City of Ekurhuleni	Kgomotso Baloyi	012-315 5866	<a href="mailto:Kgomotso.Baloyi@treasury.gov.za">Kgomotso.Baloyi@treasury.gov.za</a>
	Lunathi Dumani		<a href="mailto:Lunathi.dumani@treasury.gov.za">Lunathi.dumani@treasury.gov.za</a>
KwaZulu-Natal	Kgomotso Baloyi	012-315 5866	<a href="mailto:Kgomotso.Baloyi@treasury.gov.za">Kgomotso.Baloyi@treasury.gov.za</a>
	Lunathi Dumani		<a href="mailto:Lunathi.dumani@treasury.gov.za">Lunathi.dumani@treasury.gov.za</a>
	Kevin Bell	012-315 5725	<a href="mailto:Kevin.Bell@treasury.gov.za">Kevin.Bell@treasury.gov.za</a>
eThekweni	Sifiso Mabaso	012-315 5952	<a href="mailto:Sifiso.mabaso@treasury.gov.za">Sifiso.mabaso@treasury.gov.za</a>
uMhlathuze	Matlatji Mashoeshoe	012-315 5553	<a href="mailto:Matlatji.Mashoeshoe@treasury.gov.za">Matlatji.Mashoeshoe@treasury.gov.za</a>
	Pitso Zwane		<a href="mailto:Pitso.Zwane@Treasury.gov.za">Pitso.Zwane@Treasury.gov.za</a>
Limpopo	Sifiso Mabaso	012-315 5952	<a href="mailto:Sifiso.Mabaso@treasury.gov.za">Sifiso.Mabaso@treasury.gov.za</a>
	Jabulile Ngwenya		<a href="mailto:Jabulile.ngwenya@treasury.gov.za">Jabulile.ngwenya@treasury.gov.za</a>
Mpumalanga	Mandla Gilimani	012-315 5807	<a href="mailto:Mandla.Gilimani@treasury.gov.za">Mandla.Gilimani@treasury.gov.za</a>
	Liyasa Nxosi	012 315 5613	<a href="mailto:liyasa.nxosi@treasury.gov.za">liyasa.nxosi@treasury.gov.za</a>
Northern Cape	Mandla Gilimani	012-315 5807	<a href="mailto:Mandla.Gilimani@treasury.gov.za">Mandla.Gilimani@treasury.gov.za</a>
	Liyasa Nxosi	012 315 5613	<a href="mailto:liyasa.nxosi@treasury.gov.za">liyasa.nxosi@treasury.gov.za</a>
North West	Willem Voigt	012-315 5830	<a href="mailto:WillemCordes.Voigt@treasury.gov.za">WillemCordes.Voigt@treasury.gov.za</a>
	Makgabo Mabotja	012-315 5156	<a href="mailto:Makgabo.Mabotja@treasury.gov.za">Makgabo.Mabotja@treasury.gov.za</a>
	Khanyisile Khosa		<a href="mailto:khanyisile.khosa@treasury.gov.za">khanyisile.khosa@treasury.gov.za</a>
Mafikeng	Cethekile Moshane	012-315 5079	<a href="mailto:Cethekile.moshane@treasury.gov.za">Cethekile.moshane@treasury.gov.za</a>
Western Cape	Willem Voigt	012-315 5830	<a href="mailto:WillemCordes.Voigt@treasury.gov.za">WillemCordes.Voigt@treasury.gov.za</a>
	Enock Ndlovu	012-315 5385	<a href="mailto:Enock.Ndlovu@treasury.gov.za">Enock.Ndlovu@treasury.gov.za</a>
	Khanyisile Khoza		<a href="mailto:khanyisile.khosa@treasury.gov.za">khanyisile.khosa@treasury.gov.za</a>
Cape Town	Kgomotso Baloyi	012-315 5866	<a href="mailto:Kgomotso.Baloyi@treasury.gov.za">Kgomotso.Baloyi@treasury.gov.za</a>
George	Sifiso Mabaso	012-315 5952	<a href="mailto:Sifiso.Mabaso@treasury.gov.za">Sifiso.Mabaso@treasury.gov.za</a>
Technical issues on GoMuni Website	Data management		<a href="mailto:lqdataqueries@treasury.gov.za">lqdataqueries@treasury.gov.za</a>

## 9. Submitting budget documentation and A schedules for the 2025/26 MTREF

### 9.1. Submissions to the National Treasury

Municipalities are reminded to submit documents and queries to the correct portals/ mailboxes. These portals/ mailboxes are:

- [https://lg.treasury.gov.za/ibi\\_apps/welcome](https://lg.treasury.gov.za/ibi_apps/welcome) (GoMuni Upload Portal) – All documents required in terms of legislation by approved registered users, including: mSCOA Data Strings; Budget-related, in-year and year-end documents and schedules (A, B and C); Revenue and MFRS Documents (as per MFMA Circular No. 126) procurement spent reports, etc.:
- [lgdataqueries@treasury.gov.za](mailto:lgdataqueries@treasury.gov.za) – Database related and submission queries;
- [lgdocuments@treasury.gov.za](mailto:lgdocuments@treasury.gov.za) – Only Provincial Treasuries may send contact details to [lgdocuments@treasury.gov.za](mailto:lgdocuments@treasury.gov.za) ; and
- mSCOA [Regulations@treasury.gov.za](mailto:Regulations@treasury.gov.za) – all inputs and comments relating to the intended mSCOA Regulations on the minimum business processes and system specifications; and
- [Rolloverapplication@treasury.gov.za](mailto:Rolloverapplication@treasury.gov.za) – all rollover applications and queries related to the conditional grants.

Any document/ queries that are submitted to the incorrect portal/ mailbox will not be processed and the submission status report will continue to reflect the documents as outstanding.

### 9.2. Time frames for submission

The LGDRS will be locked at 00:00 on the 10<sup>th</sup> working day of every month for the submission of data strings due, as required in terms of section 71 of the MFMA. Closed periods will not be opened to correct errors or to accommodate non-submission of data strings, regardless of whether a Schedule G application was done or not.

Municipalities must therefore verify the credibility and accuracy of the information in their financial system prior to closing the month on the ERP system and submitting the mSCOA data strings to the LGDRS. In 2025, functionality will be added to the GoMuni Upload portal that will require accounting officers and Chief Financial Officers to sign-off on the accuracy and completeness of the data strings prior to the submission thereof.

The GoMuni Upload portal can be accessed by registered users on the following link:

[https://lg.treasury.gov.za/ibi\\_apps/signin](https://lg.treasury.gov.za/ibi_apps/signin)

**Since the 2020/21 MTREF, municipalities are no longer required to submit hard copies of all required documents including budget related, Annual Financial Statements and Annual Reports to National Treasury via post or courier services. PDF versions of documents must be submitted to the GoMuni Upload portal.**

### 9.3. Updating of contact details on GoMuni

Municipalities are reminded to update their contact details on the LGDRS as and when changes occur. Often emails containing important information and deadlines are returned and do not reach the intended LGDRS users due to outdated contact information of users. From 01 July 2024, municipal officials must update their own contact details on the LGDRS. Updates made by municipal officials on the LGDRS are validated and approved for upload by the Contacts Administrators within each municipality that was nominated by the Municipal Manager for this purpose.

Municipalities that have not yet nominated Contact Administrators to validate and approve changes in contact details for their municipality are requested to nominate two officials by 30 January 2025 to ensure that the contact details for their respective municipality are always up

to date. Nomination forms can be requested from [lgdataqueries@treasury.gov.za](mailto:lgdataqueries@treasury.gov.za). Municipal Contacts Administrators will be trained in a virtual session to perform this task.

Registered LGDRS users can download the contact details for their municipality on the LGDRS by logging-in to GoMuni on the following link and then accessing the report under Database/Contacts/Reporting/Contact information:

[https://lg.treasury.gov.za/ibi\\_apps/signin](https://lg.treasury.gov.za/ibi_apps/signin)

#### 9.4. Training on GoMuni

The training schedule and GoMuni links for 2025 to assist those users that require new or refresher training on how to draw reports on the LGDRS, is available on the GoMuni/ Go Training portal on the following link:

[https://lg.treasury.gov.za/ibi\\_apps/portal](https://lg.treasury.gov.za/ibi_apps/portal)

## Contact



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

**Post** Private Bag X115, Pretoria 0001

**Phone** 012 315 5009

**Fax** 012 395 6553

**Website** <http://www.treasury.gov.za/default.aspx>

**JH Hattingh**

**Chief Director: Local Government Budget Analysis**

**06 December 2024**







## Municipal Budget Circular for the 2025/26 MTREF

### CONTENTS:

1. THE SOUTH AFRICAN ECONOMY AND INFLATION TARGETS: .....	2
2. KEY FOCUS AREAS FOR THE 2025/26 BUDGET PROCESS:.....	3
2.1. LOCAL GOVERNMENT ALLOCATIONS.....	3
2.2. POST 2024 MTBPS CHANGES .....	4
2.3. REVIEW OF THE LOCAL GOVERNMENT FISCAL FRAMEWORK .....	5
2.4. UPDATE ON THE REVIEW OF THE CONDITIONAL GRANTS .....	5
2.5. FUNDING FOR LOCAL ECONOMIC DEVELOPMENT (LED) PROGRAMMES.....	6
2.6. METRO TRADING SERVICES REFORM INCENTIVE .....	7
2.7. ALIGNMENT BETWEEN THE METRO TRADING SERVICE REFORM AND MFMA CIRCULAR No.88 ...	9
2.8. THREE-YEAR AND ONE-YEAR CAPITAL APPROPRIATIONS .....	10
2.9. CRITERIA FOR THE RELEASE OF THE EQUITABLE SHARE .....	10
2.10. CRITERIA FOR THE ROLLOVER OF CONDITIONAL GRANT FUNDS .....	10
2.11. UNSPENT CONDITIONAL GRANT FUNDS FOR 2024/25 .....	12
2.12. ROLLOVER OF THE URBAN DEVELOPMENT FINANCING GRANT : METRO TRADING SERVICES COMPONENT .....	13
3. REVENUE MANAGEMENT .....	13
3.1. PRIORITISE FUNDING THE ELECTRICITY REVENUE PROTECTION PROGRAM .....	13
3.2. REVENUE MANAGEMENT ASSESSMENT TOOL.....	13
3.3. COST REFLECTIVE TARIFF TOOL.....	14
3.4. ELECTRICITY TARIFFS .....	15
3.5. MUNICIPAL VALUATION ROLL RECONCILIATION TOOL.....	15
3.6. PROHIBITION ON VENDING SYSTEM(S) / THIRD PARTY VENDING SOLUTIONS WITHOUT CONSULTING THE NATIONAL TREASURY .....	16
3.7. TRAINING TOOLS BY THE NATIONAL TREASURY .....	17
4. BUDGET AND OTHER MANAGEMENT ISSUES: .....	18
4.1. 2025/26 MUNICIPAL BUDGET TABLING TIMELINES .....	18
4.2. MANAGEMENT OF WATER TANKERS .....	18
4.3. ASSET MANAGEMENT.....	19
5. MUNICIPAL STANDARD CHART OF ACCOUNTS (MSCOA): .....	19
5.1. GO LIVE ON VERSION 6.9 OF THE CHART .....	19
5.2. MSCOA DATA STRINGS CREDIBILITY .....	19
5.3. SUBMISSION OF VIREMENT INFORMATION.....	20
5.4. MEDIUM-TERM DEVELOPMENT PLAN (MTDP) .....	20
5.5. UPGRADING AND PROCUREMENT OF MSCOA SYSTEM SOLUTIONS AND/OR FUNCTIONALITY .....	20
5.6. ISSUES PERTAINING TO THE REGULATIONS ON THE MINIMUM MSCOA REQUIREMENTS .....	21
5.7. SPECIAL ADJUSTMENTS BUDGET TO AUTHORISE UNAUTHORISED EXPENDITURE .....	21
6. SUBMITTING DOCUMENTS TO THE GOMUNI UPLOAD PORTAL: .....	22
6.1. SUBMISSION OF ADDITIONAL REPORTS .....	22
6.2. SUBMISSION AND SIGN-OFF OF KEY TABLING DATES.....	23
7. THE MUNICIPAL BUDGET AND REPORTING REGULATIONS: .....	23
7.1. ASSISTANCE WITH THE COMPILATION OF BUDGETS .....	23



## Introduction:

This budget circular provides guidance to municipalities with their compilation of the 2025/26 Medium Term Revenue and Expenditure Framework (MTREF). It is linked to the Municipal Budget and Reporting Regulations (MBRR) and the Municipal Standard Chart of Accounts (mSCOA) and strives to support municipalities' budget preparation processes so that the minimum requirements are achieved.

Among the objectives of this budget circular is to demonstrate how municipalities should undertake annual budget preparation in accordance with the budget and financial management reform agenda by focussing on key "game changers". These game changers include ensuring that municipal budgets are 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. Municipalities are reminded to refer to the annual budget circulars of the previous years for guidance in areas of the budget preparation that are not covered in this circular.

## 1. The South African economy and inflation targets:

GDP growth is expected to average 1.8 per cent from 2025 to 2027. Medium-term growth will be underpinned by household consumption on the back of rising purchasing power, moderate employment recovery and wealth gains. Continued investments in renewable energy and easing structural constraints are expected to support higher investment. Key factors for achieving faster economic growth and creating much-needed jobs include greater collaboration with the private sector in energy and transport, rapid implementation of structural reforms, easing of regulatory constraints and increased infrastructure investment.

The following macro-economic forecasts must be considered when preparing the 2025/26 MTREF municipal budgets.

**Table 1: Macroeconomic performance and projections, 2023 - 2028**

Fiscal year	2023/24	2024/25	2025/26	2026/27	2027/28
	Actual	Estimate	Forecast		
CPI Inflation	6.0%	4.4%	4.3%	4.6%	4.4%

Source: National Treasury Budget Review 2025.

Note: the fiscal year referred to is the national fiscal year (April to March) which is more closely aligned to the municipal fiscal year (July to June) than the calendar year inflation.

Headline inflation declined to 2.9 per cent in the fourth quarter of 2024, resulting in average inflation of 4.4 per cent for the year. Consumer inflation is projected to average 4.3 per cent in 2025 and 4.6 per cent in 2026, picking up slightly as the value-added tax (VAT) increase pushes up prices. The VAT effect is seen mainly in core inflation, which, after averaging 4.3 per cent in 2024, is projected to rise to 4.6 per cent in 2026. Lower global crude oil prices are expected to support muted fuel price inflation.

Due to weaker economic growth and other economic factors such as the current VAT increase which puts added pressure on households, households will likely struggle to pay municipal accounts which will impact negatively on municipal own revenues. It is therefore noted that variations in regional specifics are possible, however, any variation of assumptions must be explicitly set out and well explained in the budget narratives, in the absence of which the Treasuries will refer the budget back to council for alignment to the macroeconomic performance projections or for clear articulation of all the factors affecting the tariffs.

## **VAT Increase**

In the Minister's Budget speech on 12 March 2025, two increases in the standard rate of VAT were announced. The first-rate increase of 0.5 percentage point applies from 1 May 2025, and the second-rate increase of 0.5 percentage point will apply from 1 April 2026. SARS has issued the following guidelines in this regard:

- A Pocket Guide on the VAT rate increase on 1 May 2025; and
- Frequently Asked Questions (FAQs) to guide vendors and the public on the first rate increase effective from 1 May 2025 and to ensure consistency on certain practical and technical aspects of implementing the change to the VAT rate. More guidance on the second-rate increase will be communicated in due course.

Municipalities should also refer to **VAT 404 – Guide for Vendors**. These guidelines are available on the SARS website [www.sars.gov.za](http://www.sars.gov.za).

## **2. Key focus areas for the 2025/26 budget process:**

### **2.1. Local government allocations**

Over the 2025 MTEF, the local government equitable share and direct conditional grants amount to a total of R552.7 billion, made up of R332.4 billion in the local government equitable share, R52.9 billion in the general fuel levy sharing with metros and R167.4 billion in direct conditional grants. Direct transfers to local government grow in line with inflation, increasing at an annual average of 4.4 per cent over the MTEF, with the local government equitable share growing at a slightly higher rate (5.2 per cent).

### ***Review of the Municipal Capacity Building Programme***

As part of the next phase of the ongoing review of local government capacity-building programmes, the National Treasury will consolidate its financial management support initiatives into a unified Local Government Financial Management Capability Development Programme. This integrated programme will provide a comprehensive framework for equipping municipalities with the tools, knowledge and resources needed to strengthen governance and improve service delivery. By streamlining existing initiatives and fostering collaboration, the programme aims to deliver targeted, impactful and sustainable support to municipalities across the country.

The programme will align with the National Treasury's Capability Development Framework and adopt a differentiated approach tailored to the unique needs and maturity levels of municipalities. Key features include pre-grant capacity assessments to identify gaps, multi-year grants to build sustainable in-house capabilities and a municipal scorecard to monitor progress and link it to grant allocations. Collaboration with partners such as South African Local Government Association (SALGA), the Department of Cooperative Governance (DCoG) and academic institutions will ensure the design and delivery of customised capacity-building packages. Beyond financial management, the programme will serve as a foundation for a broader government-wide initiative to integrate capability development across all municipal functions, including governance and service delivery. This cohesive, long-term strategy underscores the importance of a unified effort to achieve sustainable municipal development and improve outcomes for communities nationwide.

### ***Update on the conditional grant for smart prepaid meters***

As indicated in the 2024/25 financial year, the National Treasury now oversees the smart meters grant as an indirect grant through a transversal contract to regulate distribution quality and costs. This grant aims to enhance energy efficiency and support the integration of renewable energy to better meet consumer needs.

Over the 2025 MTEF period, the grant will continue to support municipal debt relief efforts by focusing on municipalities already enrolled in the program. Over time, the grant is expected to expand to additional municipalities, aiming to enhance financial sustainability and management. This grant is allocated R2.3 billion over the 2025 MTEF.

### ***Improving regulatory levers and reforms***

By enhancing the usage of regulatory frameworks in the conditional grants system, the government is taking steps to ensure that municipalities prioritise critical projects and utilise resources effectively. The use of results from the Department of Water and Sanitation's Watch Reports in the prioritisation of water and sanitation projects funded from general-purpose grants such as the integrated urban development grant (IUDG), municipal infrastructure grant (MIG) and the urban settlements development grant (USDG) will improve the quality and impact of these projects. Further, requiring municipalities to use the results of green drop, blue drop and no drop assessments in planning and prioritising projects will drive greater accountability and transparency in the use of grant funds, promoting sustainable and effective service delivery.

## **2.2. Post 2024 MTBPS changes**

Since the tabling of the 2024 MTBPS, additional changes have been proposed to local government allocations. These include:

- Shifting R245 million over the MTEF period from the MIG to the IUDG. This follows Alfred Duma Local Municipality qualifying to participate in the IUDG;
- Shifting R494 million in 2025/26 from the direct component of the MIG to the indirect component to address wastewater infrastructure issues in 21 municipalities;
- Introducing a new Urban Development Financing Grant (UDFG). The baseline of this grant is funded from the metro component of the neighbourhood development partnership grant (NDPG) (R924 million over the MTEF period) and 80 per cent of the programme and project preparation support grant (PPPSG) (R981 million over the MTEF period);
- Introducing a new Urban Development Financing Grant (UDFG). The baseline of this grant is funded from the component of the neighbourhood development partnership grant (NDPG) (R924 million over the MTEF period) and 80 per cent of the programme and project preparation support grant (PPPSG) (R981 million over the MTEF period);
- Expansion of the Water Financing Component in the 2024/25 Urban Settlement Development Grant to electricity and solid waste management, in addition to water and sanitation, in the Trading Services Component of the 2025/26 Urban Settlement Development Grant framework. This component introduces a condition that a minimum of 56 per cent of the USDG be allocated to water and sanitation, electricity and energy; and solid waste management services capital infrastructure projects aligned to metro-approved trading services investment plans of the grant;
- An additional R450 million in 2025/26, from the Public Employment Programme;
- Additional funding from the Budget Facility for Infrastructure that will flow through the UDFG is as follows:
  - City of Johannesburg: R578 million in 2026/27 and R533 million in 2027/28 for a wastewater project.

- eThekweni Metropolitan Municipality: R56 million in 2025/26, R109 million in 2026/27 and R101 million in 2027/28 for a project to address non-revenue water.
- Merging the non-metro component of the NDPG and the remaining 20 per cent of the PPPSG into a single grant (called NDPG), with a baseline of R1.4 billion over the MTEF period;
- A reduction of R435 million in 2025/26 and increases of R425 million in 2026/27 and R660 million in 2027/28 to the public transport network grant (PTNG) to align with the revised implementation plan and cash flow projections for the City of Cape Town's MyCiTi programme, funded from the Budget Facility for Infrastructure;
- An additional R225 million in 2026/27 to the regional bulk infrastructure grant (RBIG) allocation for Drakenstein Local Municipality. This adjustment, carried through from the 2024 Division of Revenue Amendment Act, aligns with the municipality's revised implementation plan and cash flow projections; and
- Discontinuing the municipal systems improvement grant (MSIG). Its baseline will be redirected to the Department of Cooperative Governance and earmarked for national government to support municipalities.

### **2.3. Review of the local government fiscal framework**

The aim of the review is to critically examine the financial viability of the local government fiscal framework (LGFF) and identify key factors influencing its effectiveness, stability, and long-term sustainability. This will be achieved by conducting an in-depth examination of existing policies, practices, and mechanisms governing the allocation, management, and utilisation of fiscal resources at the local government level. The review will be mainly centred around the following thematic areas:

- Overall LGFF baseline profile of distressed and optimally functioning local governments institutions and refinement of LGFF problem statement;
- LGES formula;
- Local government expenditure reviews;
- Fiscal leakages in local government; and
- Additional revenue considerations, including existing revenues options, including those that are undersubscribed, and exploring new additional own revenue sources and improved municipal borrowing for strengthening infrastructure investment and maintenance.

### **2.4. Update on the review of the conditional grants**

In September 2024, government concluded a comprehensive review of the conditional grant system and developed reforms based on the findings. These reforms, which will be implemented progressively over the next three years, are designed to rationalise the conditional grant framework, integrate certain grants into the provincial equitable share and national departments' budget vote, and enhance the overall effectiveness of the system. This initiative underscores government's commitment to improving service delivery while ensuring the prudent management of public resources.

The review process was underpinned by an extensive consultation phase conducted between July and December 2024 during which the National Treasury presented the findings and recommendations arising from the review. Most of the proposed reforms are intended for medium- to long-term implementation, with a select number of reforms being prioritised for the short-term and will be introduced during the 2025 MTEF period.

Further consultations are planned to follow the tabling of the 2025 Budget. These engagements will include impact assessments and preparatory work to ensure the successful rollout of the proposed changes. The reforms aim to address systemic challenges within the grant system and are guided by the principles of equity, efficiency, and sustainability. Key areas of reform include the following:

- I) *Enhancing differentiation and effectiveness in the grant system:* A central objective of the reforms is to introduce greater differentiation within the grant system to address the diverse needs of municipalities. This includes reducing the growing reliance on grants by metropolitan municipalities while providing targeted support to municipalities with limited capacity. By addressing service delivery challenges and locational disparities, the reforms aim to create a more responsive and equitable system. Specific measures under this initiative include refining allocation methodologies to balance equity and efficiency considerations, strengthening co-funding requirements to promote shared responsibility and sustainability, reducing restrictive earmarking and ring-fencing to allow for greater flexibility in the use of funds, introducing or enhancing performance-based incentives to drive accountability and improve outcomes, and improving the alignment of related grants to reduce fragmentation and duplication; and
- II) *Rationalising the number of grants:* As part of the reforms, the number of conditional grants allocated to subnational governments will be streamlined to address the duplication of grants and mitigate the administrative burdens associated with the proliferation of funding streams. By simplifying the grant system, government aims to improve efficiency and reduce reporting requirements, enabling municipalities to focus on service delivery. Proposed measures include:
  - Merging water reticulation grants to create a unified funding mechanism for water infrastructure;
  - Consolidating energy grants to streamline support for energy-related projects;
  - Combining urban development grants to enhance the coordination of urban infrastructure investments; and
  - Discontinuing grants that are better suited as provincial programmes, such as those for road maintenance, sports development, and capacity-building initiatives.

These reforms represent a decisive step towards a more efficient and effective intergovernmental fiscal framework. By addressing systemic inefficiencies and aligning resources with service delivery priorities, government reaffirms its commitment to fostering sustainable development and improving the quality of life for all citizens. The implementation of these reforms will be closely monitored to ensure that they achieve their intended objectives while maintaining fiscal discipline and accountability.

## 2.5. Funding for Local Economic Development (LED) Programmes

National Treasury is mindful of the essential role played by municipalities in driving economic development and job creation to mitigate inequality and attract private investment. In addition to the infrastructure grants, municipalities also receive about 66 per cent of their allocations in unconditional grants, which can be utilised to fund operational parts of the LED initiatives. However, it is important to note that economic development does not rely solely on a single funding pot, but on various forms of government programmes and grants. This includes support and initiatives from the Department of Trade, Industry and Competition funded by provinces through their equitable share.

Whilst there is a call for the creation of a conditional grant, it is worth noting that the creation of a dedicated grant for LED initiatives comes with its challenges. In the past, when such grants were introduced, government institutions reprioritised funds that were initially funding the LED programmes, leading to over-reliance on conditional grants. This dependence undermines the



purpose and sustainability of these programmes, as their funding is primarily dependent on the availability of funds from the fiscus and the performance of the economy. Therefore, there is a need to align conditional grants with economic development areas while also ensuring their integration with other government spheres to support the developmental mandate effectively.

In addition, it is also crucial for municipalities to provide essential services such as electricity, water, and sanitation efficiently. The efficient provision of these services is crucial for attracting private investment, fostering economic growth, and promoting a conducive environment for businesses to thrive. Therefore, National Treasury urges municipalities to prioritise the provision of these services to enhance economic development and improve the quality of life for their residents.

## 2.6. Metro Trading Services Reform Incentive

**Background** – the background to the metro trading services performance incentive grant was outlined in the 2024/25 Budget Circular under the heading ‘Reforms to improve the efficiency and financial sustainability of metro trading services’. The local government grant review process and the metro trading services reform process are converging into an incentive grant to incentivise a turnaround in the performance of metro trading services.

**Progress made** – Over the last year metro municipalities have engaged in substantial preparatory work regarding turnaround and reform strategies in Water and Sanitation and Electricity and Energy. Metros have in respect of each of these trading services prepared Trading Services Reform Strategies (A) with annexures A1 (Institutional Road Maps), and A2 (Business and Improvement Plans). They are currently preparing Annexure A3 (Performance Improvement Action Plans)<sup>1</sup>. All submissions are assessed by interdepartmental teams from the Departments of Water and Sanitation, Mineral Resources and Energy, DCoG, DHS, National Treasury and SALGA.

**Programme planning and assessment framework** – the incentive grant framework is currently planned to run for six years from 2025/26 (Year 1) to 2030/31 (Year 6). Year 1 focuses on establishing the necessary accountability, financial transparency, and strategic planning foundations for the five subsequent years (Years 2 to 6) of strategy implementation.

### ***Metros will have three planning opportunities***

Development of version 1 of the Annexure A3: Performance Improvement Action Plan (A3: PIAP v1) (indicative targets for all indicators, accompanied by firm targets to achieve minimum commitments in year 1) to be approved by Council alongside metro budget documents by June 2025.

Development of version 2 of the A3: PIAP v2 (with minimum commitments achieved, and realistic annual targets for all indicators) to be approved by Council with metro budget documents by June 2026.

Development of version 3 of the A3: PIAP v3 (with minimum commitments retained and an opportunity to reset annual targets) to be approved by Council with metro budget documents by June 2028 (details provided in Guidance Note 4).

The intention of the incentive programme is that incentive grant allocations should be awarded to metros according to independently assessed performance against the targets of their reform strategies as set out in the relevant A3-PIAP.

Special arrangements are necessary to determine the provisional incentive allocations provided for under the Division of Revenue Bill (2025) for years 1 and 2 of the programme. In these

<sup>1</sup> See <https://mfma.treasury.gov.za/Guidelines/Documents/Trading%20Services> for Guidance Notes and Resource Documents issued to assist.

cases, performance will be assessed against the commitment to (year 1) and achievement of (year 2) minimum commitments as follows:

- **YEAR 1:** Metro Councils who in Year 0 (2024/25, i.e. by the end of this municipal financial year), pass a satisfactory A3 PIAP v1 with minimum commitments, will be awarded the Year 1 allocation as finalised in the National Adjusted Budget process;
- Draft submissions from participating metros were reviewed during the 2025 Mid-year Budget, and final submissions will similarly be assessed during 2025 Budget and Benchmarking engagements during April to May 2025. Assessment and independent confirmation will be undertaken and submitted to the National Treasury;
- **YEAR 2 and 3:** Similarly, Metro Councils who in Year 1 (2025/26, i.e. by the end of June 2026) achieve the eight minimum commitments and pass a satisfactory A3 PIAP v2, will be awarded the Year 2 and Year 3 allocations as finalised. This is appropriate since planned spending for those years will by then be based upon well-substantiated business turnaround and financial strategies;
- Draft and final submissions will be reviewed and assessed during the Mid-year Budget and Performance and Budget and Performance engagements, and final submissions to metro Council will need NT approval. Assessment and independent confirmation will be undertaken and submitted to the National Treasury; and
- **YEARS 4, 5 and 6:** Once strategy implementation is underway, incentive allocations for any year (Y) will depend upon metro performance against numerical targets set for year (Y-2). This must be assessed after financial year end, but early enough during year (Y-1) to enter the budget process for Year (Y). The earliest this can apply is for Year 4, based on assessed performance in Year 2. This arrangement will determine incentive allocations for Years 4, 5 and 6.
- Independent assessments will be conducted annually, to confirm that minimum commitments remain in place, and to assess performance against targets.

### ***Indicative incentive allocations***

The indicative incentive allocations per metro per financial year are based on poverty-weighted population formula. Annexure W1 to the 2025 division of revenue sets out indicative figures which represent the maxima potentially available to metros currently participating in the programme, based on the assessed status of each metro trading services strategy as at 15<sup>th</sup> of January 2025 (they include solid waste management from Year 2 (2026/27)).

The indicative allocations are not yet actual budget allocations. Firm announcements regarding Year 1 (2025/26) incentive grant allocations will be included in the National Adjusted Budget in October 2025 and confirmed in allocation letters. Metros will accommodate these incentive allocations in their own adjustments budget as soon as possible but not later than the 28<sup>th</sup> of February 2026.

### ***Adverse or disclaimed audit findings***

No metro which has received an adverse or disclaimed financial audit for the previous financial year will be eligible to access their incentive grant award in the forthcoming year.

### ***Re-opening of incentive grant window***

As previously communicated, Solid Waste Management is scheduled for inclusion in the incentive programme from Year 2 (2026/27) onwards. Metros wishing to include solid waste

management in their trading services reform strategies should submit the necessary documentation according to the following schedule:

- a. **Council-approved Trading Services Reform Strategy (A)** which is due on 31<sup>st</sup> of July 2025 which includes Annexure A1 (Institutional Road Map) and Annexure A2 (Business and Improvement Plan);
- b. **Draft Annexure A3 version 1 (Performance Improvement Action Plan)** at the Mid-year review stage which is due in January 2026;
- c. **Final draft Annexure A3-PIAP version 1** at the Budget and Benchmark stage during April 2026; and
- d. **Council approved A3-PIAP version 1** due by June 2026.

Note: This re-opening of the incentive grant window also applies to metros which (a) have not previously met eligibility requirements in the water and sanitation or electricity and energy trading services, and (b) seek another opportunity to enter the programme. Such metros should follow the same schedule as above.

## 2.7. Alignment between the Metro Trading Service Reform and MFMA Circular No.88

The implementation of MFMA Circular No. 88 continues in all categories of municipalities. In December 2024, Addendum 6 of the MFMA Circular No. 88 was published providing an update on the preparation of statutory planning and reporting documents required for the 2025/26 Medium Term Revenue and Expenditure Framework (MTREF). Addendum 6 provided guidance to the municipalities on in-year changes to indicators in the Service Delivery Budget and Implementation Plan (SDBIP) and guidance for 'estimate' values in indicator reporting. Further guidance on indicator revisions and definitional clarification was also provided.

Selected MFMA Circular No. 88 indicators are also being used to track the performance of the metros as part of the A3 PIAP: Performance Improvement Action Plan of the Metro Trading Service Reform (MTSR). In line with the rationalisation and standardisation objective of the MFMA Circular No. 88 reform, this ensures that there is alignment and line of sight across various reporting frameworks. Furthermore, this promotes consistency in planning, budgeting, and reporting while reinforcing the overall objectives of the reform agenda. The MTSR targets water and sanitation, electricity and energy and solid waste management in the metropolitan municipalities focusing on institutional performance and accountability, financial performance, governance and operational or service delivery performance. Although the MFMA Circular No. 88 reporting and the MTS reforms are complementary reforms, the MTS is a targeted reform linked to a performance incentive grant. Where possible the MTSR utilises the MFMA Circular No. 88 indicators, as reflected in MTSR Guidance Note 4 Addendum that was circulated to the metros on the 3<sup>rd</sup> of March 2025. However, noting the targeted business operations turnaround required of MTS, several performance indicators outside the MFMA Circular No. 88 process have been developed for operational monitoring and reporting distinct from the statutory plans and reports in which all MFMA Circular No. 88 indicators find expression.

Future reporting on the selected MFMA Circular No. 88 indicators that form part of the A3 PIAP should be sourced from the MFMA Circular No. 88 reporting platform to ensure seamless integration between the two reforms. At this stage, the exact modalities and protocols to derive reporting efficiencies between the A3 PIAP and the MFMA Circular No. 88 reporting platform are still being confirmed, and municipalities should expect further guidance from the National Treasury on the coordination and synchronisation of reporting.

This section should be read in conjunction with paragraph 2.3 of the MFMA Circular No. 88 Addendum 6.



## 2.8. Three-year and one-year capital appropriations

To facilitate the delivery of large capital projects, section 16(3) of the MFMA allows a municipality to appropriate capital budgets for three financial years, i.e. the budget year and the following two years of the MTREF. The aim of such multi-year capital appropriations is to:

- lock the council into funding the full cost of large capital projects so as to ensure their successful completion;
- facilitate the forward planning of capital projects and programmes; enable the municipality to initiate procurement processes for capital projects in the two outer years of the MTREF (given the funds are appropriated) and so ensure improved levels of capital spending; and
- enable funding for such capital projects to be brought forward in terms of section 31 of the MFMA to facilitate more rapid project implementation (although National Treasury would prefer municipalities to the use of the mid-year adjustments budget for this purpose).

Municipalities are encouraged to use these provisions of the MFMA appropriately, and ensure they divide their capital budgets correctly between the 'multi-year expenditure' and the 'single year expenditure' sections on Tables A5A and A5. Further information can be obtained in MFMA Circular No. 58.

## 2.9. Criteria for the release of the Equitable Share

The criteria for the release of the equitable share which were covered in MFMA Circulars No. 122 remains relevant, and are still applicable for the release of equitable share instalments in the 2025/26 financial year.

Failure to comply with the criteria will result in National Treasury invoking Section 38 of the MFMA which empowers National Treasury to withhold a municipality's equitable share if the municipality commits a serious or persistent breach of the measures established in terms of Section 216(2) of the Constitution which includes reporting obligations set out in the MFMA and National Treasury requests for information in terms of Section 74 of the MFMA.

## 2.10. Criteria for the rollover of conditional grant funds

In terms of Section 21 of the Division of Revenue Act, 2024 (Act No.24 of 2024) (DoRA) in conjunction with the Division of Revenue Amendment Act, 2024 (Act No. 48 of 2024), any conditional allocation or a portion thereof that is not spent at the end of the 2024/25 financial year reverts to the National Revenue Fund (NRF), unless the rollover of the allocation is approved in terms of subsection (2). Furthermore, the receiving officer, provincial treasury and national transferring officer is required to prove to National Treasury that the unspent allocation is committed to identifiable projects, in which case the funds may be rolled over.

When requesting a rollover in terms of Section 21(2) of the 2024 DoRA, municipalities must include the following information with their submission to National Treasury:

1. A formal letter, signed by the accounting officer addressed to the National Treasury requesting the rollover of unspent conditional grants in terms of Section 21(2) of the 2024 DoRA;
2. A list of all the projects that are linked to the unspent conditional grants and a breakdown of how much was allocated, spent and the balance per project;
3. The following evidence indicating that work on each of the projects has commenced, as applicable to the specific rollover(s):

- a) Proof that the service provider was appointed for delivery of the project before 31 March 2025; or
  - b) Proof of project tender and tender submissions published and closed before 31 March 2025 or with the appointment of contractor or service provider for delivery of service before 30 June 2025 in cases where additional funding was allocated during the course of the financial year of the project;
  - c) Incorporation of the Appropriation Statement; and
  - d) Evidence that all projects linked to an allocation will be fully utilised by 30 June 2025 (attach cash flow projection for the applicable grant).
4. A progress report (also reflecting percentages) on the status of each project's implementation that includes an attached legible implementation plan);
  5. The value of the committed project funding and the conditional allocation from the funding source;
  6. Reasons why the grants were not fully spent during the year on the original allocation per the DoRA;
  7. Rollover of rollovers will not be considered. Municipalities must therefore not include previous year's unspent conditional grants as rollover request;
  8. An indication of the time period within which the funds are to be spent if the rollover is approved; and
  9. Proof that the Municipal Manager and Chief Financial Officer are permanently appointed.

No rollover requests will be considered for municipalities with vacant or acting Chief Financial Officers and Municipal Managers for a period exceeding 6 months from the date of vacancy; this also includes acting appointments because of suspensions of either MM or CFO that are more than 12 months.

**If any of the above information is not provided or the application is received by National Treasury (Intergovernmental Relations Division) after 31 August 2025, the application will be declined.**

In addition, National Treasury will also consider the following information when assessing rollover applications; and reserves the right to decline an application should there be non-performance by the municipality in any of these areas:

1. Compliance with the in-year reporting requirements in terms of Sections 71 and 72 of the MFMA and Section 12 of the 2024 DoRA, **including the Municipal Manager and Chief Financial Officer signing-off on the information** sent to National Treasury;
2. Submission of the pre-audited Annual Financial Statements to National Treasury by 31 August 2025;
3. Accurate disclosure of grant performance in the 2024/25 pre-audited Annual Financial Statements, (i.e. correct disclosure of grant receipts and spending in the notes to the AFS);
4. Despite the fact that local government is required to comply with different norms and standards prescribed by different legislations, municipalities are expected to fully comply with the provisions of DoRA that relate to rollover processes and disclose conditional grant performance in the 2024/25 pre-audited Annual Financial Statements (i.e. Cash coverage and unspent conditional grants in the Statement of Financial Position) in order to verify grant expenditure; and
5. Cash available reflected in the Statement of Financial Position and Cash Flow Statements and the bank (net position including short term investments) as at 30 June 2025 is equivalent to the unspent amount at the end of the financial year. If the amount that is requested for rollover is not entirely cash-backed, such a rollover will not be approved. National Treasury will also not approve portions of rollover requests.

It should be noted that under no circumstances will the National Treasury consider requests to rollover:

1. The entire 2024/25 allocation to the municipality. In cases where the rollover request is more than 50 per cent of the total allocation, National Treasury will approve the rollover amount up to 50 per cent of the 2024/25 allocation;
2. Rollover request of the same grant for the third consecutive time. In a case where a municipality is applying for rollover as a result of additional funding, the application will be carefully considered;
3. Funding for projects procured through Regulation 32 and 37 of the Municipal Supply Chain Management Regulations (Gazette No.27636) – Projects linked to additional funding and disasters are exempted; and
4. A portion of an allocation where the proof of commitment for the rollover application is linked to invoices that were issued before or on 31 March 2025. All invoices issued to the municipality before 31 March 2025 should be paid within the same year against the allocated conditional grants. i.e. invoices must be paid within 30 days.

## **2.11. Unspent conditional grant funds for 2024/25**

The process to ensure the return of unspent conditional grants for the 2024/25 financial year will be managed in accordance with Section 21 of the DoRA. In addition to the previous MFMA Circulars, the following practical arrangements will apply:

- Step 1: Municipalities must submit their June 2025 conditional grant expenditure reports according to Section 71 of the MFMA reflecting all accrued expenditure on conditional grants and further ensure that expenditure reported to both National Treasury and national transferring officers reconciles;
- Step 2: When preparing the Annual Financial Statements, a municipality must determine the portion of each national conditional grant allocation that remained unspent as at 30 June 2025. The unspent grant values must be determined based on the guidance that was provided in mSCOA Circular No. 13 in as far as VAT, retention and interest is concerned; and
- Step 3: If the receiving officer wants to motivate in terms of Section 21(2) of the 2024 DoRA that the unspent funds are committed to identifiable projects, the rollover application pack must be submitted to National Treasury by no later than 31 August 2025.

***National Treasury will not consider any rollover requests that are incomplete or received after this deadline.***

- Step 4: National Treasury will confirm in writing whether or not the municipality may retain any of the unspent funds as a rollover based on criteria outlined above by 22 October 2025;
- Step 5: National Treasury will communicate the unspent conditional grants amount by 12 November 2025. A municipality must return the remaining unspent conditional grant funds that are not subject to a specific repayment arrangement to the National Revenue Fund (NRF) by 19 November 2025; and
- Step 6: Any unspent conditional grant funds that should have but has not been repaid to the National Revenue Fund (NRF) by 19 November 2025, and for which a municipality has not requested a repayment arrangement, will be offset against the municipality's December 2025 equitable share allocation.

***All other issues pertaining to Appropriation Statement and reporting on approved rollovers are addressed in the Annexure to MFMA Circular No. 86.***

## **2.12. Rollover of the Urban Development Financing Grant : metro trading services component**

The normal rules regarding rollovers will apply to the incentive grant. Essentially the Budget allocated during the National MTEF and reflected in the annual Division of Revenue Bill will make provision that the cash flows be synchronised to achievements in line with the Annexure A3: Performance Improvement Action Plan (A3: PIAP).

Municipalities must submit all rollover applications and queries related to the conditional grants to [Rolloverapplication@treasury.gov.za](mailto:Rolloverapplication@treasury.gov.za).

## **3. Revenue Management**

### **3.1. Prioritise funding the Electricity Revenue Protection Program**

Past years' increasing electricity tariffs continue to strain consumers' ability to afford this service. Municipalities as a result are at higher risk of non-technical losses particularly related to theft and illegal by-passing. Many municipalities do not have dedicated Revenue Protection staff in place or have reduced their operational funding for Revenue Protection culminating in an overall reduced collection and related strain on cash flow and the ability to pay creditors. Municipalities are advised to prioritise the following Revenue Protection measures in the 2025/26 and future MTREFs:

- A dedicated Revenue Protection Unit for Electricity administered by the senior manager responsible for the municipal Electricity Infrastructure Directorate taking into consideration the recommendations and standards the recommendations and standards set-out in NRS055 (Code of Practice for Revenue Protection);
- Allocating adequate funds in the budget to fund the municipality's Electricity Revenue Protection Unit's operational needs;
- In allocating funding, the business threat of increasing non-technical losses to the municipality's particular specifics must be considered to achieve a balance, while ensuring the Revenue Protection staff organogram and operational program is adequately funded and able to fulfil its role; and
- The municipality to demonstrate in its MTREF submission that a percentage of the revenue from the Energy function is ring-fenced to fund the municipal Revenue Protection Program operational need(s) towards developing the program to fruition.

### **3.2. Revenue Management Assessment Tool**

Every municipality, in anticipation of the annual budget process and the review of critical revenue management related policies should assess and review its revenue management value chain to identify any gaps, duplications and / or inefficiencies for alignment with the approved organogram and related delegations. Refer to MFMA Budget Circular No. 126 (Annexure B: Submission checklist: Revenue Management Documents) and MFMA Budget Circular No. 128 (Item 7.3 contained in Annexure A). The municipality must submit its review to the National Treasury in the format of the Municipal Revenue Management Assessment Tool – to be uploaded to the National Treasury GoMuni upload portal annually as part of the Revenue Management Documents that are required.

The Revenue Assessment Tool was developed through the collaboration of the National Treasury, the Department of Cooperative Governance (DCoG) and SALGA. The initiative created the opportunity for stakeholders to acknowledge the fragmented and diverse nature of support provided to municipalities in this area often resulting in duplicated efforts and little

systemic change across municipalities and the need for a Single Integrated Revenue Management Framework (SIRMF).

The SIRMF is a national framework for revenue management that guides and outlines the intervention and leadership role both municipalities and oversight bodies should play in addressing challenges relating to the revenue management value chain and ultimately financial sustainability. The SIRMF emphasises the significant role of National and Provincial Government in supporting municipalities in the process of revenue management improvement and how the relevant departments will coordinate their support and their monitoring and evaluation role(s).

The SIRMF was designed on the existing statutory framework, with an emphasis on compliance. Within the scope of related tasks and responsibilities, the SIRMF provides direction on how municipalities may enhance revenue management as a major approach for increasing the municipality's viability and sustainability. Completing the Municipal Revenue Assessment Tool can assist the municipal council, senior management team and oversight bodies to assess, understand and improve critical revenue management practices of the municipality.

The tool provides an indication of gaps, flaws, duplications, inefficiencies and risks in the existing revenue value chain that could compromise or affect whether the revenue component of the budget sufficiently caters for long-term planning and is credible and funded. It further provides a comprehensive overview of current revenue management processes by identifying strengths, weaknesses, and areas that need improvement. The tool focuses on eighteen (18) critical areas within the revenue management value chain and helps pinpoint specific areas for optimising revenue collection processes.

National Treasury is in the process of institutionalising and implementing the tool, this includes conducting training throughout provinces.

The tool is comprehensive and must be completed by all municipalities during the 2025/26 MTREF with a thorough review of the revenue value chain, thereafter this exercise will only be necessary in every alternate year. However, municipalities with revenue collection rates below 85 per cent and all municipalities participating in Debt Relief must annually undertake this exercise until they achieve an average annual collection of 95 per cent as outlined in MFMA Circular No. 71.

The tool was already rolled out during the 2024/25 financial year and the National Treasury provided training. The Municipal Revenue Assessment Tool is attached as **Annexure A** of this Circular.

### 3.3. Cost Reflective Tariff Tool

As part of the budget process, the municipality must annually undertake an assessment to determine if the intended / implemented tariffs are cost reflective, whether all critical cost components were considered in the tariff calculation(s), whether the Local Government Equitable Share component relating to basic services were allocated to the actual service(s) and to demonstrate that the Revenue Component of the budget is credible and funded; etc. To facilitate this exercise, the municipality must complete and submit this calculation(s) / tariff assessment in the format of the National Treasury Tariff Tool as part of its tabled, adopted and adjustment MTREF submissions to the National Treasury GoMuni portal. The Cost Reflective Tariff Tool outcomes must also be reported to and approved by Council as part of the respective tabled and adopted MTREF submissions.

If the Tariff Tool indicates significant tariff shortfalls, any major tariff increases should be phased-in over two to three years and can be approved for the outer years (2026/27, 2027/28 and 2028/29). Thus, the indicative tariffs can be phased in over a period of three years.



The latest format of the National Treasury Tariff Tool that must be used and submitted is attached as **Annexure B** of this circular.

### 3.4. Electricity Tariffs

#### ***Cost of Supply Study (COS) for electricity tariff applications***

On 20 October 2022, the Nelson Mandela Bay Chamber of Business issued a ruling outlining the requirements that municipalities must comply with when determining tariffs. The ruling found NERSA's Guideline and Benchmark method for approving municipal electricity tariffs unlawful and invalid. The court ordered that all electricity tariff applications from 2024/25 Financial Year, should be supported by a Cost of Supply (COS) study. Municipalities are reminded of the critical importance of complying with the court order, failing which, municipalities would be in breach of the court order and in contempt of court. The need for conducting a COS timeously and adhering to the timelines set by NERSA for the submission of applications is imperative as these cannot be approved by NERSA without the COS.

NERSA has indicated that it will be able to process and decide on municipal tariff applications based on Cost of Supply (COS) studies for the financial year 2025/26 by the end of June 2025 for the implementation in the new Financial Year. However, the Minister of Finance will engage NERSA to conclude this process sooner, to allow municipalities sufficient time to take account of the approved tariffs in the finalisation of their budgets. Tariff applications will not be considered unless they are supported by a Cost of Supply study. NERSA has indicated that the approval of Eskom's Retail Tariff Plan (RTP) and Eskom's Retail Tariff Structural Adjustment (ERTSA) for FY2025/26 is anticipated prior to 15 March 2025. Following the ERTSA decision, municipalities will be informed of the outcome to assist them in formulating their individual tariffs, which will then be approved for implementation in FY2025/26.

From the 2025/26 MTREF, municipalities will be required to submit the following documents pertaining to electricity tariff applications to the GoMuni Upload portal:

- NERSA D Form and COS study submitted to NERSA. For the 2025/26 tariff increase, municipalities with the tabled budget and thereafter 31 October 2025 (i.e. applications pertaining to 2026/27 tariff increases and beyond); and
- NERSA tariff approval with the tabled budget.

### 3.5. Municipal Valuation Roll Reconciliation Tool

Reference is made to MFMA Circulars No. 93 (paragraph 3), No. 98 (paragraph 4.1), No. 123 (paragraph 5.1), and particularly No. 126, (paragraph 3.1). To ensure the municipality's rates base is complete, and aligns to the business process and system requirements articulated in Annexure B of MFMA Circular No. 80 (08 March 2016) and the Municipal Property Rates Act (MPRA) (section 23): Part A: Register of the latest consolidated general valuation roll (GVR), and the MPRA categories, the municipality need to monthly perform the reconciliation in the format of the National Treasury Municipal Valuation Roll Reconciliation Tool.

<b>The municipality must submit the completed tool together with the related documentation to the National Treasury GoMuni portal as follows:</b>	<b>Timeframe</b>
1. The municipality's list of Property Rates tariffs approved by council for the financial year reported on together with the Council resolution that approved such.	Annually

2.	The municipality's time schedule for implementing its new general valuation roll (GVR) (aligned to the MPRA).	Annually
3.	The Municipal Property Rates Act (MPRA) (section 23): Part A Register of the latest consolidated general valuation roll (GVR).	Annually
4.	Municipality Valuation Roll Reconciliation – undertake monthly but only required to submit quarterly.	Quarterly
5.	Property Rates Transaction List (for the 3rd month of every quarter).	Quarterly

To assist municipalities in complying with these requirements, the National Treasury will provide follow-up training.

### **3.6. Prohibition on vending system(s) / third party vending solutions without consulting the National Treasury**

Recently there have been several iterations on private service offerings of vending system(s) / solution(s) offered to municipalities. These include service provider(s) funding metering solutions for municipalities parallel to a pre-paid solution (requiring a vending platform) – these service providers then collect on behalf of the municipality in exchange for a fee. However, in several cases, the service provider does not pay over to the municipality what is collected and / or claim a fee that is out of proportion to what is reasonable. This is worsened by many municipalities not weekly / monthly undertaking the appropriate reconciliation of what they provide / sell (also via pre-paid) against what revenue they receive in return from the service provider(s). *As an Example:* Most recently a municipality in Eastern Cape was victim to an arrangement where the service provider offered the municipality R60 million funding but will takeaway almost R540 million at the end of the arrangement causing significant harm to the community and official(s) of that municipality and may leave the municipality worse off than initially.

The MFMA, read together with the recently assented Public Procurement Act, provide a clear framework for procurement in local government. The MFMA regulatory framework in terms of section 116 read with MFMA Circular No. 62 furthermore provide clear guidance on how amendments to contracts should be undertaken. Any offerings beyond the initial scope of the contract, in our view, should not be considered as a contract amendment, but rather a change or extension of scope, which warrants a whole new or separate procurement process.

The National Treasury therefore confirms that with immediate effect, no municipality may enter into and / or extend any related vending system(s) / solution(s) without consulting and obtaining the written input of the National Treasury and the relevant Provincial Treasury. Should any municipal official and / or political office bearer fail to honour this prohibition, she/ he could render themselves personally liable for any related financial loss over and above potential criminal liability for financial misconduct.

In addition, third party vending solutions used by municipalities must align to the integration requirements set out in Annexure B of MFMA Circular No. 80 (08 March 2016). In terms of the requirements, third party solutions must, without (manual) intervention or manipulation, integrate and constantly balance with the core financial system solution. The rules for integration are determined by vendor of the core system solution. Where the core system solution already provides the necessary functionality offered by the third-party vendor and the municipality has already paid for the functionality and / or are paying annual licencing fees to access this functionality, such expenditure will constitute wasteful and fruitless expenditure and should be dealt with accordingly.

The municipality should send any request for the written input of the National Treasury together with the signed and / or proposed contract for such a service offering to: both [RevenueManagement@treasury.gov.za](mailto:RevenueManagement@treasury.gov.za) and [mfma@treasury.gov.za](mailto:mfma@treasury.gov.za) for the attention of Mr. Sadesh Ramjathan, Director: Local Government Budget Analysis: Revenue Section, and Mr. Wayne McComans, Chief Director: MFMA Implementation and parallel to the relevant Provincial Treasury.

### 3.7. Training Tools by the National Treasury

#### ***Revenue Management Assessment Tool***

Municipalities must submit the Revenue Management Assessment Tool annually as set-out above. Training was already undertaken across all provinces during the 2024/25 financial year. The National Treasury will facilitate follow-up training during 2025/26 upon request only to municipalities, provincial treasuries and technical advisors deployed to municipalities and provincial treasuries. Municipalities and provincial treasuries can request training via the relevant Provincial Treasury who is responsible to coordinate requests for training. It is noted that any National Treasury deployed technical advisor may directly request training from the National Treasury as may be required. Requests for training and any related queries must be directed to [RevenueManagement@treasury.gov.za](mailto:RevenueManagement@treasury.gov.za) and [Sadesh.ramjathan@treasury.gov.za](mailto:Sadesh.ramjathan@treasury.gov.za) for the attention of Mr. Sadesh Ramjathan.

#### ***Tariff Tool***

Municipalities must undertake a tariff assessment in the format of the National Treasury Tariff Tool as explained above. The National Treasury will facilitate follow-up training during the first quarter of the financial year 2025 and thereafter upon request only to municipalities, provincial treasuries and technical advisors deployed to municipalities and provincial treasuries. Training must be scheduled for a **full day** and would be more relevant towards municipal processes if scheduled:

- Before and/ or during the **Adjustments Budget preparation** (for re-allocations);
- Before and/ or during the **Tabled Budget process** (to evaluate tariff changes); or
- Before the **final MTREF submission** to Council for approval.

Municipalities and provincial treasuries can request training via the relevant Provincial Treasury. Any National Treasury deployed technical advisor may directly request training as may be directed to National Treasury as may be required. Requests for training and any related queries must be directed to [RevenueManagement@treasury.gov.za](mailto:RevenueManagement@treasury.gov.za) and [Sadesh.ramjathan@treasury.gov.za](mailto:Sadesh.ramjathan@treasury.gov.za) for the attention of Mr. Sadesh Ramjathan.

#### ***Municipal Valuation Roll Reconciliation Tool***

The National Treasury confirms the guidance already provided in MFMA Circular No. 129 to the effect that municipalities must reconcile valuation rolls monthly and submit such quarterly to the National Treasury together with the related documentation set-out above.

The National Treasury will facilitate follow-up training during the first quarter of the financial year and thereafter upon request only to municipalities, provincial treasuries and technical advisors deployed to municipalities and provincial treasuries on Municipal Valuation Roll Reconciliation Tool. Training must be scheduled for at least **two full days** and can be facilitated at any time since municipalities perform this task monthly. Municipalities and provincial treasuries can request training via the relevant Provincial Treasury. Any National Treasury deployed technical



advisor may directly request training as may be required. Requests for training and any related queries must be directed to [RevenueManagement@treasury.gov.za](mailto:RevenueManagement@treasury.gov.za) and [Sadesh.ramjathan@treasury.gov.za](mailto:Sadesh.ramjathan@treasury.gov.za) for the attention of Mr. Sadesh Ramjathan.

## **4. Budget and other management issues:**

### **4.1. 2025/26 Municipal Budget Tabling Timelines**

The National Treasury would like to advise the municipalities that late tabling of the 2025 National Budget in Parliament does not really affect the timelines of the preparations/ conclusion of the municipal budget process. The 2025 National Budget was tabled by the Minister of Finance on 12 March 2025 which implies that Provincial Governments have two weeks thereafter to table the 2025 Provincial Budgets in the Provincial Legislatures, i.e. 31 March 2025. This is in line with the PFMA – Treasury Regulations. Municipalities have sufficient time to accommodate the allocations in the DOR Bill in their 2025/26 MTREF Budgets before tabling on 31 March 2025, that is 19 days or two weeks to table the budget before 31 March 2025.

The transfers from provinces to municipalities which are supposed to be included in provincial budgets and gazetted by provinces, should for all practical reasons also be available on the 27 March 2025. Given that municipalities have 10 months to prepare their upcoming budgets prior to tabling it in Council for consideration, National Treasury has previously advised municipalities to use the outer years of the Annual DoRA as projections, add inflation to calculate the third year of the MTREF, when finalising the tabled budget.

For those municipalities where the budgets were already in an advance stage of preparations, they will have between tabling and the adoption stage of the budget (end of May 2025) to include and accommodate all the transfers for both national and provincial governments. This will allow National and Provincial Treasuries to verify and reconcile the transfers with the DoR Bill and provincial Gazettes.

### **4.2. Management of Water Tankers**

There is a growing trend of water challenges in most municipalities in the country which is spiraling out of control. This is a direct threat to municipalities' financial sustainability and could lead to a lack of trading in this key source of municipal revenue.

Most municipalities have tried to procure water tankers to close the gap in areas which are increasingly experiencing sporadic water supply challenges. As a result, the municipalities are not able to trade, leading to less revenue and an unprofitable water business.

It has emerged in the recent Mid-year Budget and Performance Review engagements that contracted water tankers have developed as a business rather than a stop gap measure.

As such, municipalities are encouraged to protect their revenue through avoiding protracted long contracts of water tankers. Where possible the municipality should use its internal water tankers as a temporary measure with a clear intention to restore the service.

If the municipality provides a long-term service, such as water for informal settlements, it is advised that tanks should be purchased and refilled with municipal water tankers. The aim should always be to strike a balance between the provision of service and protecting municipal revenue. Proper checks and balances must be considered as well as internal controls to avoid abuse in this regard and to ensure that in the event that the Office of the Auditor General Africa of South investigates these services, the use of water tankers and water tanks is based on sound business principles.

### 4.3. Asset Management

According to Municipal Budget and Reporting Regulations (Table A9), the municipalities were advised to allocate 60 per cent of the total Capital Expenditure budget to new acquisition while the remaining 40 per cent to renewal and upgrading of the new assets.

Given the current challenges of aging and dilapidated infrastructure faced by the municipalities, which contributes to high level of losses, municipalities are advised **to allocate at least 60 per cent** of the capital expenditure to renewal/ upgrading of the existing assets while 40 per cent should acquire new assets.

The National Treasury realised that year-on-year, municipalities priorities the acquisition of new assets and the existing assets are being neglected to a dilapidated condition. Another factor which causes a factor is lack of maintenance during the lifespan of the assets which National Treasury encourages the municipalities to allocate at least 8 per cent towards repairs and maintenance as outlined in MFMA Circulars No. 55 and 71.

## 5. Municipal Standard Chart of Accounts (*mSCOA*):

### 5.1. Go Live on Version 6.9 of the Chart

*mSCOA* version 6.9 will go live on 24 March 2025, whereafter municipalities will be able to upload their tabled budget (TABB) and tabled project files (PRTA) data strings for the 2025/26 MTREF on the GoMuni portal.

After going live on version 6.9 of the chart, all the reports available on the LGDRS will be aligned to *mSCOA* chart version 6.9. This includes the format of the Section 71 report for Q3 and Q4 of 2024/25 and the adjustments budget for 2024/25.

The Municipal Budget and Reporting Regulations (MBRR) Schedules (A to F) and non-financial data string (A1S) was also aligned to version 6.9 of the chart. A **protected** version of the MBRR Schedules for version 6.9 of the chart and A1 Schedule is available on the on the MFMA Webpage on the link below:

<http://mfma.treasury.gov.za/RegulationsandGazettes/Municipal%20Budget%20and%20Reporting%20Regulations/Pages/default.aspx>

The reports on the Local Government and Reporting System (LGDRS) are populated from financial and non-financial data strings and both strings are required for the data to pull through correctly on the reports available on the LGDRS. Municipalities must use the linkages on GoMuni referred to above and not the formulas in the regulated Municipal Budget and Reporting (MBRR) Schedules when generating their A schedule from the financial system.

In terms of the *mSCOA* Regulations, municipalities must generate the regulated MBRR schedules that is tabled and adopted by Council directly from their integrated financial system solutions and not import or captured it on their system solutions at a later stage. This is necessary to ensure that there is 'one version of the truth', namely the data in the integrated financial system solutions is the same as the report tabled and adopted by Council and the information submitted to the National Treasury and other stakeholders.

### 5.2. *mSCOA* data strings credibility

Municipalities must verify the credibility and accuracy of the tabled budget (TABB) and project file (PRTA) data strings **prior and post** to uploading it to the National Treasury Local Government Database and Reporting System (LGDRS). These data strings will be the sole source used by National and Provincial Treasuries to analyse and determine if the municipality's budget is funded, and the credibility is therefore of utmost importance.

Registered users from municipalities, provincial treasuries and National Treasury have full access to their data on the LGDRS and can draw the information to verify the accuracy of the figures for their respective municipalities or province (in the case of provincial treasuries). The LGDRS reports can be accessed by registered users on the following link:

[https://lg.treasury.gov.za/ibi\\_apps/signin](https://lg.treasury.gov.za/ibi_apps/signin)

### 5.3. Submission of virement information

From the 2025/26 MTREF, municipalities will be required to report on their virements through the submission of a separate data string, as well as a report on virements done by the municipality. This submission must be done monthly to the GoMuni Upload Portal and should be generated from the core financial system. The validation rules applicable to the monthly IYM submission will also be applied to the virement data strings.

The attached **Annexure D** provides guidance on the layout and information required on the virement budget report, while **Annexure E** provides the layout of the virement data strings.

This will enable national and provincial treasuries to keep track of the virements done when they do their Section 71 analysis. The virements will be reflected in a separate report and will not form part of the consolidated Section 71(7) reporting to provincial legislatures or the consolidated Section 71 publication issued by the National Treasury. For the consolidated S71 reporting and publication, performance will only be compared to the adopted budget in the first eight months of the year and the adjustments budget in the last four months of the year.

Municipalities must review their virement policy annually and ensure that it aligns with the principles and guidance in MFMA Circulars No 12, 51 and 88 and *mSCOA* Circular No. 8 (29 April 2020). Virements may only be made between existing budget provisions and must be included in an adjustments budget. The Council approved virement policy must be submitted as part of the budget documents on Go Muni. Please note that documents must be submitted individually and not as a batch.

### 5.4. Medium-Term Development Plan (MTDP)

Cabinet has recently approved the Medium-Term Development Plan (MTDP) for 2024 to 2029. The Department of Planning, Monitoring and Evaluation (DPME) will issue the MTDP in due course. These revised priorities, reflecting the new administration's vision, will be integrated into *mSCOA* version 6.10. For *mSCOA* budgeting and reporting in the 2025/26 MTREF, municipalities should continue using the IUDF and MTSF priorities as per *mSCOA* version 6.9.

### 5.5. Upgrading and procurement of *mSCOA* system solutions and/or functionality

From March 2023, the National Treasury has alerted municipalities that the minimum business processes and system specifications for *mSCOA* will be regulated and that municipalities should exercise extreme caution when changing or upgrading their integrated financial system solutions to avoid procuring system functionality that might not comply with the said regulations. Municipalities are reminded to implement the due diligence processes set out in MFMA Budget Circulars No. 93, 98, 107, 112, 123 and *mSCOA* Circulars No. 5 and 6 **prior** to procuring new or upgrading system functionality to protect them from making incorrect decisions in this regard.

This also applies when 3<sup>rd</sup> party system functionality is procured that is required to integrate with the core system solution.

Importantly, if an open tender process is not followed (e.g. when Section 33 or 116 of the MFMA and SCM Regulations 36 (deviations) are utilised), **the market must be tested prior to embarking on procurement**. The municipality must be able to substantiate that the product, service or similar offering is not available elsewhere in the market at a cheaper cost and that using these procurement vehicles have significant economic or financial value benefits to the municipality. Where legislation requires that the views of the National Treasury must be sought, the relevant documentation must be emailed to [mfma@treasury.gov.za](mailto:mfma@treasury.gov.za). If the processes required in term of legislative are not followed, a contract might be found invalid by a court of law.

## 5.6. Issues pertaining to the regulations on the minimum *mSCOA* requirements

National Treasury is currently in the process of developing business processes, standard operating procedures (SOPs) and minimum system specifications to underpin the Regulations of the minimum business processes and system specifications for *mSCOA*.

All the required business processes, procedures and systems functionality pertaining to the Regulations will be made available to municipalities **at no cost** in a format that can be imported, customised and utilised in a process modelling tool of their choice. Municipalities are cautioned against incurring unnecessary expenditure to procure specialised software and tools or appoint service providers to adapt and customize their business processes, especially as the requirements have not been finalised yet.

It must further be emphasized that the documents released for comments on the MFMA Webpage are the sole property of the National Treasury and may only be used for the intended purpose of providing comments on the proposals. **Any company that sells or distributes these documents or parts thereof for any other purposes without the explicit written permission of the National Treasury will be blacklisted on the basis of Intellectual Property Violations (i.e. unauthorized distribution of government documents).**

It should also be noted that the intention of the recent demonstrations on the systems used by municipalities that was conducted by the National Treasury was to determine key implementation gaps as per MFMA Circular No. 80 (dated 08 March 2016). These gaps must be addressed by the respective municipalities in their *mSCOA* municipal road maps. National Treasury shared the observations with system vendors with a view that gaps in system functionality should be further explored and addressed by them. The demonstrations were not on any specific systems in the market but on modules used by a specific municipality to give effect to the requirements of MFMA Circular No 80. **It will therefore be unacceptable and a misrepresentation for any system vendor to claim that their respective system was found compliant by the National Treasury.**

## 5.7. Special adjustments budget to authorise unauthorised expenditure

In terms of regulation 23(6)(b) of the MBRR, council may authorise unauthorised expenditure in a special adjustments budget tabled in council when the mayor tables the annual report in terms of section 127(2) of the MFMA. This special adjustments budget **may only deal with unauthorised expenditure from the previous financial year which the council is being requested to authorise in terms of section 32(2)(a)(i) of the MFMA**. This process may not be used to condone poor planning, budgeting, or financial management after the adoption of the budget.

Detailed guidance in this regard was provided in MFMA Circular No. 68 (dated 13 October 2021).

Further development work with regard to this matter will be undertaken during 2025 and proper guidance will be provided in subsequent MFMA Budget Circulars. For now, municipality should continue with the current practices until further notice. Under no circumstances should municipalities require their systems vendors to open their financial systems especially where the Auditor General of South Africa have already signed off on their annual audited financial statements.

Municipalities are also reminded of the guidance provided in our email dated 21 August 2024 on the *Submission of the 2023/24 Annual Financial Statements (AFS) – (Pre-Audit Information)* and mSCOA Circular No. 15 (08 July 2024) on the period closures controls for the following periods.

- **Month 12:** The financial year ends in month 12 (as at 30 June of the financial year). Month 12 (4th Quarter section 71 reports) represents the **preliminary outcome** information. The closing balances of month 12 must be programmatically transferred in the core financial system to the opening balances of the new financial year in month 01 of the new reporting period;
- **Period 13** when the AFS are prepared during July and August annually. Period 13 represents the **pre-audit outcome** information (the AFS as submitted to the AG);
- **Period 14** represents the **audit outcome** information (the AFS on which the AGSA has expressed an opinion. Audit approved journals must be processed in period 14; and
- **Period 15** when the adjustments to the AFS following the approval of the adjustments budget to authorise and legalise unauthorised expenditure referred to in Regulation 28(6) of the MBRR is effected.

The AFS submitted to AGSA must reconcile with the pre-audited (PAUD, CRPA and DBPA), audited (AUDA, CRAU, DBAU) and restated (RAUD) data strings submitted to the GoMuni Upload portal and these data strings must be submitted as end-results and NOT movements when submitting the mSCOA data strings. Importantly, any transactions that were processed as part of the preparation and auditing of the AFS after year-end (month 12) in period 13, 14 and 15 must be reflected in the corresponding month of the new financial year by using net movements. The net movements will result in either an increase or decrease in the new financial year in the corresponding month of month 01 to 03 of the current financial year. E.g. changes in period 13 must be reflected in month 02 or 03 of the new financial year. A similar process is applicable when restatements of previous financial year figures occur and when material errors are identified which impacts on the previous years' AFS and must be corrected in period 15.

With regards to year-end information, the aim is to collect three sets of information (preliminary, pre-audited and audited). This ensures that the latest outcome information is always available to inform planning and budget decision making process for national, provincial and local government.

## 6. Submitting documents to the GoMuni Upload Portal:

### 6.1. Submission of additional reports

In addition to the virement policies that must be uploaded to GoMuni Upload portal from 01 July 2025, the following changes pertaining to document submissions to the GoMuni Upload portal must be noted:

#### ***Uploading of Section 41 Reports on prices and payments for bulk resources***



From the 2025/26 MTREF, the Department of Water and Sanitation, Eskom, and Water Boards will be required to upload their monthly Section 41 reports on the GoMuni Upload portal to enhance transparency and oversight. This will replace the current email submission process. Training on the upload procedure will be provided to all relevant stakeholders to ensure a smooth transition.

### ***Municipal Procurement Plans***

MFMA Circulars No. 62 (dated 20 August 2012) and 94 (dated 08 March 2019) requested for the submission of annual municipal procurement plans. From the 2025/26 MTREF, municipalities will be required to upload their annual procurements plans in PDF format on the GoMuni Upload portal. These plans should encompass comprehensive information on planned procurements, estimated costs, and the proposed procurement strategies. Both draft and final procurement plans should be submitted with the annual tabled and adopted budget documentation.

### ***Revenue related and debt relief documentation***

All municipalities are required to annually upload the Revenue Management related documents as per the Document Submission Checklist attached as **Annexure C** to the GoMuni Upload Portal. These documents must be submitted in the specified format and within the timeframes indicated. Also note that items 15 and 17 in **Annexure C** are only relevant to Municipal (Eskom) Debt Relief participants and item 19 to both Municipal (Eskom) and Water Debt Relief participants. In relation to items 15, 17 and 19, all other municipalities must submit a "Not Applicable" form to prevent these items reflecting as outstanding.

## **6.2. Submission and sign-off of key tabling dates**

In the past, the National Treasury requested information on an annual basis from municipalities on the actual tabling dates of legislated processes such as the various budget processes, AFS and Annual Report. This information was submitted through an excel spreadsheet. From 01 July 2025, municipalities will be required to enter the legislative tabling dates directly on the GoMuni portal, replacing the manual spreadsheet process.

Additionally, the Accounting Officer of each municipality will be required to sign-off on the accuracy of the captured dates on the LGDRS.

Further guidance on the submission and sign-off procedures will be provided in due course.

## **7. The Municipal Budget and Reporting Regulations:**

### **7.1. Assistance with the compilation of budgets**

If municipalities require advice with the compilation of their respective budgets, specifically the budget documents or Schedule A, they should direct their enquiries to their respective provincial treasuries or to the following National Treasury officials:

Province	Responsible NT officials	Tel. No.	Email
Eastern Cape	Matjatji Mashoeshoe	012-315 5553/ 0609242914	<a href="mailto:Matjatji.Mashoeshoe@treasury.gov.za">Matjatji.Mashoeshoe@treasury.gov.za</a>
Buffalo City	Pitso Zwane	012-315 5171	<a href="mailto:Pitso.Zwane@Treasury.gov.za">Pitso.Zwane@Treasury.gov.za</a>
	Mandla Gilimani	012-315 5807/0661198036	<a href="mailto:Mandla.Gilimani@treasury.gov.za">Mandla.Gilimani@treasury.gov.za</a>

Free State	Cethekile Moshane	012-315 5079	<a href="mailto:Cethekile.moshane@treasury.gov.za">Cethekile.moshane@treasury.gov.za</a>
Gauteng	Matlatji Mashoeshoe	012-315 5553	<a href="mailto:Matlatji.Mashoeshoe@treasury.gov.za">Matlatji.Mashoeshoe@treasury.gov.za</a>
City of Tshwane and City of Johannesburg	Pitso Zwane	012-315 7538	<a href="mailto:Pitso.Zwane@Treasury.gov.za">Pitso.Zwane@Treasury.gov.za</a>
	Willem Voigt	012-315 5830	<a href="mailto:WillemCordes.Voigt@treasury.gov.za">WillemCordes.Voigt@treasury.gov.za</a>
City of Ekurhuleni	Makgabo Mabotja	012-315 5156	<a href="mailto:Makgabo.Mabotja@treasury.gov.za">Makgabo.Mabotja@treasury.gov.za</a>
	Kgomotso Baloyi	012-315 5866/082 887 2968	<a href="mailto:Kgomotso.Baloyi@treasury.gov.za">Kgomotso.Baloyi@treasury.gov.za</a>
	Lunathi Dumani		<a href="mailto:Lunathi.dumani@treasury.gov.za">Lunathi.dumani@treasury.gov.za</a>
KwaZulu-Natal	Kgomotso Baloyi	012-315 5866	<a href="mailto:Kgomotso.Baloyi@treasury.gov.za">Kgomotso.Baloyi@treasury.gov.za</a>
	Lunathi Dumani		<a href="mailto:Lunathi.dumani@treasury.gov.za">Lunathi.dumani@treasury.gov.za</a>
eThekweni	Kevin Bell	012-315 5725	<a href="mailto:Kevin.Bell@treasury.gov.za">Kevin.Bell@treasury.gov.za</a>
uMhlathuze	Sifiso Mabaso	012-315 5952/060 923 7343	<a href="mailto:Sifiso.mabaso@treasury.gov.za">Sifiso.mabaso@treasury.gov.za</a>
	Matlatji Mashoeshoe	012-315 5553/060 326 6885	<a href="mailto:Matlatji.Mashoeshoe@treasury.gov.za">Matlatji.Mashoeshoe@treasury.gov.za</a>
	Pitso Zwane	012 315 7538	<a href="mailto:Pitso.Zwane@Treasury.gov.za">Pitso.Zwane@Treasury.gov.za</a>
Limpopo	Sifiso Mabaso	012-315 5952/060 923 7343	<a href="mailto:Sifiso.Mabaso@treasury.gov.za">Sifiso.Mabaso@treasury.gov.za</a>
	Jabulile Ngwenya		<a href="mailto:Jabulile.ngwenya@treasury.gov.za">Jabulile.ngwenya@treasury.gov.za</a>
Mpumalanga	Mandla Gilimani	012-315 5807	<a href="mailto:Mandla.Gilimani@treasury.gov.za">Mandla.Gilimani@treasury.gov.za</a>
Northern Cape	Mandla Gilimani	012-315 5807	<a href="mailto:Mandla.Gilimani@treasury.gov.za">Mandla.Gilimani@treasury.gov.za</a>
North West	Willem Voigt	012-315 5830	<a href="mailto:WillemCordes.Voigt@treasury.gov.za">WillemCordes.Voigt@treasury.gov.za</a>
	Makgabo Mabotja	012-315 5156	<a href="mailto:Makgabo.Mabotja@treasury.gov.za">Makgabo.Mabotja@treasury.gov.za</a>
Mafikeng	Khanyisile Khosa		<a href="mailto:khanyisile.khosa@treasury.gov.za">khanyisile.khosa@treasury.gov.za</a>
	Cethekile Moshane	012-315 5079	<a href="mailto:Cethekile.moshane@treasury.gov.za">Cethekile.moshane@treasury.gov.za</a>
Western Cape	Willem Voigt	012-315 5830	<a href="mailto:WillemCordes.Voigt@treasury.gov.za">WillemCordes.Voigt@treasury.gov.za</a>
	Khanyisile Khoza	012-315 5385	<a href="mailto:khanyisile.khosa@treasury.gov.za">khanyisile.khosa@treasury.gov.za</a>
	Kgomotso Baloyi	012-315 5866/082 887 2968	<a href="mailto:Kgomotso.Baloyi@treasury.gov.za">Kgomotso.Baloyi@treasury.gov.za</a>
Cape Town	Sifiso Mabaso	012-315 5952/ 060 923 7343	<a href="mailto:Sifiso.Mabaso@treasury.gov.za">Sifiso.Mabaso@treasury.gov.za</a>
George			
Technical issues on GoMuni	Data management		<a href="mailto:lqdataqueries@treasury.gov.za">lqdataqueries@treasury.gov.za</a>
Local government Conditional Grants			<a href="mailto:Sello.mashaba@treasury.gov.za">Sello.mashaba@treasury.gov.za</a> <a href="mailto:Pretty.mavhungu@treasury.gov.za">Pretty.mavhungu@treasury.gov.za</a> <a href="mailto:Marvin.ngobeni@treasury.gov.za">Marvin.ngobeni@treasury.gov.za</a> <a href="mailto:Akanyang.modise@treasury.gov.za">Akanyang.modise@treasury.gov.za</a> <a href="mailto:Sandra.adams@treasury.gov.za">Sandra.adams@treasury.gov.za</a>

## Contact



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

**Post** Private Bag X115, Pretoria 0001

**Phone** 012 315 5009

**Fax** 012 395 6553

**Website** <http://www.treasury.gov.za/default.aspx>

**JH Hattingh**

**Chief Director: Local Government Budget Analysis**

**19 March 2025**



## KWAZULU-NATAL PROVINCE

TREASURY  
REPUBLIC OF SOUTH AFRICA

### DIRECTORATE: HEAD OF DEPARTMENT

P. O. Box 3613, Pietermaritzburg, 3200  
Treasury House, 145 Chief Albert Luthuli Street, Pietermaritzburg, 3201  
Tel: 033 897 4307/4583 Fax: 033 342 2486  
Website: [www.kzntreasury.gov.za](http://www.kzntreasury.gov.za)  
E-mail address: [carol.coetzee@kzntreasury.gov.za](mailto:carol.coetzee@kzntreasury.gov.za)

Reference: 11/6/13/6  
Enquiries: Mr. F. Cassimjee  
Date: 13 February 2025

**TO: MUNICIPAL MANAGERS  
CHIEF EXECUTIVE OFFICERS  
CHIEF FINANCIAL OFFICERS  
KWAZULU-NATAL (KZN) MUNICIPALITIES  
KZN MUNICIPAL ENTITIES**

#### PROVINCIAL TREASURY CIRCULAR PT/MF 07 OF 2024/25

#### **PREPARATION, SUBMISSION AND PUBLICATION OF THE 2025/26 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK (MTREF) BUDGET**

The objectives of this circular are to:

- Draw the attention of municipalities to the legislative requirements regarding the preparation of the 2025/26 MTREF Budget and to guide and support municipal officials in their responsibility to prepare reliable, credible and funded budgets to be approved by Council;
- Inform municipalities about Provincial Treasury's intention to undertake an assessment of their 2025/26 MTREF Budgets to be tabled in terms of Section 16(2) and submitted in terms of Section 22(b)(1) of the Municipal Finance Management Act, Act No. 56 of 2003 (MFMA);
- Remind municipalities of the requirements of Section 23(1)(b) of the MFMA for Council to consider the views of Provincial Treasury on the 2025/26 MTREF Budget and that Provincial Treasury intends to engage all delegated municipalities on Provincial Treasury's findings during the assessment of the 2025/26 MTREF Budgets;
- Inform municipalities of the availability of officials from Provincial Treasury to provide technical support on the preparation of the budget and attend Budget Steering Committee (BSC) meetings prior to the tabling of the Tabled (Draft) Budget and Approved (Final) Budget to Council;
- Circulate a Budget preparation process checklist which will be useful in assessing the compliance of the budget with the requirements of the MFMA and the Municipal Budget and Reporting Regulations (MBRR) during the budget preparation process, refer to **Annexure A**;
- Circulate the minimum information which municipalities must gather as supporting evidence for the preparation of a budget, refer to **Annexure B**. This will assist municipalities to document the evidence for all sources of information used in the compilation of the budget;
- Circulate the basic content and information which the 2025/26 MTREF Budgets are expected to include as per the requirements of the MBRR, refer to **Annexure C**;





## KWAZULU-NATAL PROVINCE

TREASURY  
REPUBLIC OF SOUTH AFRICA

- Inform municipalities of the tabling and approval requirements for the 2025/26 MTREF Budget as well as the timelines for the tabling and approval of the 2025/26 MTREF Budget, non-compliance with legislated budget approval timelines and the consequences of not approving an Annual Budget by the start of the financial year i.e. 01 July 2025;
- Alert municipalities of the 2025 Division of Revenue Bill (DoRB) reflecting the allocations from National Government for consideration and incorporation into the municipalities' budgets for the 2025/26 MTREF; and
- Remind municipalities of the areas of weakness and common errors noted by Provincial and National Treasuries in previous budget assessments, with the intention for municipalities to address these weaknesses and errors (where applicable) in their 2025/26 MTREF Budgets with view of producing an improved budget when compared to previous year's budget.

This circular complements MFMA Circular No. 129 dated 10 December 2024 on the 2025/26 MTREF Budgets issued by National Treasury. In the process of compiling their budgets, it is important that municipalities consider the State of the Nation Address, the National Budget Speech and other National Directives as well as the Provincial Directives such as the State of the Province Address by the Premier and the Provincial Budget speech by the MEC for Finance.

The following areas are covered in this circular:

- A. Preparation of the 2025/26 MTREF Budgets;
- B. Format Requirements for the 2025/26 MTREF Budgets;
- C. Budget Steering Committee (BSC);
- D. Service Delivery and Budget Implementation Plans (SDBIPs);
- E. National and Provincial Transfers to municipalities;
- F. Publication of the 2025/26 MTREF Budgets;
- G. Municipalities unable to comply with Sections 16(2) and 24(1) of the MFMA;
- H. Balance Sheet and Cash Flow Budgeting;
- I. Reconciliation of Valuation roll data to the billing system;
- J. Setting cost reflective tariffs;
- K. Fixed asset register;
- L. Funding Position of the 2025/26 MTREF Budgets;
- M. Budget funding plans;
- N. Criteria for the release of the Equitable Share allocation;
- O. Common findings in prior years for consideration in the 2025/26 MTREF Budget process;
- P. Technical Assistance on the 2025/26 MTREF Budgets;
- Q. Engagement with municipalities on the 2025/26 MTREF Tabled Budgets; and
- R. Municipal Budget submission process.

Municipalities are reminded to refer to the annual budget circulars of the previous years issued by both National and the Provincial Treasuries for guidance in areas of the budget preparation that are not covered in this circular.



## **A. Preparation of the 2025/26 MTREF Budgets**

The following is intended to guide municipalities to streamline their budget preparation process and to provide appropriate and relevant information required by Provincial Treasury for the purpose of monitoring and evaluating the 2025/26 MTREF Budgets.

### **Municipal Standard Chart of Accounts (mSCOA)**

All municipalities **must** prepare their 2025/26 MTREF Budgets using the budget modules of their **Integrated System Solutions** to generate their financial and non-financial data strings and produce the Schedule A1 directly from the integrated system solutions as per the guidance provided in MFMA Circular No. 98 and re-iterated in MFMA Circular No. 126. The manual preparation of these documents outside the integrated system solution is not allowed in terms of the mSCOA Regulations. The integrated system solution must enable municipalities to:

- Budget, transact and report on all six (6) regulated mSCOA segments on the core financial system and submit the data strings directly from the system to the National Treasury GoMuni Upload Portal;
- Lock down the budget adopted by Council on the core municipal financial system before submitting the budget data strings to the National Treasury GoMuni Upload Portal;
- Close the core financial system at month-end before submitting the monthly data strings to the National Treasury GoMuni Upload Portal as required in terms of Section 71 of the MFMA; and
- Generate regulated Schedules (A, B and C) directly from their core financial systems.

Provincial Treasury has noted with concern over the prior years that many municipalities are still not fully and correctly implementing the mSCOA Regulations. Errors noted during the analysis of data strings include the incorrect use of the mSCOA segments at the budgeting and transacting levels. The impact of these transgressions results in inaccurate and incomplete information being produced from the municipalities' core financial systems and misrepresenting information being reported to National Treasury and other stakeholders. The inaccurate and incomplete reporting inadvertently affects the ability of management and other stakeholders to take effective and efficient decisions.

As per MFMA Circular No. 98 and MFMA Circular No. 126 as well as mSCOA Circulars as issued by National Treasury, if a municipality has not achieved the required level of implementation with regards to the mSCOA Regulations, the municipality must develop and implement a road map (action plan) to fast track the implementation of mSCOA and it should detail action steps, assign responsibilities, and specify time frames to address the implementation gap which must be submitted to the National and Provincial Treasuries. The focus areas that should be considered (at a minimum), as applicable to the municipality when developing the road map are:

- 1) ICT Architecture** - which includes the hardware, servers, software, licences required to run the integrated system solution must meet the requirements of both the organizational needs as well as that of the mSCOA Regulations.
- 2) Governance and Institutional Requirements** - which includes:
  - A functioning mSCOA steering committee or equivalent structure to monitor and report on progress against the road map. This committee consist of the heads of all business units and meet regularly (at least quarterly).
  - Regular reporting on mSCOA implementation to Management and Executive Committees and Council.
  - Appointment of a mSCOA champion to drive the mSCOA implementation at the municipality.



## KWAZULU-NATAL PROVINCE

TREASURY  
REPUBLIC OF SOUTH AFRICA

- Appointment of a suitably qualified System Administrator.
- The development and adoption of the required IT policies and securities.
- Establishment of data back-up and disaster recovery procedures.

### 3) System Functionality

- The mSCOA Regulations required municipalities to acquire integrated system solutions from 01 July 2017 to enable the seamless integration of information to the General Ledger on the core financial system. Where third-party modules are used, integration into the core financial system is critical to ensure accuracy and completeness in reporting on a monthly, quarterly, and annual basis. Therefore, integration requirements are set by the core financial service provider. There must be a service level agreement in place between the core financial system provider and the third party to ensure that integration requirements are met.

- 4) The integration between the third party module(s) and the core financial system must give effect to the minimum business processes and system requirements specified in MFMA Circular No. 80. Municipalities must budget, transact and report per the legislative and regulatory requirements.

### 5) User Proficiency and Training

- The relevant municipal officials and interns must be sufficiently capacitated on the mSCOA chart, basic accounting, balance sheet budgeting movement accounting, and all system modules and functionalities to use the integrated systems solution. Consideration should be given to training, the establishment of User Support Groups and the availability of user manuals on the system.
- Change management initiatives to ensure that mSCOA is institutionalised as an organisational reform and not only a financial reform.
- MFMA Circular No. 126 re-enforced the importance of the mSCOA road map and requires that the mSCOA road map be reviewed and updated annually as part of the budget process and submitted to Council for approval together with the 2025/26 MTREF Budget. Municipalities will be required to upload their updated mSCOA road maps in a PDF file on the National Treasury GoMuni Upload Portal as part of their 2025/26 MTREF Tabled Budget and Adopted Budget submissions and thereafter on a quarterly basis as part of their in-year reporting. Municipalities must ensure that they budget sufficiently to **become and remain mSCOA compliant**.

### Budget Preparation Process Checklist

Provincial Treasury has included a Budget Preparation Process Checklist, **Annexure A**, which will assist in assessing the extent to which municipalities have complied with the Budget Preparation Process as specified in the MFMA and MBRR. This checklist also includes a number of non-financial information requirements which the municipality should also review.

The municipality should prepare to discuss these requirements during the technical assistance and engagements as per Sections P and Q of this circular. The key focus areas listed in this Checklist are not exhaustive, therefore municipalities are required to not rely solely on these areas but to introduce more measures when assessing their level of compliance in terms of their budget preparation process.

### The Municipal Budget Working Paper File

The Municipal Budget Working Paper File is a set of workings and supporting documents which is prepared, referenced and arranged in order to enable the municipality to support the figures and assumptions contained in the budget.



## KWAZULU-NATAL PROVINCE

TREASURY  
REPUBLIC OF SOUTH AFRICA

The Working Paper File should assist in streamlining the budget process and address many of the queries which arise during the annual budget review process by the National and Provincial Treasuries. The content of the file will enable a meaningful and constructive annual budget engagement and evaluation process.

The order of the documentation contained in the file should follow the order of information as it appears in Schedule A1 in terms of the MBRR. **Annexure B** provides details of the minimum information to be included in the Budget Working Paper File. It is at the discretion of the municipality to include any further relevant supporting documentation.

The Chief Financial Officer (CFO) should provide overall guidance on the final content of the file. The information contained in the file should support the figures in the 2025/26 Tabled and Approved Budgets.

The CFO should sign off on the content of the file. The file should incorporate all documents which support the information produced in relation to each process as specified in the *Time Schedule Outlining Key Deadlines*. Once completed, the file should be reviewed and verified by the CFO. A copy of the file should be retained by the Mayor and Municipal Manager for record and reference purposes.

### B. Format Requirements for the 2025/26 MTREF Budgets

Section 17(1) of the MFMA states that *an Annual Budget of a municipality must be in a schedule and the prescribed format*. Regulation 9 of the MBRR further prescribes that *the Annual Budget and supporting documentation of a municipality must be in the format specified in Schedule A and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of Section 168(1) of the Act [the MFMA]*.

Furthermore, Regulation 14(1)(a) of the MBRR specifies that *an Annual Budget and supporting documentation tabled in a municipal Council in terms of Sections 16(2) and 17(3) of the MFMA must be in the format in which it will eventually be approved by the Council*.

Provincial Treasury has found during our oversight processes that some municipalities still produce Annual Budgets using incorrect formats or with incomplete tables which could be an indication that budgets are being prepared outside of the financial system. The incomplete budgets limit the extent of Provincial Treasury's assessment with regards to compliance with legislation and the quality of information contained in the municipal budgets.

#### The latest Schedule A1 version

On an annual basis, the mSCOA chart is reviewed to address implementation challenges and correct chart related errors. National Treasury released **Version 6.9** of the chart together with MFMA Circular No. 129. Therefore, all municipalities must prepare their 2025/26 MTREF Tabled and Approved budgets using the **Version 6.9**.

The linkages to chart version 6.9 can be downloaded from GoMuni on the following link under the mSCOA/ List mSCOA WIP account linkages menu option:

[https://lg.treasury.gov.za/ibi\\_apps/signin](https://lg.treasury.gov.za/ibi_apps/signin)

The MBRR Schedules (A to F) and non-financial data string (A1S) was also aligned to chart Version 6.9. A protected version of the MBRR Schedules for Version 6.9 of the A1S are available on the MFMA Webpage on the link below:

<http://mfma.treasury.gov.za/RegulationsandGazettes/Municipal%20Budget%20and%20Reporting%20Regulations/Pages/default.aspx>



All municipalities are required to ensure that their 2025/26 MTREF Budgets are tabled in Council on or before 31 March 2025 which must include all the information as set out in Schedule A1 using Version of 6.9 as per MFMA Circular and requirements of the MBRR and submitted to the National and Provincial Treasuries.

### **The importance of accurate and credible budget data strings (TABB and ORGB)**

Municipalities should **firstly** prepare budgets that are credible which contain accurate and complete information. According to the Financial and Fiscal Commission (FFC, 2011), a credible budget is one that ensures the funding of all approved items and is anchored in sound, timely and reliable information on expenditure and service delivery. MFMA Circular No. 122 which highlights that credible budgets are critical for Local Government to fulfill its mandate and ensure financial sustainability. **Secondly**, the municipality must ensure that the credible budget is accurately translated into credible data strings that are submitted to the National Treasury GoMuni Upload Portal for reporting and analysis purposes.

The credibility of the data strings is vital as the National and Provincial Treasuries use the mSCOA data strings uploaded to the National Treasury GoMuni Upload Portal as the **only source** for publishing financial information of the municipalities which includes the Annual Budget, Adjustments Budget and performance related information. Furthermore, the data strings are solely used by the National and Provincial Treasuries to determine the funding position of municipalities. Thus, inaccurate data strings could negatively affect the funding position of municipalities. MFMA Circular No. 107 indicates that the mSCOA data strings will also be used as a source of data to monitor the municipal performance against grants allocations as well as to influence the decisions on the stopping and re-allocating of conditional grants.

It was clarified in MFMA Circular No. 122 that the municipalities' Tabled Budget data strings (TABB) and Original Budget data strings (ORGB) will be assessed by the National and Provincial Treasuries to determine compliance with the mSCOA requirements, as well as the completeness and funding of the budget. It is therefore extremely important that municipalities always upload accurate data timeously to the National Treasury GoMuni Upload Portal.

MFMA Circular No. 126 highlights that despite the improvements that have been made in some areas, the credibility of mSCOA data strings remains a concern. The credibility of the data strings is affected by the following amongst others:

- municipalities continue to transact against line items without budgets;
- opening balances for the previous year are not transferred in the first month (M01) of the current year;
- cash flow tables (Tables A7, B7 and C7) are still not populated correctly and fully;
- budget and transacting for water inventory are not done correctly; and
- some municipalities do not budget and transact correctly or completely for irrecoverable debt written off and impairment loss as well as the reversal of impairment loss of consumer debtors.

**Failure to ensure that the Tabled Budget and Approved Budget includes all the information as set out in Schedule A1 of the MBRR constitutes financial misconduct in terms of Section 171(1)(a) of the MFMA and municipalities face the risk of Provincial Treasury not providing any appropriate comments on the budget for municipalities to consider as required by Section 23(1)(b) of the MFMA. Provincial Treasury would like to emphasise that where municipalities have not complied with the MBRR, they will be required to go back to the municipal Council and re-table complete budget documents aligned to the requirements of the MBRR and the mSCOA Regulations as per the requirement of MFMA Circulars No. 98 and No. 107.**





### **C. Budget Steering Committee (BSC)**

Regulation 4(1) of the MBRR states that *the Mayor of a 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 MFMA]*.

Provincial Treasury would like to attend the BSC meetings of municipalities as part of the 2025/26 MTREF process in an advisory capacity. All municipalities are requested to invite Provincial Treasury to their BSC meetings. Provincial Treasury will confirm attendance to the BSC meetings based on work commitments at hand where invitations are received. In this regard, please forward the invitations to your BSC meetings to your designated Provincial Treasury Municipal Budget Analyst.

### **D. Service Delivery and Budget Implementation Plans (SDBIPs)**

#### **Legislative Requirements**

Section 53(1)(c)(ii) of the MFMA requires the Mayor to ensure that the municipality's SDBIP is approved by the Mayor within 28 days after the approval of the Annual Budget.

MFMA Circular No. 13 states that the Municipal Manager is responsible for the preparation of the SDBIP, which must be submitted to the Mayor for approval once the budget has been approved by the Council.

Furthermore, Regulation 15(3)(b) of the MBRR states that when submitting the Annual Budget to the Provincial and National Treasuries in terms of Section 22(b)(i) of the MFMA, the Municipal Manager must also submit a draft SDBIP and as stated earlier, the submission must also be in electronic format. Failure to submit such will result in non-compliance with the MBRR.

#### **When to prepare and submit the SDBIP**

The Municipal Manager should start the process to prepare the top layer of the SDBIP in conjunction with the preparation of the Tabled Budget and preferably submit the draft SDBIP to the Mayor for initial approval with the Tabled Budget. It should include the following:

- 1) Projected revenue to be collected by source;
- 2) Projected operating and capital expenditure by vote; and
- 3) Service delivery targets and performance indicators for each quarter.

As per MFMA Circular No. 129, municipalities are advised to adhere to the MFMA and guidance outlined in related MFMA Circulars. Specifically, MFMA Circular No. 13 emphasises the importance of aligning the SDBIP with the IDP and budget to ensure cohesive planning and execution. Additionally, MFMA Circular No. 88 provides guidance on standardised set of indicators, aiming to improve the quality of performance information across municipalities.

Once the Final Budget has been approved by Council, the Municipal Manager should revise the initially approved draft SDBIP and submit such to the Mayor for final approval within 28 days of the approval of the budget.

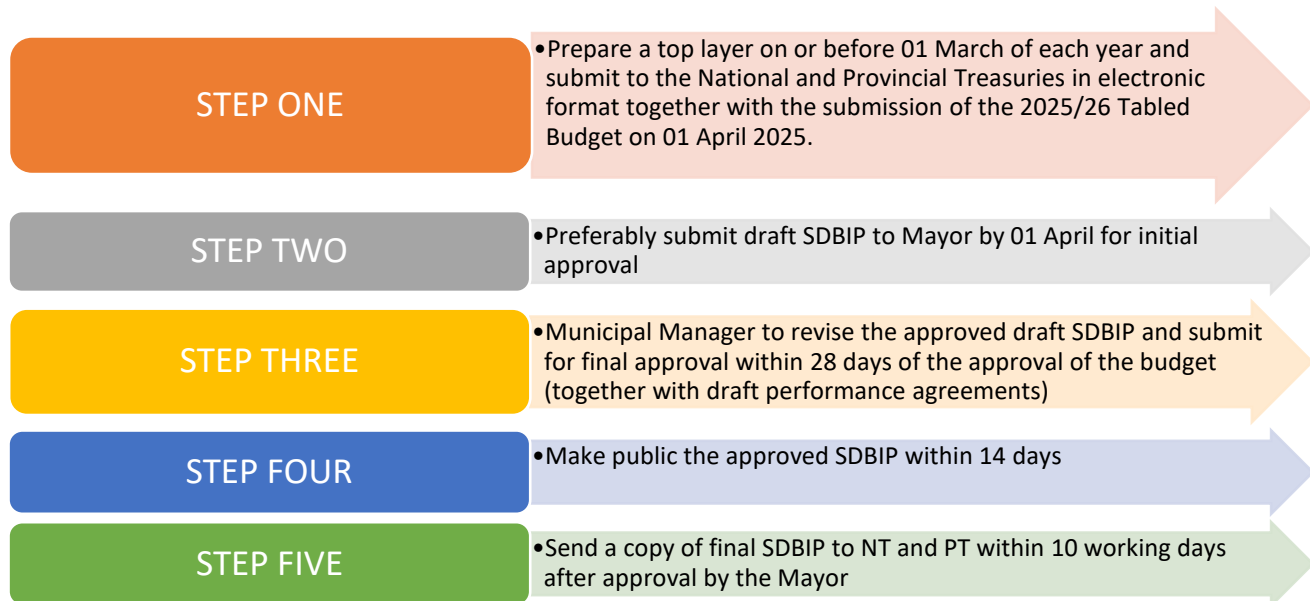
Regulation 20(2)(b) of the MBRR requires that the approved SDBIP be submitted within 10 working days after the Mayor has approved the plan to both the National and Provincial Treasuries. A breakdown of the SDBIP preparation and approval process is shown in Figure 1.



## KWAZULU-NATAL PROVINCE

TREASURY  
REPUBLIC OF SOUTH AFRICA

**Figure 1: SDBIP preparation and approval process**



### Components of an approved SDBIP

Municipalities are required to ensure that the SDBIP contains the following five components and that the information reflected reconciles to the information in the budget:

- Monthly projections of revenue to be collected for each source;
- Monthly projections of expenditure (operating and capital) and revenue for each function;
- Quarterly projections of service delivery targets and performance indicators for each function;
- Ward information for expenditure and service delivery; and
- Detailed capital work plan broken down by ward over three years.

### E. National and Provincial Transfers to municipalities

Municipalities are reminded of their responsibility to ensure that the grant allocations in their budgets for the Provincial and National Transfers correspond to the grant allocations as reflected in the Provincial Gazette of Transfers and the 2025 Division of Revenue Bill (DoRB), respectively.

MFMA Circular No. 129 advised the municipalities to utilise the indicative numbers that were presented in the 2024 Division of Revenue Act (DoRA) when developing their 2025/26 MTREF calculations. It is crucial to also consider the proposed changes to baselines that were presented in the 2024 Medium Term Budget Policy Statement (MTBPS), as they may have an impact. In terms of the outer year allocations (2027/28 financial year), it is proposed that municipalities conservatively limit funding allocations to the indicative numbers as presented in the 2024 DoRA for 2025/26 MTREF. The DoRB, 2024, which includes the annexures outlining allocations to each municipality is available at:

<https://www.treasury.gov.za/documents/national%20budget/2024/default.aspx>

The official Provincial Gazette and the 2025 DoRB will be forwarded to all municipalities in the province once it is finalised and available.

Provincial allocations as per signed Memorandum of Agreements (MoAs) should not be included in the budget if they have not been included in the Provincial Gazette. However, they can be treated in terms of Regulation 23(3) of the MBRR which states that *if a national or provincial adjustments budget*



*allocates or transfers additional revenues to a municipality, the Mayor of the municipality must, at the next available Council meeting, but within 60 working days of the approval of the relevant national or provincial adjustments budget, table an Adjustments Budget referred to in Section 28(2)(b) of the Act [the MFMA] in the municipal Council to appropriate these additional revenues.*

Any enquiries pertaining to the Provincial Transfers should be directed to the relevant transferring Provincial Department.

#### **F. Publication of the 2025/26 MTREF Budgets**

In terms of Section 75(1) of the MFMA, municipalities are required to place amongst other documents, their Annual Budgets on their websites. Section 75(2) of the MFMA further requires that documents must be placed on the municipal website not later than five days after its tabling in Council or on the date on which it must be made public, whichever occurs first. Provincial Treasury has observed with concern that certain municipalities are not timeously placing their budgets and all related documents on their websites. All municipalities are required to place their 2025/26 Tabled and Approved Budgets as well as all related documents on their websites timeously according to the legislated timeframes. According to Section 75 of the MFMA, municipalities should place the annual and all budget related documents on their municipal websites within five days after tabling in the Council. This will not only promote transparency, accountability and good governance but will also facilitate the process of public consultation.

#### **G. Municipalities unable to comply with Sections 16(2) and 24(1) of the MFMA**

The municipalities' attention is drawn to the legislative requirements in terms of Section 16(2) and 24(1) of the MFMA with regards to the tabling and approval of the 2025/26 Annual Budget.

Section 16(2) of the MFMA states that in order for a municipality to approve its Annual Budget before the start of the financial year, *the Mayor of the municipality must table the Annual Budget at a Council meeting at least 90 days before the start of the budget year.*

Section 24(1) of the MFMA states that *the municipal Council must at least 30 days before the start of the budget year consider approval of the Annual Budget.*

Section 27(1) of the MFMA states that *the Mayor of a municipality must, upon becoming aware of any impending non-compliance by the municipality of any provisions of this Act [the MFMA] or any other legislation pertaining to the tabling or approval of an Annual Budget or compulsory consultation processes, inform the MEC for Finance in the province, in writing, of such impending non-compliance.*

Furthermore, Section 27(2) of the MFMA states that *if the impending non-compliance pertains to a time provision, except Section 16(1) [of the MFMA], the MEC for Finance may, on application by the Mayor and on good cause shown, extend any time limit or deadline contained in that provision, provided that no such extension may compromise compliance with Section 16(1) [of the MFMA].* Regulation 60(1) of the MBRR requires that an application for the extension of time limits made in terms of Section 27(2) of the MFMA be in the format contained in Schedule G of the MBRR.

Section 27(3) of the MFMA states that *the Mayor of a municipality must, upon becoming aware of any actual non-compliance by the municipality of a provision of this Chapter [Chapter 4 of the MFMA], inform the Council, the MEC for Finance and the National Treasury, in writing, of (a) such non-compliance; and (b) any remedial or corrective measures the municipality intends to implement to avoid a recurrence.*

Regulation 63(1) of the MBRR states that *a notification made in terms of Section 27(3) of the Act [the MFMA] by the Mayor of a municipality to the MEC for Finance in a province and the National Treasury,*





*in respect of a time provision concerning an Annual or Adjustments Budget must, amongst others be in the format contained in Schedule G, contain information on the specific date by which the municipality will remedy its non-compliance, the reason why the municipality did not comply with the relevant time provision, the reason why an application in terms of Section 27(2) of the Act [the MFMA] was not submitted before the non-compliance occurred and the steps the municipality will take to ensure compliance with the relevant time provision in future.*

### **Tabling of the 2025/26 MTREF budget by 31 March 2025**

In line with Section 16(2) of the MFMA, the 2025/26 Annual Budget must be tabled in Council by 31 March 2025. Thus, if the Mayor of the municipality becomes aware of any impending non-compliance with regards to the tabling of the Annual Budget by 31 March 2025, an application for the extension of time limits in terms of Section 27(2) of the MFMA in the format contained in Schedule G of the MBRR **(Annexure D)** must be made by the Mayor of the municipality to the MEC for Finance before 31 March 2025. Similarly, if the Mayor of the municipality becomes aware of any actual non-compliance with regards to the tabling of the Annual Budget by 31 March 2025, a notification of the actual non-compliance in terms of Section 27(3) of the MFMA in the format contained in Schedule G of the MBRR must be made by the Mayor of the municipality to the MEC for Finance.

### **Consideration of the approval of the 2025/26 Annual Budget by 31 May 2025**

As per Section 24(1) of the MFMA, the municipal Council must consider the approval of the 2025/26 Annual Budget by 31 May 2025. Thus, if the Mayor of the municipality becomes aware of any impending non-compliance with regards to the consideration of the approval of the 2025/26 Annual Budget by 31 May 2025, an application for the extension of time limits in terms of Section 27(2) of the MFMA in the format contained in Schedule G of the MBRR must be made by the Mayor of the municipality to the MEC for Finance before 31 May 2025. Similarly, if the Mayor of the municipality becomes aware of any actual non-compliance with regards to the consideration of the approval of the 2025/26 Annual Budget by 31 May 2025, a notification of the actual non-compliance in terms of Section 27(3) of the MFMA in the format contained in Schedule G of the MBRR must be made by the Mayor of the municipality to the MEC for Finance.

### **Failure to approve the budget before start of budget year**

The municipalities' attention is drawn to the legislative requirements in terms of Sections 24(1) and 25 of the MFMA with regards to the approval of the 2025/26 Annual Budget.

According to Section 25 of the MFMA:

*(1) If a municipal Council fails to approve an Annual Budget, including revenue raising measures necessary to give effect to the budget, the Council must reconsider the budget and again vote on the budget, or on an amended version thereof, within seven days of the council meeting that failed to approve the budget.*

*(2) The process provided for in subsection (1) [of Section 25 of the MFMA] must be repeated until a budget, including revenue-raising measures necessary to give effect to the budget, is approved.*

If a municipality does not approve an Annual Budget by 31 May as required by Section 24(1) of the MFMA, then the process of reconsidering a budget within seven days from the date that Council failed to approve the budget as described in Section 25 of the MFMA must be applied. If a municipality still does not approve their Annual Budget by 30 June, then the consequences as set out in Section 26 of the MFMA applies.



### **Consequences of failure to approve the budget before start of budget year**

The municipalities' attention is drawn to the consequence of **NOT** approving the 2025/26 Annual Budget before that start of the Budget year in terms of Section 26 of the MFMA.

According to Section 26 of the MFMA:

*(1) If by the start of the budget year a municipal Council has not approved an Annual Budget or any revenue-raising measures necessary to give effect to the budget, the Provincial Executive of the relevant province must intervene in the municipality in terms of Section 139(4) of the Constitution by taking any appropriate steps to ensure that the budget or those revenue-raising measures are approved.*

*(4) Until a budget for the municipality is approved in terms of subsection (1) [of Section 26 of the MFMA], funds for the requirements of the municipality may, with the approval of the MEC for Finance in the province, be withdrawn from the municipality's bank accounts in accordance with Subsection (5) [of Section 26 of the MFMA].*

*(5) Funds withdrawn from a municipality's bank accounts in terms of subsection (4) [of Section 26 of the MFMA]—*

*(a) may be used only to defray current and capital expenditure in connection with votes for which funds were appropriated in the Approved Budget for the previous financial year; and*

*(b) may not—*

*(i) during any month, exceed eight per cent of the total amount appropriated in that Approved Budget for current expenditure, which percentage must be scaled down proportionately if revenue flows are not at least at the same level as the previous financial year; and*

*(ii) exceed the amount actually available.*

The municipal Council will be expected to follow the directive of the Provincial Executive Council in terms of an intervention as per Section 139(4) of the Constitution to approve a budget and any revenue raising measures necessary to give effect to the budget within a reasonable period.

**As per guidance provided in MFMA Circular No. 112, if a municipal Council fails to approve a budget due to walk out or individual misconduct by a majority of councillors, the Speaker must immediately investigate the conduct of those identified councillors in terms of the Code of Conduct for councillors as provided for in the Municipal Systems Act, 2000.**

### **H. Balance Sheet and Cash Flow Budgeting**

Municipalities are required to prepare their budgets in line with the GRAP reporting framework applicable to Local Government, which implies accrual accounting principles must be considered. Guidance on Balance Sheet and Cash Flow Budgeting is provided in MFMA Circulars No. 85 onwards together with mSCOA Circular No. 1-16 as indicated below.

It is critical that municipalities undertake Balance Sheet budgeting with movement accounting (i.e. Globally Unique Identifiers (GUIDs) are appropriately used) in order for the cash flow information to correctly populate the Schedule A1 when generated from the financial system as guided in mSCOA Circulars No. 10 and No. 11. With regards to the fund segment, the general rule is that all transactions must be funded with the exception of opening balances. Municipalities must apply the budgeted assumed collection rate to determine the cash flow budgets.

Balance sheet budgeting requires municipalities to forecast and budget in the manner in which they intend to transact during the year. This should be on both the accrual guids as well as payment/receipt guids. Furthermore, budgeting using the mSCOA chart requires that BOTH the debit and credit legs of



## KWAZULU-NATAL PROVINCE

TREASURY  
REPUBLIC OF SOUTH AFRICA

each of the transactions be captured at the budgeting stage for all segments of the mSCOA chart. mSCOA Circulars No. 10 and No. 11 provides guidance and examples on the use of the Fund Segment. Municipalities are also reminded to follow the guidance of mSCOA Circulars No. 10 and No. 11 to ensure the correct population of Table A7 and consider the following:

- Creation and use of movement GUIDS are critical in the correct population of Schedules A as well as supporting schedules;
- Preparation of the budget on an accrual basis, including Value Added Tax (VAT), where applicable in line with Generally Accepted Accounting Principles (GRAP);
- Ensuring that opening balances are correctly reflected on their data strings and are in balance (i.e. the debits and credits);
- Where Surplus/Deficit (Financial Performance) is not automated to the Accumulated Surplus/Deficit (Financial Position); the municipality must ensure that a journal is processed at the month's end prior to the month-end close procedure; and
- Ensuring the correct use of all segments as per guidance issued by National Treasury in the updated Project Summary Document and mSCOA Circulars released from time to time.

Furthermore, MFMA Circular No. 129 emphasis's that balance sheet budgeting refers to the practise where the revenue and expenditure transactions, as well as the financial impact of these transactions on the statement of financial position, are included in the budget. The correct combination of the mSCOA segments must also be used to ensure that data strings are credible. The PSD provides guidance on data string combinations. Financial system solutions should be set-up correctly for balance sheet budgeting.

Municipalities are also reminded to follow the requirements included in mSCOA Circular No. 12 which provides guidance to municipalities on how to budget, transact and report for VAT using the mSCOA chart.

### **I. Reconciliation of Valuation roll data to the billing system**

MFMA Circular No. 93, supported by later circulars, indicates the requirement of reconciling the Valuation roll data to the billing system. The reconciliation process is imperative to ensure that the revenue anticipated to be generated from the Property rates source is accurate, realistic and complete.

As part of the requirement of the circular indicated above as well as per MFMA Circular No. 129, the 44 municipalities that bill revenue from Property rates in the province are requested to submit the reconciliations of their Valuation roll data/ Part A register to their billing systems (a detailed action plan must accompany the reconciliation where variances are noted) for the 2025/26 financial year on a quarterly basis by no later than the 10<sup>th</sup> working day after the end of the quarter to the National and Provincial Treasuries as follows:

#### National Treasury (NT)

The information must be uploaded by the municipality's approved registered user(s) using the GoMuni Upload Portal at: [https://lg.treasury.gov.za/ibi\\_apps/signin](https://lg.treasury.gov.za/ibi_apps/signin).

#### Provincial Treasury (PT)

Electronic copies of the required documents must be e-mailed to [mfma@kzntreasury.gov.za](mailto:mfma@kzntreasury.gov.za) and your relevant Provincial Treasury Municipal Budget Analyst must be copied accordingly.



## **J. Setting cost reflective tariffs**

The setting of cost-reflective tariffs is a requirement of Section 74(2) of the Municipal Systems Act which is meant to ensure that municipalities set tariffs that enable them to recover the full cost of rendering the service.

As per MFMA Circular No. 129, municipalities must ensure that when tariffs are designed, the capital repayment of loans are also included in the cost to determine the tariff. In addition, they must ensure that the consumption charges for services are only based on consumption and all other variable costs. Therefore, fixed costs such as salary and wages, etc. should be covered by a fixed charge. During the budgeting process, provision must be made for revenue to be generated by the tariffs levied for services to address the maintenance of infrastructure.

The National Treasury issued a tariff setting tool and guide as part of MFMA Budget Circular No. 98 on 06 December 2019 and since 2019, encouraged municipalities to utilise the tool. **With effect from the 2023/24 MTREF, all municipalities (except metropolitan cities and district municipalities that do not provide any services), as part of both the tabled and adopted MTREF submissions, must submit the completed National Treasury tariff tool (in excel format)** illustrating that the revenue component of the budget is credible and funded and that the municipality's tariffs are cost reflective. If the municipality's initial calculation results in high increases to facilitate cost-reflectiveness, it is recommended that such are phased in over three to five years. The municipality's strategy in this regard should be included as part of the budget narratives.

As per MFMA Circular No.129, it is important to note that the Cost Reflective Tariff Tool's outcome is dependent on a well-structured budget with all applicable revenue and expenditure items included. The latest version, National Treasury Tariff Tool Linked Vol. 2 of 27 November 2024 replaces the Tariff Setting Tool - 05 November 2019 mentioned in MFMA Circular No. 98.

The populated Cost Reflective Tariff Tool, must be uploaded by the municipality's approved registered user(s) using the GoMuni Upload Portal at:

[https://lg.treasury.gov.za/ibi\\_apps/signin](https://lg.treasury.gov.za/ibi_apps/signin).

## **K. Fixed asset register**

Municipal financials systems must comply with the minimum business processes and system requirements on Fixed asset registers as articulated for the asset management module in MFMA Circular No. 80. The asset management module should be embedded in the core financial system or seamlessly integrate from a third-party sub-system to the core financial system. This will enable the regular and seamless updating of the Fixed asset register. The register must contain the following information as a minimum requirement:

- Description of the asset;
- Date of acquisition or brought into use;
- Purchase cost;
- Location of the asset;
- Function responsible for the asset;
- Current value;
- Depreciation and method utilised;
- Remaining life of the asset;





## KWAZULU-NATAL PROVINCE

TREASURY  
REPUBLIC OF SOUTH AFRICA

- Maintenance information; and
- Insurance Coverage.

In line with MFMA Circular No.126, municipalities are required to upload their updated Fixed asset register in a PDF file to the National Treasury GoMuni Upload Portal as part of their 2025/26 MTREF Tabled Budget and Adopted Budget submissions and thereafter on a quarterly basis as part of their in-year reporting.

### L. Funding Position of the 2025/26 MTREF Budgets

**The importance of approving a funded budget by municipalities in terms of Section 18(1) of the MFMA has always been emphasised by the National and Provincial Treasuries at every available opportunity.** Section 18 of MFMA states that *an Annual Budget may only be funded from realistically anticipated revenue 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.*

Municipalities are encouraged to prepare a surplus budget to avoid placing the municipality's resources in financial difficulties. As per MFMA Circular No. 126, the adoption of a credible budget starts with the preparation of a surplus budget. Municipalities must ensure that expenditure is limited to the maximum revenue collected and not spend on money that they do not have. **With effect from 01 July 2025, all municipal Councils are advised not to approve a deficit budget and as such, Mayors who table budgets to Council must be aware of the implications of a deficit budget.**

Accounting Officers and their Chief Financial Officers are responsible for preparing budgets and accordingly **are tasked with ensuring that the Mayor is guarded against submitting a deficit budget to Council for adoption.** Failure thereof may result in Councils implementing Section 171 of the MFMA to both the Accounting Officer and Chief Financial Officer.

**National Treasury emphasised in MFMA Circular No. 126 that municipalities must not adopt an unfunded budget.** The emphasis is on municipalities to comply with Section 18 of the MFMA and ensure that they fund their MTREF Budgets from realistically anticipated revenues to be collected. Municipalities are cautioned against assuming collection rates that are unrealistic and unattainable as this is a fundamental reason for municipalities not attaining their desired collection rates. Municipalities are encouraged to limit expenditure according to the anticipated revenue projections. Should their collection rate improve during the financial year, municipalities may bring back initial expenditure items omitted in the Adjustments Budget. **Municipalities should note that the Auditor General will soon start auditing those municipalities that have tabled and adopted unfunded budgets over an extended period given that this practice is not only illegal but also compromises financial sustainability.**

In terms of Regulation 10(6) of the MBRR, to determine whether an Annual Budget is funded in accordance with Section 18 of the MFMA, a simultaneous analysis is required of the financial performance, financial position, cash flow, and capital expenditure budget together with any requirements for working capital and cash investments held for statutory or contractual purposes.

According to the municipal budgeting format (Schedule A of the MBRR), Table A8: Consolidated cash backed reserves/accumulated surplus reconciliation, the budget will be unfunded where the projected Cash and investments available at the end of the budget year reflects a Shortfall after considering the "cash backing" of:

- Unspent conditional transfers;
- Unspent borrowing;
- Statutory requirements;



## KWAZULU-NATAL PROVINCE

TREASURY  
REPUBLIC OF SOUTH AFRICA

- Other working capital requirements;
- Other provisions;
- Long term investments committed; and
- Reserves to be backed by cash/investments.

Only 48 out of 54 municipalities in KZN are in compliance with Section 18 of the MFMA and have approved funded Original Budgets for the 2024/25 financial year. The remaining 6 (six) municipalities have all approved unfunded budgets despite the ongoing support provided by both the National and Provincial Treasuries.

Approving a funded budget has been identified by the National Budget Forum as one of the Game Changers in Local Government in a bid to ensure that there is financial sustainability in municipalities. Unfunded budget suggests that the municipalities' financial plan is unable to give effect to priorities identified by the municipalities in a particular financial year. Unfunded budgets are also a strong indication of impending or even already prevalent financial distress at the municipality.

As per MFMA Circular No. 129, all municipalities that **adopted the funded budgets position in 2024/25 will not be allowed to adopt an unfunded budgets position in 2025/26 and going forward**, this implies that such budgets will be referred back to the affected municipalities for a review until the funded position is achieved by these municipalities. This is to enforce the compliance with Section 18 of the MFMA and to encourage prudent financial management which includes collecting what is due to a municipality and paying for services rendered.

**Provincial Treasury therefore does NOT support an unfunded budget. Likewise, as in the 2024/25 Budget assessment process, all the 2025/26 Tabled Budgets assessed to be unfunded by Provincial Treasury will be referred back to the respective municipalities for revision in a bid to ensure that the municipalities submit a funded budget as per the guidance of MFMA Circulars No. 98, No 99, 107, 122, 126 and 129. Municipalities that find it difficult to table a funded and sustainable budget should contact their designated Provincial Treasury Budget Analyst for assistance.**

National Treasury has developed a Budget Funding Assessment tool which is used throughout the country to determine whether or not a municipality's budget is funded in compliance with the funding requirements of Section 18 of the MFMA. Provincial Treasury's uses this Budget Funding Assessment tool which takes into account the cash flow impact of the budgeted Operating revenue and expenditure (Table A4) as well as the Capital expenditure (Table A5) as reflected in the budget data strings.

It is therefore imperative that the budget data strings uploaded by municipalities to the National Treasury GoMuni Upload Portal are accurate in order for Provincial Treasury to conduct a thorough assessment of the Tabled Budget and provide valuable comments on the funding position of the budget.

In preparing their 2025/26 MTREF Budgets, all the municipalities with approved Budget funding plans from the prior year are required to ensure that their budgets are in line with the approved Budget funding plans. The 2025/26 Tabled Budgets must demonstrate positive progress towards achieving a funded budget position in the targeted financial year according to the approved Budget funding plan. In a bid to achieve a funded budget position according to the target set out in the Budget funding plan, municipalities are strongly advised to ensure that amongst others, their budget estimates across all functions and line items are within the parameters of the estimates projected in their Budget funding plan.

To further assist in providing an informed assessment on the funding position of municipalities, Provincial Treasury requires municipalities to submit other documents such as Bank reconciliation, Bank statements, Investment registers, Grants registers and Trial balances to support their budget assumptions in line with MFMA Circular No. 67. Municipalities with long term debts (such as Eskom,



Water Boards etc.), are required to submit copies of payment agreements entered into between the municipalities and these Creditors. MFMA Circular No. 122 and No. 123 highlights the revised concessions that were made by Eskom and reminds municipalities to budget for and meet the payments due to the bulk suppliers to avoid incurring fruitless and wasteful interest and penalties charges, including the Eskom Municipal Debt Relief programme.

MFMA Circular No. 126 further advises municipalities on the Voluntary restriction of notified maximum demand (NMD) process that was agreed to between Eskom and National Treasury and should any municipality with the electricity function not be able to maintain its Eskom bulk account, it is strongly urged to make an application to the National Treasury for such a voluntary restriction of its NMD by Eskom. The application must include a council resolution to the effect that Council approves and agrees to such a voluntary restriction and the effective date thereof. National Treasury will then make an application to Eskom for this purpose.

**Failure to address the weaknesses identified by Provincial Treasury will result in the MEC for Finance advising National Treasury to consider stopping the Equitable share transfer to the affected municipalities in terms of Section 38 of the MFMA. As in prior years, it must be noted that the municipalities which approved unfunded budgets run a risk of their tranches of the Local Government Equitable share being withheld until their budgets are revised to achieve a funded position.** Refer to Section N which covers the criteria for the release of the Equitable Share allocation for further details.

National Treasury reminds Accounting Officers in MFMA Circular No. 122 and No. 123 of their responsibility in terms of Section 62(1)(a) of the MFMA to use the resources of the municipality effectively, efficiently and economically. Failure to do this will result in the Accounting Officer committing an act of financial misconduct which will trigger the application of Chapter 15 of the MFMA, read together with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings.

#### **M. Budget funding plans**

As per MFMA Circular No. 89 and subsequent budget circulars issued by National Treasury, municipalities with unfunded budgets were required to develop credible Budget funding plans which show **how and by when** the MTREF Budgets of the municipalities would be funded if funded budgets were not achievable in one financial year. Municipalities are also required by MFMA Circular No. 129 to table these plans together with their 2025/26 Annual Budgets for approval by Council, the changes to the budget must be effected in the mid-year adjustments budget to ensure compliance with Section 18 of the MFMA and the Budget funding plan must show progressive improvement in the funding of the budget.

As per MFMA Budget Circular No. 129, National Treasury has observed over the years that municipalities with Unfunded budgets have adopted a Budget Funding Plans which are the mere compliance exercises with little progress to turn their situation around from an Unfunded Budget positions to the Funded Positions. To this effect, **National Treasury has stated that it will only allow municipalities to turn around from an unfunded budget position to a funded position within three years, of which in each year there should be measurable progress in terms of the improvement in the collection rate and cost containment initiatives.** Furthermore, National Treasury stated that the municipalities which fail to show visible progress each year will not be allowed to table an unfunded budget. On a monthly basis, these municipalities will be required to submit progress reports to the GoMuni Portal which must be closely monitored by the respective Provincial Treasuries.

Provincial Treasury released Circular PT/MF 04 of 2024/25 dated 12 September 2024, outlined that the contents of the Budget funding plans must be structured in accordance with the following pillars:



- Positive cash flows with a focus on revenue from trading services;
- Implementation of cost containment measures and a reduction of expenditure;
- Realistic debtors' collection rates with incremental improvements year on year;
- Creditors payment rates that ensure that all fixed obligations, including obligations for bulk purchases, are met; and
- Ring fencing of conditional grants and ensuring that conditional grant funding is cash backed.

Municipalities must further consider the following aspects in the preparation of credible and reliable Budget funding plans:

- The inclusion of high-level governance and service delivery indicators focused on visible wins;
- The inclusion of appropriate strategic financial indicators;
- Focus on improving the budgeted cash position and short term liquidity;
- Measurable indicators;
- Realistic anticipated revenue. The collection rate must be prudent considering current economic trends;
- Reduction of the Operating expenditure budget (Table A4) in line with the realistic anticipated receipts related to the Operating revenue budget;
- A gradual improvement of Operating surpluses that will be used for the repayment of arrear obligations;
- Adjustment of internal contributions to the capital programme in line with affordability or removal of internal contributions to the capital programme from the budget if necessary;
- A cash flow which presents a positive Cash and cash equivalents at year-end balance on Table A7 for the current year – including fixed cost obligations (Bulk suppliers – current account / Eskom and Water Board Payment Plans); and
- The audited 2023/24 Annual Financial Statements (AFS) figures as the baseline for the Budget funding plans.

Council must monitor the Budget funding plan on a monthly basis to ensure that the objectives of the plan are achieved. Monthly reports on the implementation of the Budget funding plan must be sent to Provincial Treasury as part of the monthly Section 71 reporting required by the MFMA.

#### **N. Criteria for the release of the Equitable Share allocation**

Section 216(2) of the Constitution of South Africa requires that National Treasury enforce compliance with the measures established to ensure both transparency and expenditure control in each sphere of government and may stop the transfer of funds to an organ of state if that organ of state commits a serious or persistent material breach of those measures. In this regard, National Treasury has listed in MFMA Circular No. 122 and No. 123, various criteria for the release of the Equitable Share instalments. Municipalities are urged to take note of the full list of criteria contained in MFMA Circular No. 122 and No. 123 to ensure that they comply with the criteria and to prevent any withholding of, or delay in the receipt of their Equitable Share during the 2025/26 financial year.





## **O. Common findings in prior years for consideration in the 2025/26 MTREF Municipal Budget Process**

The following are areas of weaknesses and common mistakes identified by both the Provincial and National Treasuries in prior years and should be considered and addressed (where applicable) when preparing the 2025/26 MTREF Budgets. The areas below are not exhaustive and municipalities are also urged to consult previous feedback from Provincial Treasury relating to their Annual (Original) and Adjustments Budgets as well as their Mid-year Budget Performance Assessment processes.

1. There has been an improvement in the submission of budget documents as all the respective non-delegated municipalities complied with Section 22(b)(i) of the MFMA. However, some municipalities did not submit their budget policies and other supporting documentation including key calculations supporting significant revenue and expenditure line items timeously.
2. Provincial Treasury also found that the budget narrative documents for some of the municipalities were of a poor quality, were not comprehensive and in some cases, contradicted information contained in the Schedule A1. These factors reduced the level of analysis that Provincial Treasury was able to perform for these specific municipalities.
3. Similar to prior years, Table A10: *Basic service delivery measurement* was either not completed or poorly completed. Table A10 is critical for reflecting amongst others, information on the number of households within a municipal area, a measurement of the number of households receiving basic services at the minimum service level, the number of households receiving Free basic services, the cost of providing Free basic services and the unit of measurement thereof such as kilolitres for water, kilowatt hour for electricity and how frequently refuse is being removed, etc. Due to the poor quality of information in Table A10, Provincial Treasury was not able to, in many cases, determine the accuracy of the budget for the Cost of free basic services and whether municipalities are effectively delivering basic services to their indigent customers.
4. Other critical supporting tables which were either not completed or poorly completed included Table SA7: *Measurable performance objectives*, Table SA9: *Social, economic and demographic statistics and assumptions*, Table SA11: *Property rates summary*, Table SA12: *Property rates by category*, Table SA13: *Service tariffs*, Table SA24: *Summary of personnel numbers*, Table SA37: *Project delayed from previous financial year/s* and Table SA38: *Consolidated detailed operational projects*. This was despite the guidance provided in MFMA Circular No. 122 and by Provincial Treasury through Chief Financial Officers (CFO) Forums on the importance of completing the budget tables.
5. Provincial Treasury requested municipalities via Circular PT/MF 06 of 2023/24 to submit their data strings before tabling to Council in order for Provincial Treasury to perform a high-level review for errors in the data strings thereby improving the accuracy and credibility of the Annual Budget that is tabled in Council. However, many municipalities did not adhere to the request and Provincial Treasury found that the budget tables in the Schedule A1 data strings for some municipalities' Tabled Budgets were not fully and/or accurately completed. Discrepancies were noted in the following areas:
  - Audited Outcome figures of the data strings did not reconcile to the audited Annual Financial Statement (AFS) figures;
  - The 2023/24 Adjusted Budget figures did not reconcile to the approved Schedule B figures; and
  - Differences were noted between the figures quoted in the narrative report and the data strings of Schedule A1.



6. Some municipalities did not provide the basis for their budget assumptions and/or no budget assumptions were supplied at all for certain line items, thus limiting the analysis by Provincial Treasury. Due to the lack of comprehensive information in the budget documents, Provincial Treasury discussed the budget assumptions in greater detail during the bi-lateral engagements and encouraged municipalities to disclose as much information as possible when preparing and finalising their Annual Budget for approval.
7. Many municipalities' operating budgets continue to be funded mainly from grants. Provincial Treasury noted with concern that some municipalities budgeted for Operating deficits for the 2024/25 MTREF. These municipalities were alerted to the fact that continued Operating deficits may result in the erosion of municipal cash reserves leading to possible future cash flow challenges as well as unfunded budgets.
8. Many municipalities continue to provide water, sanitation and refuse removal services at a deficit, despite the advice contained in the MFMA Circulars that tariffs set by municipalities should be cost reflective. It is also of great concern that some of these municipalities did not indicate any plans aimed at rectifying the challenges that have resulted in providing these services at deficits in the budget narrative documents and at the bi-lateral engagements with Provincial Treasury, thereby exposing the municipality to the risk of not being sustainable.
9. The importance of approving funded budgets has been a focal topic during many CFO Forums and bi-lateral engagements with the municipalities. However, despite the ongoing advice from Provincial Treasury that municipalities should prepare funded budgets as per Section 18 of the MFMA, many municipalities still tabled unfunded budgets.
10. Some municipalities still failed to adequately complete Table A7: *Budgeted cash flows* and Table A8: *Cash backed reserves/accumulated surplus reconciliation* which are critical not only to reflect the cash flow status of the municipality but also to assist in determining the funding position of municipal budgets.
11. In Table A7, the most common error was the capturing of incorrect figures in the Adjusted Budget and Audited Outcomes columns. Consequently, incorrect opening balances were being carried over the MTREF. Furthermore, many municipalities neither accurately completed the Full Year Forecast column in the budget, nor provided Provincial Treasury with their workings for the 2023/24 Closing *Cash and cash equivalents* balance and as a result, Provincial Treasury could not ascertain the reasonableness of the 2024/25 Opening *Cash and cash equivalents* balance. The budgeted cash inflow in some cases was also based on collection rate assumptions which were not realistic and adequately justified.
12. Provincial Treasury recalculated an estimate for *Other working capital requirements* in Table A8 based on the *Receivables* and *Payables* as per the audited AFS as well as the 2023/24 Adjustments Budget and the budget assumptions for revenue and expenditure provided for the 2024/25 budget year. This process highlighted that some municipalities significantly understated their cash outflows for *Suppliers and employees* in Table A7 and/or their *Trade and other creditors* balance as at the end of the 2024/25 budget year in Table SA3: *Supporting detail to 'Budgeted Financial Position'*. Similarly, municipalities overstated their cash inflows for the various operating revenue line items in Table A7 and/or their *Other debtors and Long term receivables* as per Table A6 and *Consumer debtors* balances as at the end of the 2024/25 budget year in Table SA3.



13. Table A8 was in some instances characterised by incomplete information which did not correlate with the information contained in the audited AFS whereby estimates on *Unspent conditional transfers*, *Statutory requirements* and *Other provisions* were not reflected and this together with the unrealistic *Other working capital requirements*, resulted in an abnormal *Surplus/(shortfall)* position.
14. Some municipalities reflected negative *Cash/cash equivalents at the year end* and *Shortfall* positions over the entire MTREF period thus, raising concerns over their liquidity status and whether the municipalities would be able to pay their debts as and when they fall due.
15. Regarding the Operating revenue budget, some municipalities did not justify all tariff increases which were in excess of the projected Consumer Price Index (CPI) inflation rates as per MFMA Circular No. 126 in their budget narratives reports.
16. Most municipalities did not disclose the rateable properties, market values as well as valuation reductions and any other rating criteria in Tables SA11: *Property rates summary* and SA12b: *Property rates by category*, thereby limiting the Provincial Treasury's analysis of the reasonability of the budgeted Property rates revenue. Furthermore, due to the non-submission of the *Property rates* policies and/or calculations to support the budgets by some municipalities, Provincial Treasury could also not determine whether these municipalities fully complied with the requirements of the Municipal Property Rates Amendment Act (Act No. 29 of 2014).
17. Some municipalities that provide services such as water and electricity did not budget for the Cost of free basic services against the related revenue items in Table SA1: *Supporting detail to 'Budgeted Financial Performance'* due to the incorrect population of Table SA9: *Social, economic and demographic statistics and assumptions*. Some municipalities also appear to have not considered the basic services component of the Equitable share allocation for use in the Free basic service support for residents within the municipality's jurisdiction and rather budgeted to utilise the majority of the Equitable share allocation for municipal expenses.
18. Provincial Treasury noted that Tables SA22, SA23 and SA24 relating to councillors and staff benefits, salaries and allowances as well as personnel numbers for the municipalities were either poorly completed or not completed thereby limiting the extent to which the reasonability of the budgeted salary increases could be assessed.
19. Despite the guidance provided in MFMA Circular No. 71 for the ratio of *Remuneration (Employee related costs and Remuneration of councillors)* to the total *Operating expenditure* to be between 25 and 40 percent, the budgeted ratio was found to be excessive in some municipalities.
20. Some municipalities under-budgeted for *Debt impairment* and *Depreciation and asset impairment*. While both these are non-cash expenses, municipalities could still incur unauthorised expenditure at the end of the financial year due to under-budgeting. Significant under-budgeting also results in municipalities projecting unrealistic *Operating surpluses*. Furthermore, understating the *Operating expenditure* budget also implies that municipalities are not taking all costs into account when determining the tariffs for the provision of services.
21. As in the prior years, some municipalities continue to submit incomplete budget tables relating to their Capital budget, such as Table SA36: *Detailed capital budget* and Table SA37: *Project delayed from previous financial year/s*. Most municipalities still have a challenge in budgeting for at least 40 percent of the *Capital expenditure* budget for the *Renewal and Upgrading of existing assets* as per



## KWAZULU-NATAL PROVINCE

TREASURY  
REPUBLIC OF SOUTH AFRICA

MFMA Circular No. 55. Furthermore, the budgets for *Repairs and maintenance* were in some cases unrealistic or questionable and the *Asset register summary – PPE (WDV)* values in Table A9: *Asset Management* were also not linked to asset registers thereby distorting the information which forms the basis for the correct calculation of *Repairs and maintenance*.

22. Notwithstanding the importance of supplementing the capital programme from *Internally generated funds*, the narrative reports of some municipalities could not adequately demonstrate that they have sufficient cash backed accumulated funds from previous financial years to fund capital projects internally. With the poorly completed Tables A7 and A8, the municipalities' ability to finance capital programmes from internal funding, in some cases, could not be established.
23. Some of the municipalities that were assessed to have unfunded budgets by Provincial Treasury budgeted to use *Internally generated funds* for *Capital expenditure* which is a clear contravention of the requirements of Section 18 of the MFMA. These municipalities were encouraged to channel any excess funds towards the payment of long outstanding creditors, particularly bulk services rather than funding Capital expenditure.
24. In instances where municipalities had financed their capital programmes through *Borrowings*, some municipalities did not submit sufficient supporting documents such as the projected amortisation schedules and as a result, Provincial Treasury could not assess the reasonableness of their budgeted *Finance charges* and *Repayment of borrowings*.

### **P. Technical assistance on the 2025/26 MTREF Budgets**

Provincial Treasury officials are available to provide technical assistance to municipalities upon request. Guidance will be provided on budgeting during the budget preparation process to municipalities before the municipalities finalise the Schedule A1 on the financial system to be tabled or approved by Council. The technical assistance provided will be tailored to the specific information needs of the municipality with regards to the implementation of the requirements of the MFMA Circulars and Provincial Treasury Circulars as well as the requirements of the relevant legislation and regulations. In this regard, please contact your designated Provincial Treasury Municipal Budget Analyst.

### **Q. Engagement with municipalities on the 2025/26 MTREF Tabled Budgets**

Provincial Treasury requested municipalities in Provincial Treasury Circular PT/MF 02 of 2024/25 to make provision for engagements with Provincial Treasury on their annual MTREF Tabled Budgets in the municipalities' *Time Schedules Outlining Key Deadlines*. The engagements are planned to be held with all delegated municipalities during April to May 2025 where Provincial Treasury intends to constructively engage with the municipality's senior management on the critical matters to be raised on their 2025/26 MTREF Tabled Budgets in an attempt to produce more reliable and credible budgets that are funded before the budgets are approved by Council. These engagements are a support initiative of the Provincial Treasury as per Sections 5(2) and 23(1) of the MFMA and are vital for the discussion and understanding of significant issues raised by Provincial Treasury in our assessments of the Tabled Budgets of the municipalities. Furthermore, these engagements will also focus on the funding position of municipalities which is one of the criteria for the release of the Equitable share tranche by National Treasury. The engagements also provide an opportunity for the municipalities' responses to be incorporated in the final correspondence on the Budget assessment feedback issued by Provincial Treasury which must be tabled in Council together with all other budget related documents.





## KWAZULU-NATAL PROVINCE

TREASURY  
REPUBLIC OF SOUTH AFRICA

The tabling in Council of the Provincial Treasury's final assessments of the 2025/26 MTREF Tabled Budget will not only bring the highlighted issues to the attention of the full Council but will also direct the Council's attention to establishing whether Provincial Treasury's findings were addressed by the municipality.

**Provincial Treasury requests a copy of the Council resolution or extract reflecting the tabling of Provincial Treasury's final assessment of the 2025/26 MTREF Tabled Budget to be included among the Approved Budget documents to be submitted to both the National and Provincial Treasuries.**

### R. Municipal Budget submission process

Section 22(b)(i) of the MFMA requires that ***immediately*** after an Annual Budget is tabled in a municipal Council, the Accounting Officer must submit in both printed and electronic formats to the National Treasury and the relevant Provincial Treasury (electronic format of the PDF file which should include the Schedule A1 Budget and the budget narrative report). If the Annual Budget is tabled to Council on **31 March 2025**, the final date for the submission of **the electronic budget documents and corresponding mSCOA data strings is Tuesday, 02 April 2025**.

**All the delegated municipalities in the province are urged to submit their 2025/26 Tabled Budgets timeously as described above in order to allow Provincial Treasury sufficient time to assess the budgets and provide the feedback timeously to the municipalities.**

The budget related information listed in the MBRR Schedule A (**Annexure C**) must be submitted to both the Provincial and National Treasuries.

Section 24(3) of the MFMA, read together with Regulation 20(1) of the MBRR, requires that the approved Annual Budget be submitted to both National Treasury and the relevant Provincial Treasury within ten working days after the Council has approved the Annual Budget. However, MFMA Circular No. 122 notes that since municipalities are generating Annual Budgets directly from their financial systems as required by the mSCOA Regulations, municipalities must submit the electronic formats of the Approved Budget ***immediately*** after approval by the municipal Council (this is despite the requirements of Section 24(3) of the MFMA read together with Regulation 20(1) of the MBRR as this will assist in verifying whether the errors identified in the TABB have been corrected in the ORGB before the adopted budget is locked on the financial system and the ORGB data string is generated). For example, if the Council approves the Annual Budget on **31 May 2025**, the electronic Approved Budget documentation and corresponding data strings must be submitted on **Monday, 02 June 2025**. **The submission process described above relates to both the National and Provincial Treasuries.**

**Municipalities are no longer expected to submit the printed copies of all required documents including budget related, IDPs, SDBIPs, AFS and Annual Reports to the National and Provincial Treasuries through post courier services.**

The following information should be submitted for the 2025/26 MTREF:

- The budget documentation as set out in the MBRR Schedule A (**Annexure C**) **read together with MFMA Circular No. 126 (Annexure B)**. The budget document must include the main Schedule A1 Tables (A1 - A10);
- The non-financial supporting tables (A10, SA9, SA11, SA12, SA13, SA22, SA23, SA24 etc. and any other information not contained in the financial data string) must be submitted in the prescribed mSCOA data string format published with Version 6.9 of the A1 schedule;
- The Council Resolution for the Tabled and Approved Budgets;



- The Signed Quality Certificate as prescribed in the MBRR for the Tabled and Adopted Budgets;
- The draft and approved IDP;
- The draft and approved SDBIP;
- A Budget locking certificate immediately at the start of the new municipal financial year on 01 July 2025;
- Signed repayment arrangements entered into with Eskom and/or a Water Board;
- The draft and approved Spatial Development Framework;
- The draft and approved Long Term Financial Strategies;
- The draft and approved Service standards;
- The draft and approved Rates Billing List;
- The draft and approved Tariff List;
- The draft and approved Policies on:
  - Property Rates and Service charges
  - Borrowing
  - Budget Implementation and Management
  - Cash Management and Investment
  - Credit Control and Debt Collection
  - Funding and Reserves
  - Indigents
  - Long-term Financial Planning
  - Management and Disposal of Assets
  - Infrastructure Investment and Capital Projects
  - Supply Chain Management
- The draft and approved mSCOA Road Map;
- The draft and approved Fixed Asset Register;
- A credible draft and approved Budget funding plan (where applicable);
- The draft and approved Indigent Register;
- The draft and approved General Valuation Roll (GVR) reconciliation;
- A Schedule D specific for entities; and
- The draft and approved Tariff Tool in Excel format.

The Budget related information must be forwarded to the Provincial and National Treasuries by the deadline dates as indicated. The submission addresses are as follows:



## KWAZULU-NATAL PROVINCE

TREASURY  
REPUBLIC OF SOUTH AFRICA

### **Provincial Treasury**

Electronic copies of the required documents must be e-mailed to [mfma@kzntreasury.gov.za](mailto:mfma@kzntreasury.gov.za) and your relevant Provincial Treasury Municipal Budget Analyst must be copied accordingly.

### **National Treasury**

Budget related documents and schedules must be uploaded by approved registered users using the National Treasury GoMuni Upload Portal at: [https://lg.treasury.gov.za/ibi\\_apps/signin](https://lg.treasury.gov.za/ibi_apps/signin).

It should be noted that all documents sent to this address must be in PDF files only and each PDF file should not contain multiple documents. Any problems experienced in this regard can be addressed with Sephiri Tlhomeli at [Sephiri.Tlhomeli@treasury.gov.za](mailto:Sephiri.Tlhomeli@treasury.gov.za).

Yours sincerely

**Ms. C. Coetzee**

**Head of Department: KZN Provincial Treasury**

**CC Mayors**

**Deputy Mayors**

**Speakers**

**Ministerial Representatives**

**Mr. J. Hattingh – National Treasury**

**Mr. W. McComans – National Treasury – National Treasury**

**Ms. N. Mkhize – Auditor-General (KZN)**

## Annexure A

2025/26 Budget Preparation Process Checklist					
Kindly note that the processes highlighted in this document are not exhaustive, they are only provided as a guidance and can therefore be enhanced where appropriate					
No.	Process	Status (where applicable)			
		Commenced	Progress (Please provide a copy of the progress report)	Finalised (Please provide a copy of the final report)	Not done
1	The municipality must ensure the following regarding the Preparation of 2025/26 MTREF Budget				
1.1	That there is sufficient consultation process of the IDP and Budget including with sector departments and other stakeholders such as Rates Payers' Associations.				
1.2	The Valuation Roll is updated and captured on the Financial System.				
1.3	Updated Valuation roll should be used to budget for Property rates revenue and Service charges				
1.4	The review of the following budget related policies: > Tariffs > Rates > Credit control and debt collection > Cash management and investment > Borrowing > Funding and reserves > Long-term financial plan > Supply chain management > Management and disposal of assets > Infrastructure investment and capital projects > Indigents > Free basic services > Budget implementation and monitoring > Personnel > Managing electricity and water > Any other budget related or financial management > Cost containment management > Municipal entities > Draft Service Delivery and Budget Implementation Plans (SDBIP)				
1.5	That the MFMA Budget Circulars from National and Provincial Treasuries are considered in the preparation of the Tabled and Approved 2025/26 MTREF Budget.				
1.6	The receipt of 2025 DoRA and Provincial Gazette to ensure that all allocations are correctly considered in the Tabled 2025/26 MTREF budget.				
1.7	That the Audited Outcome figures for the 2021/22, 2022/23 and 2023/24 financial years in Schedule A1 agree to the Audited AFS.(and where applicable, restated figures)				
1.8	That the budget amounts in Tables A7 and A8 are funded as per guideline of Section 18 of MFMA Circular No. 55 and other subsequent MFMA Circulars.				
1.9	That the Surplus/Deficit amounts in Table A4 reconcile to the amount captured in Tables A2 and A3.				
1.10	That municipalities providing water services must budget for water as inventory in Table A6 and NOT as an expense for Water bulk purchases in Table A4.				
1.11	That the Trading Services are self-supporting (are not operating at a deficit).				
1.12	All budget tables and schedules must be fully completed. NB: All Municipal HODs to assist CFO in providing information relating to supporting tables to ensure full completion of tables including Non-Financial info. e.g. in Tables A5, A9, A10, SA4, SA5, SA6, SA7, SA9).				
1.13	That there is sufficient provision for debt impairment.				
1.14	That the budget for <i>Renewal of existing assets</i> over the MTREF is separately reflected as per the budget format and is sufficient (at least 40 percent of the capital budget - Refer to MFMA Circular No. 55)				
1.15	That the municipality budget properly and sufficiently for Depreciation and Debt Impairment, and not budgeting for unrealistic low amounts under these items for the sake of balancing the budget or avoiding deficits on the operating budget expenditure due to these items.				
1.16	That the Tabled 2025/26 SDBIP is prepared in accordance with MFMA Circular No. 13 of National Treasury.				
1.17	That the Tabled 2025/26 SDBIP is aligned to the IDP and Tabled 2025/26 Budget.				
1.18	That the 2025/26 mSCOA Budget data strings is uploaded to the GoMuni Upload Portal of National Treasury using the electronic submission address indicated under the section of "Municipal Budget Submission Process" in this PT Circular.				
1.19	That the electronic Schedule A1 and all budget documents are sent to Provincial and National Treasuries Tuesday, 02 April 2025 to the respective electronic addresses and in the required format indicated under the section of "Municipal Budget Submission Process" in this PT Circular.				
1.20	That the Tabled 2025/26 SDBIP is timeously submitted to National and Provincial Treasuries together with all budget related documents within 10 working days after tabling for comments.				
1.21	That the planned budgeting for performance bonuses for Senior Management is in line with the maximum prescribed in the Local Government Performance Regulations.				
1.22	That the following are also submitted to NT in terms of paragraph 4.4 of MFMA Circular No. 51, when budgeting for renovation and fencing of office buildings: > A motivation as to why the proposed new office building is necessary; > A detailed costing of the proposed new office building; > An outline of how the project is to be financed; and > An overview of the service delivery infrastructure backlogs in the municipality > The above information must be sent to Jan Hattingh (email: jan.hattingh@treasury.gov.za )				



No.	Process	Status (where applicable)			
		Commenced	Progress (Please provide a copy of the progress report)	Finalised (Please provide a copy of the final report)	Not done
1.23	The 2025/26 Tabled Budget and all related documents must be submitted to National and Provincial Treasuries within the prescribed time frame as per MFMA Circular No. 129.				
1.24	For the municipalities with the municipal entities, the municipality must ensure that the consolidated 2025/26 Tabled Budget is prepared and submitted to National and Provincial Treasuries.				
1.25	That there is no budgeting for non-priority items in line with MFMA Circulars No. 58, 70 etc.				
<b>2</b>	<b>CASH FUNDING POSITIONS OF THE BUDGET</b>				
<b>2.1</b>	<b>Tables A7 :Budget Cash Flow</b>				
	> Has Table A7 been fully populated?				
	> Have the correct figures been captured in Table A7's Adjusted Budget and Audited Outcome Columns? This is critical to indicate if correct opening balance are being carried over MTREF.				
	> Have correct opening and closing balances of Cash and Cash equivalents been carried over the MTREF period.				
	> Is Cash flow balance on Table A7 positive?				
<b>2.2</b>	<b>Tables A8: Cash backed reserves/accumulated surplus reconciliation</b>				
	> Has Table A8 been fully populated? The table must be fully completed including items such as: Unspent conditional grants, Statutory requirements, Other working capital requirements, Other provisions, etc.				
	> Is Cash balance on Table A8 showing a surplus?				
<b>3</b>	<b>The municipality must ensure the following regarding the tabling and approval of 2025/26 MTREF Budget:</b>				
3.1	That the budget in prescribed format (A1 Schedule ver 6.9), reviewed budget related policies and all other related documents are tabled in line with the budget timetable by 31 May 2025.				
3.2	That the PT's comments on 2025/26 Tabled Budget as well as the municipality's responses to PT comments are also tabled together with 2025/26 MTREF Budget for final approval.				
3.3	That the Approved Budget and all related documents including the SDBIP are placed on municipal websites within 5 days after approval in Council as per MFMA Section 75(2).				
3.4	The Approved Budget and all related documents including the SDBIP and Quality Certificate are submitted to National and Provincial Treasuries within 10 working days after approval as per Regulation 20(1) of the MBRR.				
3.5	As per mSCOA regulations, the municipality is able to budget, transact and report directly on and from their integrated financial system. The municipality must be able to extract Schedules A, B and C directly from the financial system.				
<b>4</b>	<b>Non-Financial Information considerations</b>				
4.1	Ensure that Tables SA9 and SA1 are accurately and completely populated, consider whether: - Only whole numbers have been populated for household figures in Table SA9? - The total number of households are consistent for Water, Sanitation, Electricity and Refuse services regardless of whether the municipality provides the service or not.				
4.2	Information populated in Table SA11 must be consistent with the budget documents and tariff tables, consider whether: -The figures populated in Table SA11 are reasonable in comparison to the description column. -Measurable performance objectives and indicators have been completed.				
4.3	Ensure that the figures populated in Table SA12a are consistent with the required value formats as per description.				
4.4	Ensure that the figures populated in Table SA12b are consistent with the required value formats as per description.				
4.5	Ensure that the figures populated in Table SA13a are consistent with the rate randage in the budget documents and tariff tables.				
4.6	Ensure that the figures in table SA14 have been completed based on ONE household for small, medium and large household. During the completion of the table, the following should also be considered: -Is the figure quoted for Middle income range not smaller than affordable range for all tariff categories? If this is the case the figures must be checked for accuracy. -Is the figure quoted for Indigent income range not smaller than Middle income range for all tariff categories? If this is the case the figures must be checked for accuracy.				
4.7	Verify whether the cost totals populated in Table SA22 for senior management, employees and councillors are consistent with the A4 cost totals for Employee cost and Remuneration of councillors.				
4.8	Consider the following during the completion of Table SA23: -Are the cost totals populated for senior management in Table SA23 consistent with the cost totals populated in Table SA22? -Are the costs totals populated for Councillors in Table SA23 consistent with the cost totals populated in Table SA22? -Are the basic salaries for Municipal Manager and Chief Financial Officer reasonable in comparison to prior year audited AFS? -Does the municipality have a municipal entity, if so was the municipal entity portion of Table SA23 populated?				

No.	Process	Status (where applicable)			
		Commenced	Progress (Please provide a copy of the progress report)	Finalised (Please provide a copy of the final report)	Not done
4.9	Is the head count as populated on Table SA24 realistic when compared with the salaries reported on Table SA22?				
4.10	Verify whether the total of all months in Table SA25 corresponds to the total revenue and expenditure on Table A4, also consider whether:  -There are any abnormal (either abnormally large or negative) figures calculated for June in Table SA25 in order to balance the annual total in Table SA25 with the total in Table A4. If these figures exist the municipality should investigate the accuracy of the figures populated.				
4.11	Verify whether the total of all months in Table SA27 corresponds to the total revenue and expenditure on Table A4, also consider whether:  -There are any abnormal (either abnormally large or negative) figures calculated for June in Table SA27 in order to balance the annual total in Table SA27 with the total in Table A4. If these figures exist the municipality should investigate the accuracy of the figures populated.				
4.12	Verify whether the total of all months in Table SA29 corresponds to the total revenue and expenditure on Table A5, also consider whether:  -There are any abnormal (either abnormally large or negative) figures calculated for June in Table SA29 in order to balance the annual total in Table SA29 with the total in Table A5. If these figures exist the municipality should investigate the accuracy of the figures populated.				
4.13	Verify whether the GPS coordinates (in decimal) have been captured for all projects in Table SA36, furthermore consider whether:  -All projects have all the required details (GPS co-ordinates, program description, new or renewal) populated for each project?  -All projects included in the budget align to all projects listed in the mSCOA datastrings submitted for TABB and ORGB?  -The Capital expenditure total in Table SA36 agrees to the capital expenditure total on Table A5?				
4.14	Verify whether all projects which require inclusion in Table SA37 have been included in Table SA37.				

## Annexure B

Municipal Budget Working Paper File		
Minimum information to be included in the Municipal Budget Working Paper File		
No.	Item in Budget	Supported in Municipal Budget Working Paper File
1	Revenue by Source	
1.1	Property Rates – including penalties and collection charges	<ul style="list-style-type: none"> <li>&gt; Valuation roll</li> <li>&gt; Copy of rates policy</li> <li>&gt; Proposed rate randage for the various categories of ratepayers</li> <li>&gt; Proposed penalty and collection charge</li> <li>&gt; Budget calculation workings</li> <li>&gt; Any other relevant documentation</li> </ul>
1.2	Service Charges – Electricity Revenue	<ul style="list-style-type: none"> <li>&gt; Monthly schedule of Kilowatts sold per category from July to current</li> <li>&gt; Details of any new areas to be billed in the new financial year</li> <li>&gt; Copy of tariff policy</li> <li>&gt; Proposed tariffs</li> <li>&gt; Budget calculation workings</li> <li>&gt; Any other relevant documentation</li> </ul>
1.3	Service Charges – Water Revenue	<ul style="list-style-type: none"> <li>&gt; Monthly schedule of Kilolitres sold per category from July to current</li> <li>&gt; Details of any new areas to be billed in the new financial year</li> <li>&gt; Copy of tariff policy</li> <li>&gt; Proposed tariffs</li> <li>&gt; Budget calculation workings</li> <li>&gt; Any other relevant documentation</li> </ul>
1.4	Service Charges - Waste Removal / Refuse Revenue	<ul style="list-style-type: none"> <li>&gt; Monthly schedule of households/businesses per category from July to current</li> <li>&gt; Details of any new areas to be billed in the new financial year</li> <li>&gt; Copy of tariff policy</li> <li>&gt; Proposed tariffs</li> <li>&gt; Any other relevant documentation</li> </ul>
1.5	Service Charges - Other	<ul style="list-style-type: none"> <li>&gt; Details of service charges other</li> <li>&gt; Copy of tariff policy</li> <li>&gt; Proposed tariffs</li> <li>&gt; Budget calculation workings</li> <li>&gt; Any other relevant documentation</li> </ul>
1.6	Rental of facilities and equipment	<ul style="list-style-type: none"> <li>&gt; Schedule of rental facilities and equipment</li> <li>&gt; Copies of lease agreements for rental properties</li> <li>&gt; Proposed tariffs</li> <li>&gt; Budget calculation workings</li> <li>&gt; Any other relevant documentation</li> </ul>
1.7	Interest earned external investments	<ul style="list-style-type: none"> <li>&gt; Details of proposed investments</li> <li>&gt; Copy of cash management and investments policy</li> <li>&gt; Estimated interest rates</li> <li>&gt; Budget calculation workings</li> <li>&gt; Any other relevant documentation</li> </ul>
1.8	Interest earned outstanding debtors	<ul style="list-style-type: none"> <li>&gt; Copy of debt collection and credit control policy</li> <li>&gt; Proposed interest rate</li> <li>&gt; Budget calculation workings</li> <li>&gt; Any other relevant documentation</li> </ul>
1.9	Fines	<ul style="list-style-type: none"> <li>&gt; Details of the various fines (eg traffic, library, etc)</li> <li>&gt; Proposed tariffs</li> <li>&gt; Budget calculation workings</li> <li>&gt; Any other relevant documentation</li> </ul>
1.10	Licences and permits	<ul style="list-style-type: none"> <li>&gt; Schedule of license and permit holders</li> <li>&gt; Proposed tariffs</li> <li>&gt; Budget calculation workings</li> <li>&gt; Any other relevant documentation</li> </ul>
1.11	Agency services	<ul style="list-style-type: none"> <li>&gt; Schedule of agency agreements</li> <li>&gt; Copies of agency agreements</li> <li>&gt; Budget calculation workings</li> <li>&gt; Any other relevant documentation</li> </ul>
1.12	Transfers recognised – Operational	<ul style="list-style-type: none"> <li>&gt; Schedule of national and provincial grants to be transferred to the municipality</li> <li>&gt; Copies of the relevant gazettes</li> <li>&gt; Letters of confirmation from transferring authority where the grant to be received is not gazetted</li> <li>&gt; Budget calculation workings</li> <li>&gt; Any other relevant documentation</li> </ul>
1.13	Other revenue	<ul style="list-style-type: none"> <li>&gt; Schedule of all other revenue</li> <li>&gt; Budget calculation workings</li> <li>&gt; Any other relevant documentation</li> </ul>
1.14	Gains on disposal of PPE	<ul style="list-style-type: none"> <li>&gt; Schedule of assets to be disposed off</li> <li>&gt; Copies of any policies dealing with the management and disposal of assets</li> <li>&gt; Copies of council resolution if applicable authorising the disposal</li> <li>&gt; Estimated book value of the assets to be disposed of</li> <li>&gt; Estimated proceeds to be received from the disposals</li> <li>&gt; Budget calculation workings</li> <li>&gt; Any other relevant documentation</li> </ul>

Municipal Budget Working Paper File		
Minimum information to be included in the Municipal Budget Working Paper File		
No.	Item in Budget	Supported in Municipal Budget Working Paper File
<b>2</b>	<b>Operating Expenditure by Type</b>	
2.1	Employee related costs	<ul style="list-style-type: none"> <li>&gt; Copy of approved organogram</li> <li>&gt; Copy of signed agreement between the employer representative and the unions on the applicable wage agreement in force</li> <li>&gt; Copy of relevant policies (e.g. travel, s&amp;t, cell phone, overtime, etc)</li> <li>&gt; Details of employer contributions to medical aids, pension funds, etc</li> <li>&gt; Budget calculation workings</li> <li>&gt; Any other relevant documentation</li> </ul>
2.2	Remuneration of Councillors	<ul style="list-style-type: none"> <li>&gt; Listing of all Councillors</li> <li>&gt; Copy of previous years gazette for reference purposes</li> <li>&gt; Budget calculation workings</li> <li>&gt; Any other relevant documentation</li> </ul>
2.3	Debt impairment	<ul style="list-style-type: none"> <li>&gt; Copy of debt collection and credit control policy</li> <li>&gt; Budget calculation workings</li> <li>&gt; Any other relevant documentation</li> </ul>
2.4	Depreciation and asset impairment	<ul style="list-style-type: none"> <li>&gt; Copy of assets register</li> <li>&gt; Copies of any policies dealing with the management of assets</li> <li>&gt; Budget calculation workings</li> <li>&gt; Any other relevant documentation</li> </ul>
2.5	Finance charges	<ul style="list-style-type: none"> <li>&gt; Copy of loans register</li> <li>&gt; Copies of loan agreements</li> <li>&gt; Copies of amortisation schedules for each loan</li> <li>&gt; Details of any new anticipated loans</li> <li>&gt; Budget calculation workings</li> <li>&gt; Any other relevant documentation</li> </ul>
2.6	Bulk Purchases	<ul style="list-style-type: none"> <li>&gt; Monthly schedule of Kilowatts purchased for Electricity from July to current</li> <li>&gt; Monthly schedule of Kilolitres purchased for Water from July to current</li> <li>&gt; Details of any new areas to be billed in the new financial year</li> <li>&gt; Copies of any policies related to managing electricity and water</li> <li>&gt; Estimated price increases from bulk suppliers</li> <li>&gt; Budget calculation workings</li> <li>&gt; Any other relevant documentation</li> </ul>
2.7	Other materials	<ul style="list-style-type: none"> <li>&gt; Listing of other materials</li> <li>&gt; Budget calculation workings</li> <li>&gt; Any other relevant documentation</li> </ul>
2.8	Contracted services	<ul style="list-style-type: none"> <li>&gt; Copy of contracts register</li> <li>&gt; Copies of contracts</li> <li>&gt; Details of any new anticipated contracts</li> <li>&gt; Budget calculation workings</li> <li>&gt; Any other relevant documentation</li> </ul>
2.9	Transfers and grants	<ul style="list-style-type: none"> <li>&gt; Details of transfers and grants</li> <li>&gt; Copies of any policies related to the provision of free basic services</li> <li>&gt; Budget calculation workings</li> <li>&gt; Any other relevant documentation</li> </ul>
2.10	Other expenditure – including repairs and maintenance	<ul style="list-style-type: none"> <li>&gt; Details of other expenditure – including repairs and maintenance</li> <li>&gt; Budget calculation workings</li> <li>&gt; Any other relevant documentation</li> </ul>
2.11	Loss on disposal of PPE	<ul style="list-style-type: none"> <li>&gt; Schedule of assets to be disposed off</li> <li>&gt; Copies of any policies dealing with the management and disposal of assets</li> <li>&gt; Copies of Council resolution if applicable authorising the disposal</li> <li>&gt; Estimated book value of the assets to be disposed of</li> <li>&gt; Estimated proceeds to be received from the disposals</li> <li>&gt; Budget calculation workings</li> <li>&gt; Any other relevant documentation</li> </ul>

Municipal Budget Working Paper File		
Minimum information to be included in the Municipal Budget Working Paper File		
No.	Item in Budget	Supported in Municipal Budget Working Paper File
<b>3. Capital Sources of Revenue</b>		
3.1	Transfers recognised - capital	<ul style="list-style-type: none"> <li>&gt; Schedule of national and provincial grants to be transferred to the municipality</li> <li>&gt; Copies of the relevant gazettes</li> <li>&gt; Letters of confirmation from transferring authority where the grant to be received is not gazetted</li> <li>&gt; Budget calculation workings</li> <li>&gt; Any other relevant documentation</li> </ul>
3.2	Public contributions & donations	<ul style="list-style-type: none"> <li>&gt; Details of public contributions and donations</li> <li>&gt; Budget calculation workings</li> <li>&gt; Any other relevant documentation</li> </ul>
3.3	Borrowing	<ul style="list-style-type: none"> <li>&gt; Copy of borrowing policy</li> <li>&gt; Copies of loan agreements</li> <li>&gt; Details of expected borrowings and related projects</li> <li>&gt; Copy of Council resolution authorising the proposed borrowing</li> <li>&gt; Any documentation to the support the budget</li> <li>&gt; Budget calculation workings</li> <li>&gt; Any other relevant documentation</li> </ul>
3.4	Internally generated funds	<ul style="list-style-type: none"> <li>&gt; Copy of the funding and reserves policy</li> <li>&gt; Details of the projects to be funded</li> <li>&gt; Evidence of available funds</li> <li>&gt; Budget calculation workings</li> <li>&gt; Any other relevant documentation</li> </ul>
<b>4. Capital Expenditure</b>		
		<ul style="list-style-type: none"> <li>&gt; Copy of draft/approved IDP</li> <li>&gt; Copies of any policies dealing with infrastructure investment and capital projects</li> <li>&gt; Listing of projects referenced to the IDP together with sources of finance</li> <li>&gt; Copy of procurement/projects plan</li> <li>&gt; Any documentation in support of the budgeted figures</li> <li>&gt; Budget calculation workings</li> <li>&gt; Any other relevant documentation</li> </ul>
<b>5. Loan Repayments</b>		
		<ul style="list-style-type: none"> <li>&gt; Copy of loans register</li> <li>&gt; Copies of loan agreements</li> <li>&gt; Copies of amortisation schedules for each loan</li> <li>&gt; Details of any new anticipated loans</li> <li>&gt; Budget calculation workings</li> <li>&gt; Any other relevant documentation</li> </ul>
<b>6. Compliance/Performance Information</b>		
		<ul style="list-style-type: none"> <li>&gt; Copy of the approved key deadlines for the preparation, tabling and approval of the Annual Budget (S.21(b) of the MFMA)</li> <li>&gt; Copy of the Council resolution approving such</li> <li>&gt; Copy of the resolution for the tabling of the annual budget at least 90 days before the start of the budget year (S.16(2) of the MFMA)</li> <li>&gt; Copy of the tabled budget in Schedule A</li> <li>&gt; Copy of the advertisement making public the annual budget and inviting the local community to make to make representations in connection with the budget (S.22(a)(i) and (ii) of the MFMA)</li> <li>&gt; Documentary proof that the Municipal Manager has submitted the annual budget in both printed and electronic formats to the National Treasury and the relevant Provincial Treasury (S.22(b)(i) and (ii) of the MFMA)</li> <li>&gt; Documentary proof that the municipal Council has considered the views of the local community, the National and Provincial Treasury and any provincial or national organ of state or municipality which has made submissions on the budget (S.23(1)(a) and (b) of the MFMA)</li> <li>&gt; Copy of the resolution for the consideration of the budget at least 30 days before the start of the budget year (S.24(1) of the MFMA)</li> <li>&gt; Copy of the approved Schedule A</li> <li>&gt; Documentary proof that within 10 working days after the municipal Council has approved the annual budget of the municipality that the Municipal Manager has in accordance with section 21A of the Municipal Systems Act made public the approved annual budget and supporting documentation and the resolutions referred to in S.24(2)(c) of the Act (Regulation 18(1) of the MBRR)</li> <li>&gt; Documentary proof that the Municipal Manager has submitted the approved annual budget to the National and Provincial Treasury (S.24(3) of the MFMA) within 10 working days after the municipal council has approved the annual budget (Regulation 20(2) of the MBRR)</li> <li>&gt; Copies of all approved budget related policies</li> <li>&gt; Copy of approved tariff of charges</li> <li>&gt; Any other relevant documentation</li> </ul>
<b>7. Service Delivery and Budget Implementation Plan (SDBIP)</b>		
		<ul style="list-style-type: none"> <li>&gt; Copies of performance agreements of senior management</li> <li>&gt; Copies of any relevant gazettes, circulars, etc</li> <li>&gt; Copy of the draft SDBIP</li> <li>&gt; Documentary proof that the municipality has submitted the draft SDBIP to the National and Provincial Treasury in both printed and electronic format (Regulation 15(3)(b) of the MBRR)</li> <li>&gt; Copy of the approved SDBIP</li> <li>&gt; Alignment between budget and SDBIP</li> <li>&gt; Documentary proof that the municipality's SDBIP is approved by the mayor within 28 days after the approval of the budget (S.53(c)(ii))</li> <li>&gt; Documentary proof that the municipal manager has in accordance with section 21A of the Municipal Systems Act made public the approved SDBIP within 10 working days after the mayor has approved the plan in terms of S.53(1)(c)(ii) of the Act (Regulation 19 of the MBRR)</li> <li>&gt; Any other relevant documentation</li> </ul>
<b>8. mSCOA Road Map</b>		
		<ul style="list-style-type: none"> <li>&gt; Copy of updated mSCOA Road Map</li> <li>&gt; Copy of approval of mSCOA Road Map by Council</li> </ul>

## **Annexure C**

### **MBRR Schedule A – Annual budget and supporting documentation of a municipality**

As per the Municipal Budget and Reporting Regulations, the following information should be included as part of Schedule A:

#### **PART 1 – ANNUAL BUDGET**

- Mayor's Report
- Resolutions
- Executive Summary
- Annual Budget Tables

#### **PART 2 – SUPPORTING DOCUMENTATION**

- Overview of annual budget process
- Overview of alignment of annual budget with Integrated Development Plan
- Measurable performance objectives and indicators
- Overview of budget related policies
- Overview of budget assumptions
- Overview of budget funding
- Expenditure on allocations and grants programmes
- Allocation and grants made by the municipality
- Councilor and board member allowances and employee benefits
- Monthly targets for revenue, expenditure and cash flow
- Annual budgets and service delivery and budget implementation plans internal – departments
- Annual budgets and service delivery agreements – municipal entities and other external mechanisms
- Contracts having future budgetary implications
- Capital expenditure details
- Legislation compliance status
- Other supporting documents
- Annual budgets of municipal entities attached to the municipalities annual budget
- Municipal manager's quality certification

Details on the contents of each of the above Sections are provided in the Schedules to the Municipal Budget and Reporting Regulations, as published in Part 1 and 2 of the Government Gazette No. 32141 dated 17 April 2009.

## SCHEDULE G

### EXTENSIONS AND NON-COMPLIANCE WITH TIME PROVISIONS

APPLICATION FOR EXTENSION TO THE BUDGET PROCESS			
<i>Note: The application must be submitted to the MEC for finance by no later than 15 March</i>			
<b>Name</b>	<b>of</b>		
<b>Municipality:</b>			
<b>1. State the relevant section of the Act and regulation for which extension is being applied.</b>			
<b>2. State the revised completion date the extension is required.</b>			
<i>Processes</i>	<i>Legislated date</i>	<i>Number of days</i>	<i>Proposed Extension Date</i>
<b>3. State how the proposed extension will affect the remaining legislated process and how compliance will be achieved with other MFMA timelines</b>			
<b>4. State the underlying reasons why an extension to a legislated timeframe is being requested. If the extension is requested for budget timeline extension, attach the municipalities approved time schedule including the dates that earlier processes have been undertaken.</b>			
<b>5. Detail the action plan that has been instituted to address the reasons for the legislated timeframe not being met.</b>			
<i>Reasons for delay</i>	<i>Action Plans to resolve</i>		
<b>6. Detail what corrective action has been or will be put in place to prevent a recurrence in future years.</b>			
<i>Reasons for delay</i>	<i>Action Plans to resolve</i>		

7. Has an application for an extension to a timeframe been made previously	
<i>Date of application</i>	<i>State whether application approved or not approved</i>

**Declaration:**

I, \_\_\_\_\_ hereby declare that: (Name)

1. The information submitted above is, to the best of my knowledge, accurate.
2. A copy of this application will be tabled at the next meeting of the Municipal Council subsequent to the submission of this application.

**SIGNED:****DATE:**

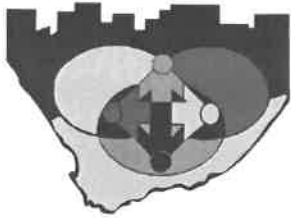
\_\_\_\_\_

\_\_\_\_\_

*Mayor***CONTACT DETAILS:**

Mayor' Office Contact Details			
Name of contact person:			
Telephone:	Code (    )	Fax:	
Municipal Manager Contact Details			
Name:			
Telephone:	Code (    )	Fax:	
Municipality's Postal Address			
Postal Code			





# **SOUTH AFRICAN LOCAL GOVERNMENT BARGAINING COUNCIL**

## **KWAZULU-NATAL OFFICE**

Private Bag X16  
MUSGRAVE ROAD  
4062

Tel: (031) 201 8210  
Fax: (031) 201 9752  
E-mail: [vusi@salgbc.org.za](mailto:vusi@salgbc.org.za)

461 Dinuzulu Road South  
Formerly: Berea Road  
DURBAN  
4001

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09 September 2024

**TO: ALL MUNICIPAL MANAGERS - KWAZULU NATAL**  
**GERARD GREVELING - SALGA**  
**JOHANNA NAIR - IMATU**  
**NOKUBONGA DINGA - SAMWU**

Sir / Madam

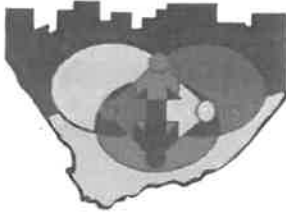
**CIRCULAR NO.: 6/2024**

**SALARY AND WAGE COLLECTIVE AGREEMENT**

Please find attached, self explanatory correspondence from the National Office in respect of the above.

Yours faithfully

  
\_\_\_\_\_  
**VUSI NZUZA**  
**REGIONAL SECRETARY**



# **SOUTH AFRICAN LOCAL GOVERNMENT BARGAINING COUNCIL**

## **HEAD OFFICE**

Private Bag X16  
MUSGRAVE  
4062

Tel: (031) 201-8210/6219/6255  
Fax: (031) 201-9788

461 King Dinuzulu Road  
BEREA  
4062

E-mail: [info@salgbc.org.za](mailto:info@salgbc.org.za)  
Web-site: [www.salgbc.org.za](http://www.salgbc.org.za)

9 September 2024

**TO: ALL MUNICIPAL MANAGERS  
ALL CHIEF FINANCIAL OFFICERS**

### **The Parties**

SALGA  
SAMWU  
IMATU

Mr. S Mbanga  
Mr. D Magagula  
Mr. J Koen

[smbanga@salga.org.za](mailto:smbanga@salga.org.za)  
[dumisane.magagula@samwu.org.za](mailto:dumisane.magagula@samwu.org.za)  
[joan@imatu.co.za](mailto:joan@imatu.co.za)

### **REGIONAL SECRETARIES:**

Gauteng/Johannesburg/Tshwane Division  
Eastern Cape Division  
Western Cape/Cape Metro Division  
Northern Cape/Free State Division  
North West/Mpumalanga/Limpopo Division  
KwaZulu-Natal/eThekweni Division

Ms. E Sekgweleo  
Mr. C.Gqeke  
Ms. W Brink  
Mr. T Mqobongo  
Ms D Monyemangene  
Mr. V Nzuzi

[esmeralda@salgbc.org.za](mailto:esmeralda@salgbc.org.za)  
[Chumani@salgbc.org.za](mailto:Chumani@salgbc.org.za)  
[wilma@salgbc.org.za](mailto:wilma@salgbc.org.za)  
[Thabiso@salgbc.org.za](mailto:Thabiso@salgbc.org.za)  
[Dikeledi@salgbc.org.za](mailto:Dikeledi@salgbc.org.za)  
[vusi@salgbc.org.za](mailto:vusi@salgbc.org.za)

## **CIRCULAR NO.: 6/2024**

### **SALARY AND WAGE COLLECTIVE AGREEMENT**

The parties (SALGA, SAMWU and IMATU) to the Council have been engaged in three rounds of salary and wage negotiations, in July and August 2024. These negotiations were facilitated by two independent facilitators and a Facilitator's Proposal, was issued on 16 August 2024.

The parties to the Council adopted and signed the attached Salary and Wage Collective Agreement at the Bargaining Committee, held on 6 September 2024.

The Collective Agreement must be published on the employee noticeboards. The Collective Agreement is available on the SALGBC website as well.

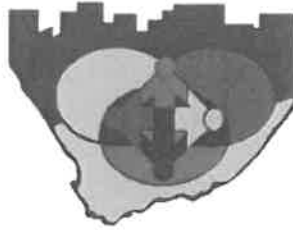
Your faithfully

  
\_\_\_\_\_  
**MR S. GOVENDER**  
**GENERAL SECRETARY**

*Encl: Salary and Wage Collective Agreement (22 Pages)*

---

*Address correspondence to the General Secretary*



## **SOUTH AFRICAN LOCAL GOVERNMENT BARGAINING COUNCIL**

(Hereinafter referred to as "the "SALGBC or Council")

## **SALARY AND WAGE COLLECTIVE AGREEMENT**

**In accordance with the provisions of the Labour Relations Act, 1995 made and entered  
into by and between the:-**

### **SOUTH AFRICAN LOCAL GOVERNMENT ASSOCIATION**

(Hereinafter referred to as "SALGA")

and

### **INDEPENDENT MUNICIPAL AND ALLIED TRADE UNION**

(Hereinafter referred to as "IMATU")

and

### **SOUTH AFRICAN MUNICIPAL WORKERS' UNION**

(Hereinafter referred to as "SAMWU")

(IMATU and SAMWU will together be referred to as the "Trade Unions")

In the bottom right corner of the document, there are two handwritten signatures in black ink. The signature on the left is a stylized, cursive 'D' followed by a vertical line. The signature on the right is a more complex, cursive signature that appears to be 'N.M.' or similar, with a long horizontal stroke extending to the right.

# INDEX

1. SCOPE OF APPLICATION	2
2. EXCLUSIONS	2
3. PERIOD OF OPERATION	2
4. OBJECTIVES	2
5. DEFINITIONS	3
6. SALARY AND RELATED INCREASES	4
7. MINIMUM WAGE	6
8. HOME-OWNERS ALLOWANCE AND RELATED MATTERS	6
9. MEDICAL AID	8
10. LINKED BENEFITS AND CONDITIONS OF SERVICE	9
11. MATERNITY, PATERNITY AND ADOPTION LEAVE BENEFITS	9
12. SERVICED STANDS	9
13. PRODUCTIVITY STATEMENT	9
14. APPLICATIONS FOR EXEMPTION	10
15. ENFORCEMENT OF THIS COLLECTIVE AGREEMENT	18
16. DISPUTES ABOUT THE APPLICATION OR INTERPRETATION OF THIS COLLECTIVE AGREEMENT	20
17. ENTIRE AGREEMENT, SEVERABILITY, WAIVER AND VARIATION	20

Handwritten signatures and initials in the bottom right corner, including a large signature and several sets of initials.

## 1. SCOPE OF APPLICATION

The terms of this agreement shall be observed in the Local Government Undertaking in the Republic of South Africa by all employers and by all employees who fall within the registered scope of the SALGBC.

## 2. EXCLUSIONS

Municipal Managers and those employees appointed as managers directly accountable to Municipal Managers in terms of Section 54A, Section 56 and Section 57 of the Municipal Systems Act 32 of 2000, as amended, shall be excluded from all the terms of this collective agreement.

## 3. PERIOD OF OPERATION

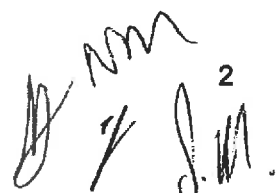
3.1 Notwithstanding the date of signature, this agreement shall come into operation in respect of the Parties to the agreement on **1 July 2024** and shall remain in force until **30 June 2029**.

3.2 This agreement may, by agreement of the parties, be submitted to the Minister of Employment and Labour for extension in terms of Section 32 of the Labour Relations Act, in which case, the agreement shall come into operation in respect of non-parties on a date to be determined by the Minister of Employment and Labour and shall remain in force until **30 June 2029**.

## 4. OBJECTIVES

The objectives of this agreement are, *inter alia*, to:

- 4.1 Provide for across the board increases and other related matters, within competing constraints of a high inflation, fiscally constrained economy and a limited fiscus.
- 4.2 Provide for across-the-board, salary adjustments as well as increases in the minimum wage for the financial years 2024/2025, 2025/2026, 2026/2027, 2027/2028 and 2028/2029.

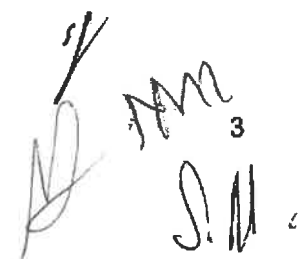


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- 4.3 Provide for annual adjustments to the maximum monthly employer contribution rate to accredited medical schemes for the financial years 2024/2025, 2025/2026, 2026/2027, 2027/2028 and 2028/2029;
- 4.4 Provide for annual increases to the Home-Owners Allowance for the financial years 2024/2025, 2025/2026, 2026/2027, 2027/2028 and 2028/2029 as well as a once off, non-pensionable payment to GAP Market employees;
- 4.5 Provide for the conduct of an investigation, the purpose of which is to improve access to home ownership for Local Government employees;
- 4.6 Specify that the provision of Serviced Stands is left to the Municipal discretion;
- 4.7 Specify that the review of Maternity, Paternity and Adoption leave benefits shall be dealt with as part of the negotiations on the Main Collective Agreement;
- 4.8 Outline a productivity statement to emphasise that wage increases provided for in this agreement strive to encourage and promote optimal municipal performance and higher levels of productivity;
- 4.9 Provide for an exemption procedure, inclusive of a mediation process; and
- 4.10 Provide for matters connected therewith.

## **5. DEFINITIONS**

All expressions used in this agreement, which are defined in the Labour Relations Act, 1995 (hereinafter referred to as "the Act"), shall bear the same meaning as in the Act, unless the contrary intention appears, words importing the masculine gender shall include the feminine.

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## **6. SALARY AND RELATED INCREASES**

### **Financial Year 2024/2025**

- 6.1 In respect of this financial year, all employees covered by this agreement shall receive an increase of **four and a half percent (4.5%)** with effect from 1 July 2024.
- 6.2 With effect from 1 March 2025, all employees covered by this agreement shall receive a further increase of **one and a half percent (1.5%)**, based on the salaries of the employees as at 28 February 2025.

### **Financial Year 2025/2026**

- 6.3 In respect of this financial year, all employees covered by this agreement shall receive, with effect from 1 July 2025, an increase based on the average CPI percentage for the period 1 February 2024 until 31 January 2025, plus zero comma seventy five percent (**0.75%**).
- 6.4 The publications of Statistics South Africa shall be used to determine the average CPI in terms of clause 6.3. above.
- 6.5 In the event that the average CPI percentage for the period 1 February 2024 until 31 January 2025 is less than four percent (4%), it will be deemed to be four percent (4%), and in the event that the average CPI percentage for this period is higher than seven percent (7%), it will be deemed to be seven percent (7%).

### **Financial Year 2026/2027**

- 6.6 In respect of this financial year, all employees covered by this agreement shall receive, with effect from 1 July 2026, an increase based on the average CPI percentage for the period 1 February 2025 until 31 January 2026, plus zero comma seventy five percent (**0.75%**).

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6.7 The publications of Statistics South Africa shall be used to determine the average CPI in terms of clause 6.6 above.

6.8 In the event that the average CPI percentage for the period 1 February 2025 until 31 January 2026 is less than four percent (4%), it will be deemed to be four percent (4%), and in the event that the average CPI percentage for this period is higher than seven percent (7%), it will be deemed to be seven percent (7%).

#### **Financial Year 2027/2028**

6.9 In respect of this financial year, all employees covered by this agreement shall receive, with effect from 1 July 2027, an increase based on the average CPI percentage for the period 1 February 2026 until 31 January 2027, plus one comma twenty five percent (1.25%).

6.10 The publications of Statistics South Africa shall be used to determine the average CPI in terms of clause 6.9 above.

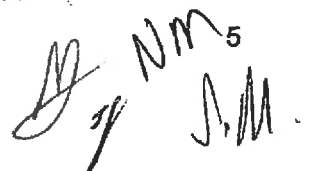
6.11 In the event that the average CPI percentage for the period 1 February 2026 until 31 January 2027 is less than four percent (4%), it will be deemed to be four percent (4%), and in the event that the average CPI percentage for this period is higher than seven percent (7%), it will be deemed to be seven percent (7%).

#### **Financial Year 2028/2029**

6.12 In respect of this financial year, all employees covered by this agreement shall receive, with effect from 1 July 2028, an increase based on the average CPI percentage for the period 1 February 2027 until 31 January 2028, plus one comma twenty five percent (1.25%).

6.13 The publications of Statistics South Africa shall be used to determine the average CPI in terms of clause 6.12 above.

6.14 In the event that the average CPI percentage for the period 1 February 2027 until 31 January 2028 is less than four percent (4%), it will be deemed to be four

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percent (4%), and in the event that the average CPI percentage for this period is higher than seven percent (7%), it will be deemed to be seven percent (7%).

## **7. MINIMUM WAGE**

- 7.1 With effect from 1 July 2024, the minimum wage payable in the sector shall increase by **4.5%** to **R 9 960.45** per month.
- 7.2 With effect from 1 March 2025, the minimum wage payable in the sector shall increase by a further **1.5%** to **R 10 109.85** per month.
- 7.3 With effect from 1 July 2025, the minimum wage payable in the sector shall increase by the same percentage as the salary and wage increase for the 2025/2026 financial year.
- 7.4 With effect from 1 July 2026, the minimum wage payable in the sector shall increase by the same percentage as the salary and wage increase for the 2026/2027 financial year.
- 7.5 With effect from 1 July 2027, the minimum wage payable in the sector shall increase by the same percentage as the salary and wage increase for the 2027/2028 financial year.
- 7.6 With effect from 1 July 2028, the minimum wage payable in the sector shall increase by the same percentage as the salary and wage increase for the 2028/2029 financial year.

## **8. HOME-OWNERS ALLOWANCE AND RELATED MATTERS**

### **8.1 Increase to the Home-Owners Allowance**

- 8.1.1 The flat rate Home-Owners Allowance, which is currently set at **R1 066.41**, shall increase as follows:

8.1.1.1 For the 2024/2025 financial year, with effect from 1 July 2024, by **4.5%**, to **R 1 114.40**. The home-owners allowance shall not increase by 1.5% on 1 March 2025 and shall remain at R 1 114.40 until 30 June 2025.

8.1.1.2 For the 2025/2026 financial year, with effect from 1 July 2025, by the same percentage as the salary and wage increase for the 2025/2026 financial year.

8.1.1.3 For the 2026/2027 financial year, with effect from 1 July 2026, by the same percentage as the salary and wage increase for the 2026/2027 financial year.

8.1.1.4 For the 2027/2028 financial year, with effect from 1 July 2027, by the same percentage as the salary and wage increase for the 2027/2028 financial year.

8.1.1.5 For the 2028/2029 financial year, with effect from 1 July 2028, by the same percentage as the salary and wage increase for the 2028/2029 financial year.

## 8.2 GAP Market Allowance

8.2.1 Gap Market employees are defined as employees whose income is regarded as too low to access bank funded housing finance (mortgage finance), but too high to qualify for the national government's free-basic housing subsidy scheme.

8.2.2 Gap Market employees who earn a basic salary of R22 000.00 per month or less, as at 01 July 2024, and who do not own a house or receive any form of housing assistance or do not participate in the current or any Home-Owners Allowance shall be paid a once-off, non-pensionable payment of **R2 000.00**.

8.2.3 The once off, non-pensionable payment shall be made on 31 December 2024, and where not possible, by no later than 31 March 2025.

### 8.3 Housing Investigation

8.3.1 The parties shall conduct an investigation, the purpose of which shall be to improve access to home ownership for employees within the Local Government sector.

8.3.2 The housing investigation must be concluded by no later than 31 March 2025, unless the Parties agree otherwise in writing.

## 9. MEDICAL AID

9.1 For the duration of this agreement, and based on the 60/40 principle set out in the Main Collective Agreement, the maximum medical aid employer contribution rate to accredited medical schemes, which is currently set at **R5 277.38**, shall increase as follows:

9.1.1 For the 2024/2025 financial year, with effect from 1 July 2024, by **4.5%**, to **R 5 514.86**. The maximum medical aid employer contribution **shall not** increase by 1.5% on 1 March 2025 and shall remain at R 5 514.86 until 30 June 2025.

9.1.2 For the 2025/2026 financial year, with effect from 1 July 2025, by the same percentage as the salary and wage increase for the 2025/2026 financial year.

9.1.3 For the 2026/2027 financial year, with effect from 1 July 2026, by the same percentage as the salary and wage increase for the 2026/2027 financial year.

9.1.4 For the 2027/2028 financial year, with effect from 1 July 2027, by the same percentage as the salary and wage increase for the 2027/2028 financial year.

- 9.1.5 For the 2028/2029 financial year, with effect from 1 July 2028, by the same percentage as the salary and wage increase for the 2028/2029 financial year.

## **10. LINKED BENEFITS AND CONDITIONS OF SERVICE**

Any benefit or condition of service that ordinarily increases by virtue of its link to the increase in the salary of an employee, shall increase by the same rate as the salary increase in each financial year, as set out in clause 6 above.

## **11. MATERNITY, PATERNITY AND ADOPTION LEAVE BENEFITS**

The review of maternity, paternity and adoption leave benefits shall be dealt with as part of the negotiations on the Main Collective Agreement.

## **12. SERVICED STANDS**

The provision of Serviced Stands is left to the Municipal discretion.

## **13. PRODUCTIVITY STATEMENT**

13.1 The Parties recognise that wage increase adjustments strive to reinforce, encourage and promote optimal municipal performance to ensure a higher level of productivity. Therefore, this salary and wage adjustment collective agreement must be seen to attract and retain scarce and critical skills to help municipalities maintain financial sustainability and viability.

13.2 This wage collective agreement is to address socio-economic needs of workers, their families and communities to benefit from the employers' revenue and productivity. Parties commit and recognise that municipalities exist to serve the public. Therefore, service delivery is the focal point of this collective agreement.

13.3 The Parties commit to engage on a method to optimise productivity of the employees in all municipalities, though the implementation of the current Service Charter and Professionalisation Framework for the local government sector.

## 14. EXEMPTIONS

### 14.1 Exemption Applications

14.1.1 Any Party or municipality bound by this collective agreement shall be entitled to apply for exemption from any provision of this collective agreement.

14.1.2 All applications for exemption by a municipality must be lodged with the SALGBC's National Office by no later than:

14.1.2.1 45-working days of this collective agreement being signed, in respect of the 2024/2025 financial year; and

14.1.2.2 30-days from the date of approval of the budget of the municipality by the municipal council, or 30 June, whichever is the soonest, in respect of the 2025/2026, 2026/2027, 2027/2028 and 2028/2029 financial years.

14.1.3 All applications for exemption shall be made in writing on the prescribed application form, obtained from the SALGBC, setting out relevant information, including, but not limited to:

14.1.3.1 The provisions of the agreement in respect of which exemption is sought;

14.1.3.2 The number of employees in respect of whom the exemption is sought;

14.1.3.3 The reasons why the exemption is sought;

14.1.3.4 The nature and size of the municipality in respect of which the exemption is sought;

14.1.3.5 The duration and timeframe for which the exemption sought;

14.1.3.6 The financial recovery plan of the applicant seeking the exemption;

14.1.3.7 The applicant's past record (if applicable) of compliance with the provisions of the Collective Agreement, its amendments and Exemptions Outcome;

14.1.3.8 Confirmation that the trade unions or employees themselves were advised of the exemption application at local level;

14.1.3.9 The following relevant financial information:

14.1.3.9.1 The last two years' audited financial statements;

14.1.3.9.2 The Section 71 and Section 72 Municipal Finance Management Act (MFMA) reports for the current and preceding two financial years; and

14.1.3.9.3 The latest financial ratios as prescribed by National Treasury in the template for Calculating Uniform Financial Ratios and Norms (MFMA Circular 71 of January 2014).

14.1.4 An application for exemption from any provision of the collective agreement shall be lodged, in writing on the prescribed form, with the General Secretary of the SALGBC and the applicant shall serve a copy of the application as follows:

14.1.4.1 In the case of a Trade Union applying for exemption from this collective agreement, serve a copy of the exemption application to the national office of SALGA and the relevant municipality affected by the application; and

- 14.1.4.2 In the case of SALGA and/or a Municipality applying for exemption from this collective agreement, serve a copy of the exemption application to the national office of IMATU and SAMWU.
- 14.1.5 The Parties referred to in clause 14.1.4, as the case may be, shall be afforded ten (10) days to submit a response to the application for exemption to the General Secretary of the SALGBC. The party shall also be obliged to submit the response to the applicant for exemption.
- 14.1.6 The application for exemption shall be considered by the Panellist.
- 14.1.7 All applications considered by the Panellist shall only be based on the written exemption application and written submissions and arguments in respect of the application, if any, by the applicant and any party or a Municipality opposing the application, unless determined otherwise by a Panellist.
- 14.1.8 The Panellist shall consider and determine exemption applications in a manner that is fair and transparent. The applications shall be determined as expeditiously as possible and may, in exceptional cases and subject to the decision of the Panellist, include the hearing of evidence, where the matter cannot be decided solely on the documentation.
- 14.1.9 The Exemptions Process shall be a financial inquiry based on the Exemptions Criteria set out in clause 14.4 below.
- 14.1.10 Notwithstanding clauses 14.1.9 and 14.1.3.9 any Party to this Agreement shall be free to submit any relevant evidence / documents for consideration by the Panellist. However, the Panellist shall determine the relevance and weight to be attached to such evidence, noting the specific criteria and factors to be considered by the Panellist.

14.1.11 In the event of applications being made that are frivolous and vexatious, such applications may be dismissed with costs.

14.1.12 Where a municipality submits an application for exemption, the municipality's obligation to implement the salary increase is suspended pending the outcome of the exemption application.

14.1.13 The Panellist must consider and make a decision and issue an Exemption Outcome within 30 days of appointment of the Panellist.

14.1.14 The onus to prove the case for the granting of an exemption lies with the applicant.

14.1.15 Parties undertake to make every reasonable effort to assist their members to discharge such onus in a full and proper manner.

14.2 National Exemption Panel:

14.2.1 The Executive Committee of the SALGBC shall establish a dedicated panel of exemption panellists and mediators that are preferably accredited by the CCMA to conduct mutual interest disputes from the National and Divisional Panel of conciliators and arbitrators of the SALGBC to constitute the National Exemptions Panel.

14.2.2 The Executive Committee of the SALGBC shall also establish a dedicated panel of independent financial experts made up of persons, in good standing, from a body to be determined by the Executive Committee. The financial expert should be in possession of a qualification in finance and, preferably a background and experience in local government finances.

14.2.3 The role of the financial expert shall be to:

14.2.3.1 Conduct an assessment of the exemption application, within the parameters stipulated by this agreement, including the relevant information set out in 14.1.3.9 hereof;



14.2.3.2 Assess whether the municipality can afford the costs of the whole or part of the agreement;

14.2.3.3 Provide financial advice to the Panellist; and

14.2.3.4 Develop and submit a written report with recommendations for consideration by the Panellist.

14.2.4 For each exemption application, the General Secretary of the SALGBC shall appoint a Panellist from the dedicated exemptions panel of arbitrators together with one financial expert from the appointed panel of financial experts.

#### 14.3 Exemption Procedure

14.3.1 The SALGBC must, in the first instance, appoint a mediator to the exemption application.

14.3.2 The mediator must attempt to resolve the application through mediation, within 30-days of receipt of the exemption application by the SALGBC. However, the parties may agree, in writing, to extend the 30-day period.

14.3.3 The discussions and exchange of proposals during the mediation session shall be confidential and on a without prejudice basis.

14.3.4 In the event that mediation is successful, the agreement must be recorded and issued as an exemption outcome of the Panellist, by consent of the parties.

14.3.5 In the event that mediation has failed, or at the end of the 30-day period or any further period agreed to between the parties, the mediator shall issue a written mediation outcome to the Parties, through the office of the General Secretary of the SALGBC.

14.3.6 Any party shall be entitled to supplement its exemption application or response thereto as the case may be, within 10 days of receipt of the mediation outcome.

14.3.7 Once the mediation outcome has been issued, and the 10-day period referred in clause 14.3.6 above has expired, the SALGBC must set the application down for a hearing before a Panellist assisted by a financial expert.

14.3.8 The Panellist shall hear and determine the application. The financial expert shall assist and provide advice and recommendations to the Panellist.

14.3.9 The Panellist shall consider any written and or verbal substantiation provided by the applicant or a Party to the SALGBC.

14.3.10 The Panellist shall undertake its duties in a fair and transparent manner and shall have the powers and functions to:

14.3.10.1 Grant a full or partial exemption or reject an application for exemption; and

14.3.10.2 Approve interim orders in circumstances where this will not affect the final outcome.

14.3.11 For the purposes of this section:

14.3.11.1 Full exemption is defined as an exemption in terms of which a municipality is fully exempted from implementing the provisions of this collective agreement which relate to the salary increase, and / or related conditions, for the full duration of the financial year in respect of which exemption has been sought.

14.3.11.2 Partial exemption is defined as an exemption in terms of which a municipality is exempted from implementing the provisions of

this collective agreement in full, either by a later implementation date, or reduced salary increase or reduced conditions as per the collective agreement.

14.3.12 The Panellist shall have the power to grant a full or partial exemption or reject an application for exemption or issue an exemption outcome by consent of the parties as referred to in clause 14.3.4 above.

14.3.13 The Panellist shall have the power to condone any failure to comply with the time periods provided for in terms of this procedure based on good cause shown.

14.3.14 The decisions of the Panellist shall be final and binding, subject to an aggrieved party's right to institute review proceedings in any court having jurisdiction to hear the matter. The Panellist shall provide brief written reasons for its decision, together with a copy of the financial expert's report.

14.3.15 The Panellist shall notify the parties of its decision and that the aggrieved party has the right to institute review proceedings in any court having jurisdiction to hear the matter.

14.3.16 An Exemption Outcome shall be signed by the Panellist, and contain the following information:

14.3.16.1 The full name of the applicant employer;

14.3.16.2 The date of issue;

14.3.16.3 The details of the agreement for which exemption is granted;

14.3.16.4 The period for which exemption shall operate;

14.3.16.5 The terms and conditions, or remedial requirements of the exemption;

14.3.16.6 The reasons for the decision;

14.3.16.7 A copy of the financial expert's report; and

14.3.16.8 Any other matter the Panellist deems relevant.

14.4 Criteria to be considered by the Panellist:

14.4.1 When considering an application for exemption, including an application for the withdrawal of an Outcome of Exemption by the SALGBC, the following criteria shall be taken into account (the order not indicating any form of priority):

14.4.1.1 The employer is unable to afford the costs of the whole or part of this agreement;

14.4.1.2 The level of compliance with Section 138 and 140 of the Municipal Finance Management Act 56 of 2003, as amended;

14.4.1.3 Fairness to the employer and its employees with reference to the criteria set out in this agreement as well as the impact of the exemption on the employer and its employees;

14.4.1.4 The employer has short-term cash flow problems necessitating a partial exemption;

14.4.1.5 Unexpected economic hardship occurring during the currency of this agreement and job creation and/or loss thereof;

14.4.1.6 Whether a budgetary provision, approved by the Municipal Council, was made for implementation of the obligations arising out of the collective agreement, having regard, where applicable, to unfunded budgets and unforeseen budget constraints;

14.4.1.7 The outcome of the exemption application should not have the effect of undermining this agreement or the collective bargaining process; and

14.4.1.8 Any other factor(s) which is considered appropriate.

14.5 For the purposes of this section only, "Day" shall mean calendar day, unless otherwise specified.

## **15. ENFORCEMENT OF THIS COLLECTIVE AGREEMENT**

15.1 Despite any other provision in the Act, the SALGBC shall monitor and enforce compliance of this collective agreement in terms of Section 33A of the Act.

15.2 The General Secretary or his appointed designated agent may, in keeping with the SALGBC constitution and Section 33(3) of the Act, issue a compliance order in terms of which any person bound by this collective agreement is required to comply with the terms of this agreement, stipulating the alleged breach and requiring that such breach be rectified within ten (10) days of receipt of such compliance order.

15.3 The SALGBC may refer any unresolved dispute concerning compliance with any provision of this collective agreement to arbitration by an arbitrator appointed by the SALGBC.

15.4 If a party to an arbitration in terms of Section 33A of the Act is not a party to the SALGBC, and objects to the appointment of an arbitrator, the CCMA (herein referred to as "the Commission"), on request by the Council, must appoint an arbitrator.

15.5 If an arbitrator is appointed by the Commission in terms of clause 15.4:

15.5.1 The council remains liable for the payment of the arbitrator's fee; and

15.5.2 The arbitration is not conducted under the auspices of the Commission.

- 15.6 An arbitrator conducting an arbitration in terms of Section 33A of the Act has the powers of a commissioner in terms of Section 142 of the Act, read with the changes required by the context.
- 15.7 Section 138 of the Act, read with the changes required by the context, applies to any arbitration conducted in terms of Section 33A of the Act and clause 15.6.
- 15.8 An arbitrator acting in terms of Section 33A of the Act and clause 15.6 may determine any dispute concerning the interpretation or application of a collective agreement.
- 15.9 An arbitrator conducting an arbitration in terms of Section 33A of the Act and clause 15.6 may make an appropriate award, including:
- 15.9.1 Ordering any party to pay any amount owing in terms of a collective agreement;
  - 15.9.2 Imposing a fine for a failure to comply with a collective agreement;
  - 15.9.3 Charging a party an arbitration fee;
  - 15.9.4 Ordering a party to pay the costs of the arbitration;
  - 15.9.5 Confirming, varying or setting aside a compliance order issued by the General Secretary or his appointed designated agent; and
  - 15.9.6 Any award contemplated in Section 139 (9) of the Act.
- 15.10 Interest on any amount that a party is obliged to pay in terms of this collective agreement accrues from the date on which the amount was due and payable at the rate prescribed in terms of Section 1 of the Prescribed Rate of Interest, Act 55 of 1975, unless the arbitration award provides otherwise.

15.11 An arbitration award in an arbitration conducted in terms of Section 33A of the Act and clause 15.6 is final and binding and may be enforced in terms of Section 143 of the Act.

15.12 If an employer upon whom a fine has been imposed in terms of this Section files an application to review and set aside an award made in terms of this clause 15.6, any obligation to pay a fine is suspended pending the outcome of the application.

## **16. DISPUTES ABOUT THE APPLICATION OR INTERPRETATION OF THIS COLLECTIVE AGREEMENT**

16.1 Any Party may refer a dispute about the application or interpretation of this agreement to the General Secretary of the SALGBC.

16.2 The General Secretary must appoint a conciliator from the national panel of conciliators, (doing so as far as possible on a rotational basis) to attempt to resolve the dispute.

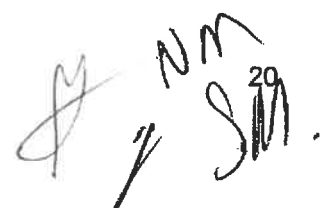
16.3 If the dispute remains unresolved any of the parties to the dispute may request the General Secretary to appoint an arbitrator from the national panel of arbitrators, (doing so as far as possible on a rotational basis) to arbitrate the dispute.

## **17. ENTIRE AGREEMENT, SEVERABILITY, WAIVER AND VARIATION**

17.1 This agreement incorporates the entire agreement between the Parties.

17.2 Any failure by any Party to enforce any provision of this agreement shall not constitute a waiver of such provision or affect, in any way, a Party's right to require performance of such provision at any time in the future, nor shall the waiver of any subsequent breach nullify the effectiveness of the provision itself.

17.3 If any provision of this agreement is held to be illegal, invalid or unenforceable, such illegality, invalidity and/or unenforceability shall not affect the other provisions of this agreement which shall continue to remain in force and effect.

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**THIS AGREEMENT WAS CONSIDERED, ADOPTED AND APPROVED BY THE BARGAINING COMMITTEE OF THE CENTRAL COUNCIL IN TERMS OF CLAUSE 17.3 OF THE CONSTITUTION.**

**SIGNED BY THE PARTIES AT KEMPTON PARK ON THIS THE 6<sup>TH</sup> DAY OF SEPTEMBER 2024.**



**MEMBER OF THE SALGBC  
(REPRESENTING SALGA – MR S MBANGA)**



**MEMBER OF THE SALGBC  
(REPRESENTING IMATU – MR K SWANEPOEL)**



**MEMBER OF THE SALGBC  
(REPRESENTING SAMWU – MR N MOKGOTHO)**



**GENERAL SECRETARY OF THE SALGBC  
MR SS GOVENDER**