



2025/26 – 2027/28
ANNUAL BUDGET & MEDIUM-TERM
REVENUE AND EXPENDITURE
FRAMEWORK

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PART 1- ANNUAL BUDGET

1.1 MAYORS REPORT

SPEECH BY THE MAYOR OF UTHUKELA DISTRICT MUNICIPALITY PRESENTED TO THE MUNICIPAL COUNCIL ON THE OCCASION OF TABLING OF THE 2025/26 BUDGET

VISION

Our vision is an economically sound municipality with effective infrastructure and a municipality that empowers people, protects the environment and demonstrates excellence in leadership.

In this budget Council has endeavoured to achieve these calls and has tried to provide for this within its limited resources. Given the constraints on the revenue side, tough decisions have been made to ensure a sustainable budget.

JOB CREATION

Council has heeded the Government's call for job creation and has partnered with the Department of Public Works to ensure that the EPWP is fully operational in this Municipality. The allocation for EPWP will increase for 2025/26 financial year from R1.6 million to R2 million. The municipality is faced with budget funding constraints and not in a position to subsidise with the equitable share. Management will have to manage the contracting of workers accordingly. The municipality acknowledges the rapid increase in job losses making it very difficult for the communities to pay for their services.

INFRASTRUCTURE DEVELOPMENT

The total capital grant allocations for 2025/26 financial year have increased to R311 million. We will continue to upgrade our infrastructure and embark on new capital projects improve water distribution and reticulation. Various infrastructure projects that have been identified by the community during the needs analysis will be considered in this budget.

DEBT MANAGEMENT

Council has written off debts for qualifying indigent debtors, a concerted effort has been made to collect and reduce all outstanding debts. Council has also approved the implementation of prepaid meters to improve the collection rate. Debt collection and revenue enhancement will remain a priority in the upcoming financial year. The municipality has prioritised on the issue of revenue enhancement. Further to that the municipality has contracted consultants that are doing data cleansing and disconnections of non- paying customers.

ASSET MANAGEMENT

Asset management is prioritised and ensuring that councils assets are managed properly. It has been noted that the municipality is not budgeting enough for the maintenance of municipal assets, this allocation will be investigated further considering the total available cash to implement the maintenance plan in phases.

We have responsibility of reducing expenditure on non-essential items and prioritising repairs and maintenance of municipal assets.

THE WAY FORWARD

The municipality will remain dedicated to its core business of providing high quality basic services to the community. All areas of non-performance affecting basic service delivery will be identified and remedial measures will be employed accordingly. The limited resources available will be prioritised strictly for basic service delivery.

1.2 COUNCIL RESOLUTIONS:

On the 30 May 2025 the Council of UThukela District Local Municipality met to consider the annual budget of the municipality for the financial year 2025/26. The Council approved and adopted the following resolutions:

1. The UThukela District Local Municipality, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts:
 - 1.1. The annual budget of the municipality for the financial year 2025/26 and the multi-year and single-year capital appropriations as set out in the following tables:
 - 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table A2
 - 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table A3
 - 1.1.3. Budget Summary as contained in Table A1
 - 1.1.4. Budgeted financial performance (revenue and expenditure) as contained in Table A4
 - 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables:
 - 1.2.1. Budgeted Financial Position as contained in Table A6
 - 1.2.2. Budgeted Cash Flows as contained in Table A7
 - 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table A8
 - 1.2.4. Asset management as contained in Table A9
 - 1.2.5. Basic service delivery measurement as contained in Table A10
2. The Council of UThukela District Local Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) to consider:
 - 2.1. The tariffs for water services for conventional and prepaid consumers
 - 2.2. The tariffs for sanitation services.
 - 2.3. The tariffs for other municipal services.
3. The 2025/2026 annual policies

1.3 EXECUTIVE SUMMARY

The application of sound financial management principles for the compilation of the Municipality's financial plan is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

In the compilation of this budget the municipality has taken note of the Cabinet resolution by which all national and provincial departments, constitutional institutions and all public entities are required to implement cost containment measures. These cost containment measures must be implemented to eliminate waste, reprioritise spending and ensure savings on six focus arrears namely consultancy fees, no credit cards, travel and related costs, advertising, catering and events costs as well as accommodation.

The Municipality has embarked on implementing a range of revenue collection strategies to optimise the collection of debt owed by consumers. Most of which will benefit the municipality as well as consumers. Consultants have also been engaged in the revenue department to assist with the prior year's qualifying matters

National Treasury's MFMA Circular No.129 and No.130 of March 2025 was used to guide the compilation of the 2025/2026 Budget and MTREF. The May Budget of South Africa was also used in the compilation of this budget.

The main challenges experienced during the compilation of the 2025/26 MTREF can be summarised as follows:

- The on-going difficulties in the national and local economy;
- Aging water infrastructure;
- The need to reprioritise projects and expenditure within the existing resource envelope given the cash flow realities and declining cash position of the municipality;
- The increased cost of bulk electricity (Continuous high tariff increases are not sustainable - as there will be point where services will no-longer be affordable;
- Escalating water losses, the municipality continues to suffer water losses
- Wage increases for municipal staff that continues to be a large portion of the equitable share
- Municipalities unfunded budget
- The decrease in the country's GDP

UTHUKELA DISTRICT MUNICIPALITY ADOPTED BUDGET 2025/2026

Macroeconomic performance and projections, 2023 - 2028				
Fiscal year				
2023/24	2024/25	2025/26	2026/27	2027/28
Actual	Estimate	Forecast		
CPI Inflation				
	3,80%	4.1%	4.1%	4,40%

In view of the, the following table is a consolidated overview of the proposed 2025/26 Medium-term Revenue and Expenditure Framework:

Table 1 Consolidated Overview of the 2025/26 MTREF

	2025/2026	2026/2027	2027/2028
Total Revenue	- 1 077 392 762,73	- 1 154 353 470,37	- 1 238 055 552,84
Total Expenditure	1 054 492 850,73	1 070 033 348,46	1 089 528 555,04
Operating surplus/ Deficit	- 22 899 912,00	- 84 320 121,90	- 148 526 997,80

Operating Revenue

Total operating revenue has been increased by an aggregate of 7% for the 2025/26 financial year when compared to the 2024/25 adjustments budget. The increase is due to the 13-percentage increase which is applied to service Charges tariffs. The municipality has conducted extensive testing of tariffs supported by consultants from Treasury and has found the tariffs not to be cost reflective. The municipality has committed to phase out cost reflective tariff without causing shock to the consumer. With the 13% increase it has shown that over the mtref the tariffs will be cost reflective.

The municipality also noted to correct that it had been charging the same tariffs to businesses and household consumers. The municipality seeks to correct business tariffs over three years starting 13% in the 2025/26 financial year, and 13% in the 2026/27 financial year.

The tariff scale will then be adjusted accordingly in the 2025/26 financial year to a tariff which will be increased by 13% for the outer two years of the MTREF.

The municipality has had community consultations which has shown the community to support the increase and water challenges has affected them the most, however business community have lodged a dispute and does not support the increase based on the inefficiencies of the municipality in supplying them with water. The municipality notes all the concerns raised, and the declining economy however it is also not practical for the municipality as the financial strain in

supplying water is too much and can no longer afford to supply at such a loss. The municipality aims to break even. The municipality aimed at not shocking the consumers which first proposed a 20% tariff increase and later changed to 13% considering all the factors of cpi and the declining economy.

Operating Expenditure

Total operating expenditure for the 2025/26 financial year has been appropriated at R1.054 billion which results in the budget having a surplus of R22 million. The CPI of 4.1% was applied on expenditure items, and the municipality had to exercise caution and not increase some expenditure items due to financial constraints. A needs analysis was conducted. Employee related expenditure was increased by 5.1% The municipality has duly considered the affordability of an increment, considering our unfunded budget and is applying for exemption, but factored in the increase in case exemption is not approved as previous years. However, the municipality is committed towards reducing overtime, S&T and standby allowances substantially. These were decreased substantially as the municipality cannot afford to pay overtime, standby and S& T allowances.

Capital Expenditure.

R311 million is funding from national Government Grants for water and sanitation capital projects which are core functions of the municipality and a budget of R2.5 million from internally generated funds.

1.4 OPERATING REVENUE FRAMEWORK

For UThukela District Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development.
- Efficient revenue management, which aims to achieve a 60% annual collection rate for key service charges; the municipality is struggling to reach the desired collection.
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- Increase ability to extend new services and recover costs;

UTHUKELA DISTRICT MUNICIPALITY ADOPTED BUDGET 2025/2026

- The municipality's Indigent Policy and rendering of free basic services; and tariff policies of the Municipality.

The following table is a summary of the 2025/26 MTREF (classified by main revenue source): Table 2 Summary of revenue classified by main revenue source A4

Description	Audited 2023/2024	Funding Plan 2024/2025	Original 2025/2026	Year 1 2026/2027	Year 2 2027/2028
R thousand					
Revenue					
Exchange Revenue					
Service charges - Electricity					
Service charges - Water	269 456 000,00	272 709 995,00	- 308 162 294,35	- 348 223 392,62	- 393 492 433,66
Service charges - Waste Water Management	17 907 693,00	19 132 476,00	- 21 643 116,00	- 24 456 721,08	- 27 636 094,82
Service charges - Waste Management					
Sale of Goods and Rendering of Services	133 300,00	492 817,00	- 553 890,37	- 576 599,87	- 601 970,27
Agency services					
Interest					
Interest earned from Receivables	62 379 178,00	69 486 891,00	- 74 156 676,00	- 77 197 099,72	- 80 593 772,10
Interest earned from Current and Non Current Assets	11 078 696,00	7 007 029,00	- 6 162 720,00	- 6 415 391,52	- 6 697 668,75
Dividends					
Rent on Land					
Rental from Fixed Assets					
Licence and permits					
Operational Revenue	979 920,00	2 934 005,00	- 1 068 721,83	- 1 112 539,43	- 1 161 491,16
Non-Exchange Revenue					
Property rates					
Surcharges and Taxes					
Fines, penalties and forfeits	41 700,00	626 485,00	- 510 784,00	- 531 726,14	- 555 122,09
Licences or permits					
Transfer and subsidies - Operational	583 832 782,00	632 191 763,00	- 665 134 560,19	- 695 840 000,00	-727317000
Interest					
Fuel Levy					
Operational Revenue					
Gains on disposal of Assets	5 831 893,00				
Other Gains					
Discontinued Operations					
Total Revenue (excluding capital transfers and contributions)	951 641 162,00	1 004 581 461,00	- 1 077 392 762,73	- 1 154 353 470,37	- 1 238 055 552,84

Service charges- water

The municipality has used the adjustment budget figure and the year-to-date figure month 9 is not credible, as the municipality is in the process of correcting records in the financial system and putting through journals as it was discovered quite a few errors in relation to billing. A journal for the prepaid meters will also be included in the calculation. A 13% tariff increase was then factored in the calculation.

Service Charges- Waste Water

The municipality to determine its budget forecast has used the April year to date figures and factored a 13% tariff increase.

Sale of Goods

The municipality has used the march IYM figures to calculate sale of goods, as is the latest data and had factored a 4.1% percentage increase as per CPI.

Interest earned from receivables

The municipality has used the March iym data to project the 2025/2026 interest figure and applied a cpi increase. The municipality anticipates that interest will increase once data cleansing has been completed.

Interest on current and non-current Assets

Considering the cash position of the municipality it is quite difficult to calculate interest on investments as investments are purely grants and is used quite often as and when received, however the municipality used the March iym data and increased by cpi and believes this is a more realistic approach.

Operational revenue

The municipalities operational revenue reflects a much higher amount of revenue, as the municipality had received monies from an auction sale. The calculation was based on year-to-date figure excluding proceeds from auction and a cpi increase was factored.

Fines, penalties

A March year to date figure had been used to determine a forecast and a cpi increase was then factored.

Transfers- Operational

As per Dora gazette and a portion from Mig top slice were basis for calculation.

DIVISION OF REVENUE BILL 2025/26 - 2027/28

UNCONDITIONAL GRANTS

GRANT NAME	2024/2025 (R'000)	2025/2026 (R'000)	2026/2027 (R'000)	2027/2028 (R'000)
Equitable Share	523 752	556 875	592 639	619 450
RSC Levies Replacement	83 712	87 013	90 765	94 870
Special Support for Councillor Remuneration and Ward Committees	6 560	6 868	7 184	7 509
Total	614 024	650 756	690 588	721 829

CONDITIONAL GRANTS - OPERATIONAL

GRANT NAME	2024/2025 (R'000)	2025/2026 (R'000)	2026/2027 (R'000)	2027/2028 (R'000)
Expanded Public Works Programme Intergrated grant	1 685	2 093	-	-
Financial Management Grant	2 000	2 000	2 200	2 300
Rural Road Asset Management	2 792	2 918	3 052	3 188
Total	6 477	7 011	5 252	5 488

Total		657 767	695 840	727 317
Mig Topslice		7 367		
Total		665 134		

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Table 3 percentage growth in revenue by main revenue source A4

Description	Funding Plan 2024/2025		Original 2025/2026		Year 1 2026/2027		Year 2 2027/2028	
R thousand								
Revenue								
Exchange Revenue								
Service charges - Electricity								
Service charges - Water	-	272 709 995,00	1,13	- 308 162 294,35	1,13	- 348 223 392,62	1,13	- 393 492 433,66
Service charges - Waste Water Management	-	19 132 476,00	1,13	- 21 643 116,00	1,13	- 24 456 721,08	1,13	- 27 636 094,82
Service charges - Waste Management								
Sale of Goods and Rendering of Services	-	492 817,00	1,12	- 553 890,37	1,04	- 576 599,87	1,04	- 601 970,27
Agency services								
Interest								
Interest earned from Receivables	-	69 486 891,00	1,07	- 74 156 676,00	1,04	- 77 197 099,72	1,04	- 80 593 772,10
Interest earned from Current and Non Current Assets	-	7 007 029,00	0,88	- 6 162 720,00	1,04	- 6 415 391,52	1,04	- 6 697 668,75
Dividends								
Rent on Land								
Rental from Fixed Assets								
Licence and permits								
Operational Revenue	-	2 934 005,00	0,36	- 1 068 721,83	1,04	- 1 112 539,43	1,04	- 1 161 491,16
Non-Exchange Revenue								
Property rates								
Surcharges and Taxes								
Fines, penalties and forfeits	-	626 485,00	0,82	- 510 784,00	1,04	- 531 726,14	1,04	- 555 122,09
Licences or permits								
Transfer and subsidies - Operational	-	632 191 763,00	1,05	- 665 134 560,19	1,05	- 695 840 000,00	1,05	- 727 317 000,00
Interest								
Fuel Levy								
Operational Revenue								
Gains on disposal of Assets								
Other Gains								
Discontinued Operations								
Total Revenue (excluding capital transfers and contributions)		1 004 581 461,00		- 1 077 392 762,73		- 1 154 353 470,37		- 1 238 055 552,84

Table 4 percentage of revenue by source A4

Description	Funding Plan 2024/2025		Original 2025/2026		Year 1 2026/2027		Year 2 2027/2028	
R thousand								
Revenue								
Exchange Revenue								
Service charges - Electricity								
Service charges - Water	-	272 709 995,00	-	0,27	- 308 162 294,35	0,29	- 348 223 392,62	0,30
Service charges - Waste Water Management	-	19 132 476,00	-	0,02	- 21 643 116,00	0,02	- 24 456 721,08	0,02
Service charges - Waste Management								
Sale of Goods and Rendering of Services	-	492 817,00	-	0,00	- 553 890,37	0,00	- 576 599,87	0,00
Agency services								
Interest								
Interest earned from Receivables	-	69 486 891,00	-	0,07	- 74 156 676,00	0,07	- 77 197 099,72	0,07
Interest earned from Current and Non Current Assets	-	7 007 029,00	-	0,01	- 6 162 720,00	0,01	- 6 415 391,52	0,01
Dividends								
Rent on Land								
Rental from Fixed Assets								
Licence and permits								
Operational Revenue	-	2 934 005,00	-	0,00	- 1 068 721,83	0,00	- 1 112 539,43	0,00
Non-Exchange Revenue								
Property rates								
Surcharges and Taxes								
Fines, penalties and forfeits	-	626 485,00	-	0,00	- 510 784,00	0,00	- 531 726,14	0,00
Licences or permits								
Transfer and subsidies - Operational	-	632 191 763,00	-	0,63	- 665 134 560,19	0,62	- 695 840 000,00	0,60
Interest								
Fuel Levy								
Operational Revenue								
Gains on disposal of Assets								
Other Gains								
Discontinued Operations								
Total Revenue (excluding capital transfers and contributions)		1 004 581 461,00		- 1 077 392 762,73		- 1 154 353 470,37		- 1 238 055 552,84

The three tables above show that the municipality 's main source of Revenue is grant funding as it covers more than half of the income which is 62% for the 2025/26 MTREF. Thus, making the municipality grant reliant.

Revenue from the main Service Charges has remained constant between 31%- 34% over MTREF

Revenue is expected to total just over a billion R1,077 billion. An amount of R330 million is expected to be generated from Service charges. The municipality also noted to correct that it had been charging the same tariffs to businesses and household consumers. The current tariff was benchmarked and found to be 14% on average below to other similar municipalities. The municipality seeks to correct business tariffs over three years 13% in the 2025/26 financial year, and 13% in the 2027/28 financial year.

The municipality will increase by 13% the industrial tariff and eliminating the bottom scale to correct the faulty declining tariff scale.

The household consumer tariff will be increased by 13% the municipality notes the tariffs are not cost reflective but will commit to phasing these out gradually with minimum impact on consumer income.

Other revenue increases by 4.1% 2025/2056 financial year and 4.1% and 4.4% respectively of the MTREF which is inline within the average headline inflation rate. The municipality is in the process of drafting the computation of the cost reflective tariffs which will be gradually phased in. consideration will be given to consumer affordability. The other delaying factor in phasing in the cost reflective tariff is that the municipality has not yet established accurate cost centres.

Other revenue' contributes less than one percentage to total revenue.

Operating grants and transfers totals R665 million in the 2025/26 below are a detailed split of the operating grants.

Table 5 Operating Transfers and Grant Receipts

UTHUKELA DISTRICT MUNICIPALITY ADOPTED BUDGET 2025/2026

UNCONDITIONAL GRANTS				
	2024/2025	2025/2026	2026/2027	2027/2028
GRANT NAME	(R'000)	(R'000)	(R'000)	(R'000)
Equitable Share	523 752	556 875	592 639	619 450
RSC Levies Replacement	83 712	87 013	90 765	94 870
Special Support for Councillor Remuneration and Ward Committees	6 560	6 868	7 184	7 509
Total	614 024	650 756	690 588	721 829
CONDITIONAL GRANTS - OPERATIONAL				
	2024/2025	2025/2026	2026/2027	2027/2028
GRANT NAME	(R'000)	(R'000)	(R'000)	(R'000)
Expanded Public Works Programme				
Intergrated grant	1 685	2 093	-	-
Financial Managemnet Grant	2 000	2 000	2 200	2 300
Rural Road Asset Management	2 792	2 918	3 052	3 188
Total	6 477	7 011	5 252	5 488
Total		657 767	695 840	727 317
Municipal Infrastructure Grant (operational)		7 367		
TOTAL		665 134		

1.4.1 Water and Sanitation Tariffs

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were considered to ensure the financial sustainability of the Municipality.

Municipality is still recovering from this situation, and which has been further negatively debt owed to Umgeni.

The core function of the municipality is water and sanitation which is the basic needs for human beings and the constitution says they are basic human rights. The municipality has a difficult task of setting tariffs which are affordable to all consumers and the same time must be cost reflective considering all cost associated with the product.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Discounting the impact of these price increases in lower consumer tariffs will erode the Municipality's future financial position and viability. As mentioned earlier services are failing to break even.

It must also be appreciated that the consumer price index, as measured by CPI, is not a good measure of the cost increases of goods and services relevant to municipalities. The basket of goods and services utilized for the calculation of the CPI consist of items such as food, petrol and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of electricity, petrol, diesel, chemicals etc. The current challenge facing the Municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the Municipality has undertaken the tariff setting process relating to service charges as follows. The municipality is struggling to collect its debt and is since implementing the roll out of prepaid meters. A service provider has been employed and are currently onsite and have since started on data cleansing.

Tariff the cost of the provision of general services. Determining the effective tariff is therefore an integral part of the municipality's budgeting process. The municipality has considered the percentage increase in the major cost drivers of providing services. Which is electricity increasing and percentage increase yet to be determined. The municipality has applied an 13% increase on all its tariffs as they are not cost reflective and is working on a tariff tool to get a more accurate figure. The council further suggested that tariffs be increased by 13% as the municipality is struggling to break even. The municipality has had community engagements to introduce the tariff increase and explain why it was necessary.

Table 6 Water and Sanitation Tariffs

WATER & SANITATION SERVICES TARIFF 2025/2026 FINANCIAL YEAR

UTHUKELA DISTRICT MUNICIPALITY ADOPTED BUDGET 2025/2026

	Description	Tariff
1.	Tariff for accessibility to water (basic charge occupied and unoccupied)	R125.75/ mor
2.	Tariff for accessibility to sewerage system (basic charge occupied and unoccupied)	R160.26/ mor
3.	Sewer tariff for restricted usage (unmetered)	R160.26/ mor
4.	Servicing sewer conservancy tanks/pits (small)	R283.13/ serv
	Servicing sewer conservancy tanks/pits (large)	R606.75/ 5000
	Discharge of sewage to wastewater works by private sewer tankers	R0,20/litre
	Integrated Step Tariff (Domestic Use)	
5.	Water tariff for water usage up to 6kl	Free/ Indig
	Water tariff for water usage 1 to 30kl	R18.25kl
	Water tariff for water usage 31kl to 100kl	R21.14kl
	Water tariff for water usage 101kl and above	R24.30kl
	Integrated step tariffs (Business use)	
	Water tariff for water usage 1 to 30kl	R20.39kl
	Water tariff for water usage 31kl to 100kl	R23.62kl
	Water tariff for water usage 101kl and above	R27.14kl
	Integrated Step Tariff (Industrial/Factory Use)	
6.	Water tariff for water usage 1kl and above	R19.70kl
	Integrated Step Tariff (Co-operatives)	
7.	Water tariff for water usage 1 to 40kl	R9.90kl
	Water tariff for water usage 41 to 80kl	R9.76kl
	Water tariff for water usage 81kl and above	R11.79kl
	Integrated Step Tariff (Churches)	
8.	Water tariff for water usage 1 to 30kl	R8.58kl
	Water tariff for water usage 31 to 70kl	R97.6kl
	Water tariff for water usage 71kl and above	R11.79kl
	Integrated Step Tariff (Trust)	
9.	Water tariff for water usage 1 to 30kl	R17.48kl
	Water tariff for water usage 31 to 70kl	R16.99kl
	Water tariff for water usage 71kl and above	R19.87kl
	Integrated step tariff (Government use)	
10.	Water tariff for water usage 1 to 30kl	R20.40kl
	Water tariff for water usage 31kl to 100kl	R23.63kl
	Water tariff for water usage 101kl and above	R27.14kl

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11.	Bulk potable water supply to IDC Estate	R9.35kl
	Bulk Raw water supply	R5.72kl
12.	Emergency Services Connection (excluding emergency services)	R40.56kl
13.	Availability charge for fire hydrant per month	R148.33
14.	For water drawn or usage from metered fire hydrant	R20.18/kl
15.	Inspections for internal leaks and any other services (per visit)	R979.42
16.	All connections, repairs and work required from Council Domestic	Cost + 10%
17.	All connections, repairs and work required from Council other services actual cost + 10 %	Cost + 10%
18.	Trade Effluent	Charge(c/kl) = R129.15+([COD/10] R2.56c) (COD-Chemical Oxyg Demand)
19.	Account Deposits (Subject to credit worthiness)	Residential dep. m R11382.12 Bus./Govt./Trust d max R14153.54 Industrial dep. ma R23587.61 Church/Co-ops de R9693.90 New consumers:- Residential dep.R2514.42 New Bus./Govt./In R6328.85 New Co-operatives R1181.60 New Churches R2819.80 New Trust busines R5946.40 New Trusts R2359.29 New account conne fee is R290.69
20.	New accounts administration fees- Opened by Council per para. 4.7 CC&DCP	Residential: R2477 Bus/Govt/Ind: R580 Co-ops: R 1318.13 Churches: R2742.5 Trusts in bus: R547

UTHUKELA DISTRICT MUNICIPALITY ADOPTED BUDGET 2025/2026

21.	Scrutiny of building plans	R750.44 plan
22.	Clearing of grass overgrowth	Actual cost + 13%
23.	Requested Water Tankering (funerals – if not indigent)	Water R33.76 per k Transport R23.43pe Plus 6.2% administr fee
24.	Requested Water Tankering (other events)	Water R54.45per kl Transport R35.65 p Plus 10% administr fee
25.	Developer's Capital Contribution - Water	R 15722.67
26.	Developer's Capital Contribution - Sanitation	R 17295.08
27.	Disconnection Fee Reconnection fee - Working hours -After hours, Saturdays/Sundays/Public Holidays	R 1500 R 210.68 R 518.74
28.	Clearance certificates	R766.58
29.	Flat rate services (where applicable)	R515.46 per hous
30.	Moving/shifting of the existing water meter (in metres)	
31.	A distance less than a metre (1m)	R515.35
32.	A distance from 1 metre to 3 metres	R832.76
33.	A distance more than 3 metres to any distance	R1238.96

Offences and penalties

1.Any person who fails or refuses to give access required by an officer of the authority or an authorized provider shall be guilty of an offence in terms of section 34 of the Water Services By-laws and liable on conviction to a fine not exceeding R 5 819.45 or in default on payment, to imprisonment for a period not exceeding 6 months and in the event of a continued offence to a further fine not exceeding R 2 909.72 for every day during the continuance of such offence after a written notice from the authority or an authorized provider has been issued and in the event of a second offence to a fine not exceeding R 8 729.17 or, in default on payment to imprisonment for a period not exceeding 12 months.

2.Any person who obstructs or hinders any officer of the authority in the exercise of his or her powers or performance of his or her functions or duties shall be guilty of an offence in terms of section 34 of the Water Services By-laws and liable on conviction to a fine not exceeding R6 8625.56 or in default on payment, to imprisonment for a period not exceeding 6 months and in the event of a continued offence to a further fine not exceeding R13 725.11 for every day during the continuance of such offence after a written notice from the authority has been issued and in the event of a second offence to a fine not exceeding R102 8631 or, in default on payment to imprisonment for a period not exceeding 12 months.

Water and Waste Water Analysis		
Determinant	Units	Cost per sample
Alkalinity	mg/l CaCO ₃	R94.44
Appearance	Descriptive	
Aluminium - soluble	mg/l Al	R81.74
Ammonia	mg/l N	R78.74
Chloride	mg/l Cl	R63.02
Chlorine – Free	mg/l Cl ₂	R31.39
Colour	Pt-Co	R47.09
Conductivity	mS/m	R31.36
Fluoride	mg/l F	R78.75
Iron	mg/l Fe	R46.17
Manganese	mg/l Mn	R79.16
Nitrate	mg/l N	R47.78
Nitrite	mg/l N	R47.78
Odour	Descriptive	
pH	pH Units	R31.39
Phosphate - soluble	mg/l P	R47.78
Solids - Settle able	ml/l	R47.78
Sulphate	mg/l SO ₄	R69.11
Sulphide	mg/l H ₂ S	R78.73
Suspended Solids	mg/l	R69.55
Temperature	°C	
Total Dissolved Solids	mg/l	R47.79
Turbidity	NTU	R31.24
Oxygen Absorbed	mg/l O ₂	R94.45
Chemical Oxygen Demand	mg/l O ₂	R116.75
Magnesium/Calcium	mg/l Mg/Ca	R109.88

- Sample bottles can be collected at the Laboratory.
- A volume of at least 1 litre is necessary for analysis.

Microbiological Analysis		
Faecal coliforms	colonies per 100ml	R86.62
Total coliforms	colonies per 100ml	R86.62

UTHUKELA DISTRICT MUNICIPALITY ADOPTED BUDGET 2025/2026

Standard plate count	colonies per ml	R72.24
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- Sample bottle can be collected at the Laboratory.
 - A volume of at least 1 litre is necessary for analysis.
 - Sterile bottles provided by the Laboratory should be used.
 - Samples must be delivered to the Laboratory within 6 hours of collection and should be kept cold.
 - A volume of 500ml is sufficient for analysis.
1. Prices listed are for single samples.
 2. Sterile bottles can be supplied free of charge. Bottles broken or not returned will be charged for at a rate of R28.73 per bottle.

FINES FOR ILLEGAL CONNECTIONS AND TEMPERING

First instance	R 3 928.60
Second instance	R 7 855.84
Third instance	R 11 784.45
Forth instance	R15 711.69

NB: Immediately if the consumer committed a fifth instance, complete disconnection of water supply will apply!

PENALTY FEES

1. Warning letter	R
88.60	
2. Final cut-off	
• Additional deposit-business	R
265.81	
• Additional	deposit-households
R187.83	
• Penalty fee	R
148.39	

RECONNECTION FEES:

1. Standard fee applies during working office hours
R182.50
2. Standard rate applies after office hours
R432.23

NEW CONNECTION (PLUMBING WORK) CHARGES, INCLUDING FIRE HYDRANT

UTHUKELA DISTRICT MUNICIPALITY ADOPTED BUDGET 2025/2026

NO	SIZE (MM)	UNIT COST R	DEPOSIT
1	20	3 751.10	354.41
2	25	3 751.10	354.41
3	32	4 492.97	313.64
4	40	10 630.2	886.06
5	50	10 654.49	886.06
6	80	15 637.24	886.06
7	100	16 993.94	886.06
8	150	17 644.36	886.06

NB: The above costs exclude material and labour costs!

Tender documents
Maps GIS
Clearance certificates

Tender Documents

Municipal Produced	R707.01
Consultants produced depending on the project	R704.25 and R689.84 respectively

UTHUKELA DISTRICT MUNICIPALITY ADOPTED BUDGET 2025/2026

	A3 PRINTER		A0 PLOTTER		
	A4	A3	A2	A1	A0
Full Colour	34.93	69.90	265.26	235.91	314.55
Grey Scale	34.93	69.90	265.26	227.19	314.55
Topo Maps	24.74	49.45	123.63	265.25	235.91
Line / Hatch	16.47	49.45	93.84	113.58	157.26

Tender Documents

Municipal Produced	R707.01
Consultants produced depending on the project	R704.25 and R689.84 respectively

-discharge fee of illegal sewer connections R 2260

disposal of the dead tariffs

-Application per competence certificate R 904

Food Safety

- Certificate of Acceptability fees (informal) R 904

-Certificate of Acceptability fees (formal) R 1130

- Certificate of unsound food stuff (condemnation Certificate) R1356

-Certificate of Acceptability fees (Vehicle) R 1130

1.5 OPERATING EXPENDITURE FRAMEWORK

The Municipality's expenditure framework for the 2025/26 Budget and MTREF is informed by the following:

- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit,
- Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA,
- The capital programmes aligned to the asset renewal strategy and backlog eradication plan,
- Operational gains and efficiencies will be directed to funding the capital budget and other core services, and
- Strict adherence to the principle of *no project plans no budget*. If there is no business plan no funding allocation can be made.
- Strict adherence to the principle of prioritising basic service delivery informed by circular 81

The following table is a high-level summary of the 2025/26 budget and MTREF (classified per main type of operating expenditure):

Table 8 Summary of operating expenditure by standard classification item A4

Description	Audited 2023/2024	Funding Plan 2024/2025	Original 2025/2026	Year 1 2026/2027	Year 2 2027/2028
Employee related costs	374 224 859,00	395 958 956,00	406 233 266,50	406 233 266,50	406 233 266,50
Remuneration of councillors	6 302 847,00	6 218 514,00	6 218 514,00	6 218 514,00	6 218 514,00
Bulk purchases - electricity		-			
Inventory consumed	32 063 396,00	86 497 095,00	68 790 421,33	69 700 790,29	70 709 209,25
Debt impairment	237 174 114,00	80 482 399,00	83 782 176,32	87 217 245,55	91 054 804,35
Depreciation and amortisation	85 704 247,00	84 527 519,00	83 302 585,09	86 717 991,08	90 533 582,69
Interest	16 352 222,00	6 456 370,00	6 721 081,17	6 996 645,50	7 304 497,90
Contracted services	155 507 878,00	154 211 983,00	125 162 331,00	127 141 623,00	128 348 919,00
Transfers and subsidies			3 600 000,00		
Irrecoverable debts written off		80 482 399,00	83 782 176,32	87 217 245,55	91 054 804,35
Operational costs	285 410 357,00	198 708 858,00	186 900 299,00	192 590 027,00	198 070 957,00
Losses on disposal of Assets		-			
Other Losses		-			
Total Expenditure	1 192 739 920,00	1 093 544 093,00	1 054 492 850,73	1 070 033 348,46	1 089 528 555,04

Employee related costs

The municipality is under financial distress and will be making a application for increment exemption as well as overtime. The municipality cannot afford either at this stage. The calculated forecast is based on March year to date figures and a 5.1% increase as per the circular. However about 20 million has been reduced that catered for overtime, standby and S&T allowances. Management will be implementing

stringent policies and the above will be monitored closely and will only be allowed to the core service department.

Remuneration of Councillors

As the municipality is unfunded, councillors will not be given an increase. The same figure as adjustment budget has been factored and seems to be in par as per April year to date figures.

Debt impairment

This line item was calculated based on adjusted budget figures, which was determined on the interim financials and a cpi increase was factored.

Depreciation

A system generated calculation was used to get a credible estimate of 2025-2026 depreciation amount. A few plants and vehicles had been sold on auction as they were worn out.

Interest

The municipality had to factor interest charges of R 6 m, in the original budget as the municipality is financially strained and cannot keep up with its commitments, more interest charges are being charged and a cpi was used as a basis for calculation. The municipality however struggles with getting invoices from DWS. The municipality is also applying for a debt relief from DWS, so interest might be saved. The municipality is being charged interest by a lot of creditors due to its financial constraints.

DWS-6m

Alfred Duma-339 thousand

Eskom-342 thousand

Irrecoverable debts written off

The municipality had used the adjustment budget figure and applied a cpi increase as consumers are still being encouraged to do payment arrangements with the municipality and qualify for a 50% incentive discount. The debtors books are currently be scrutinised and data cleansing is ongoing as there are errors with the debtors information that need to be corrected.

Transfer and subsidies

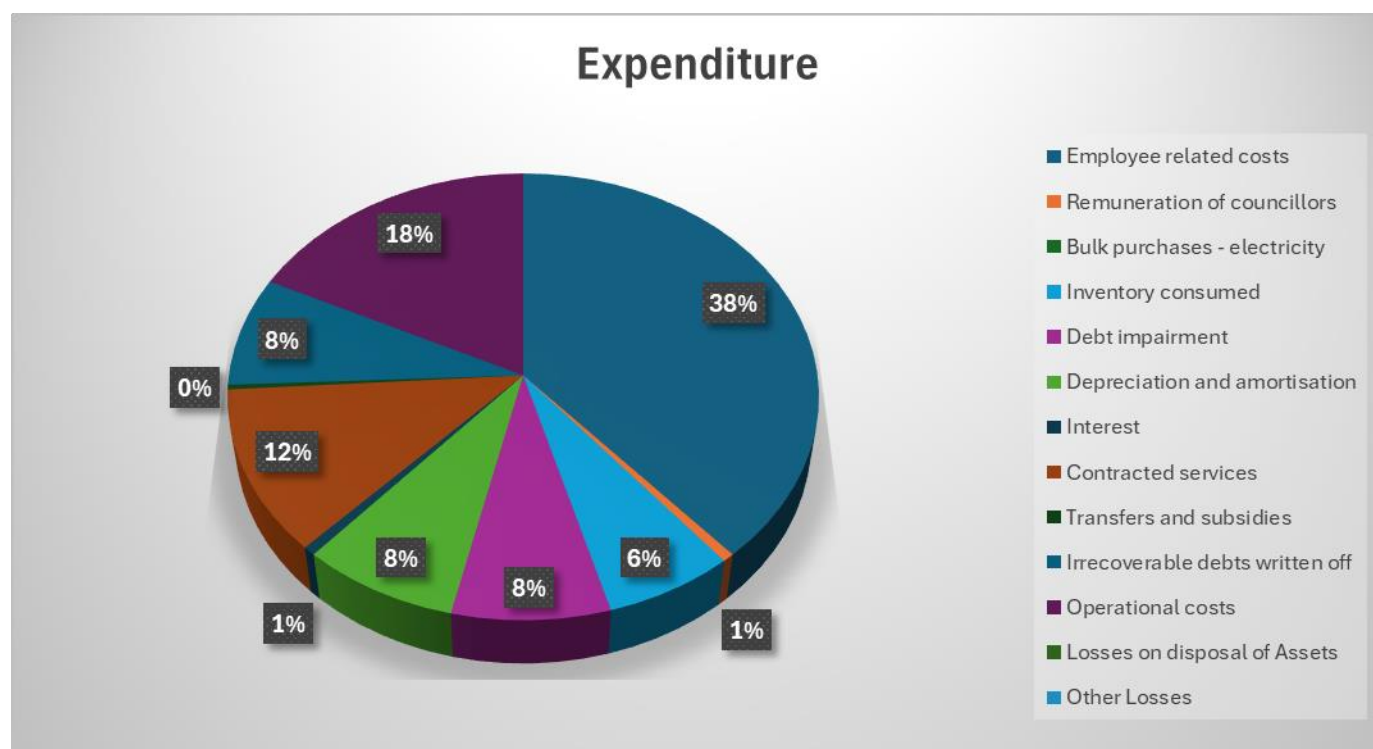
The municipality has budgeted for a R 3.6 m to the entity as its not self sufficient and cannot generate its own income.

Table 9 Operating expenditure expressed as percentages

UTHUKELA DISTRICT MUNICIPALITY ADOPTED BUDGET 2025/2026

Description	Funding Plan 2024/2025		Original 2025/2026		Year 1 2026/2027		Year 2 2027/2028	
Employee related costs	395 958 956,00	0,36	406 233 266,50	0,39	406 233 266,50	0,38	406 233 266,50	0,37
Remuneration of councillors	6 218 514,00	0,01	6 218 514,00	0,01	6 218 514,00	0,01	6 218 514,00	0,01
Bulk purchases - electricity	-							
Inventory consumed	86 497 095,00	0,08	68 790 421,33	0,07	69 700 790,29	0,07	70 709 209,25	0,06
Debt impairment	80 482 399,00	0,07	83 782 176,32	0,08	87 217 245,55	0,08	91 054 804,35	0,08
Depreciation and amortisation	84 527 519,00	0,08	83 302 585,09	0,08	86 717 991,08	0,08	90 533 582,69	0,08
Interest	6 456 370,00	0,01	6 721 081,17	0,01	6 996 645,50	0,01	7 304 497,90	0,01
Contracted services	154 211 983,00	0,14	125 162 331,00	0,12	127 141 623,00	0,12	128 348 919,00	0,12
Transfers and subsidies			3 600 000,00	0,00				
Irrecoverable debts written off	80 482 399,00	0,07	83 782 176,32	0,08	87 217 245,55	0,08	91 054 804,35	0,08
Operational costs	198 708 858,00	0,18	186 900 299,00	0,18	192 590 027,00	0,18	198 070 957,00	0,18
Losses on disposal of Assets	-							
Other Losses	-							
Total Expenditure	1 093 544 093,00		1 054 492 850,73		1 070 033 348,46		1 089 528 555,04	
		1,00		1,00		1,00		1,00

Figure 1 Main operational expenditure categories for the 2025/26 financial year



Employee related cost

UTHUKELA DISTRICT MUNICIPALITY ADOPTED BUDGET 2025/2026

Choose name from list - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration		2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
R thousand	###	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages	1	5,076	5,634	5,397	4,525	16,519	16,519	3,929	3,929	3,929
Pension and UIF Contributions		—	—	—	—	—	—	—	—	—
Medical Aid Contributions		—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance		700	39	38	1,140	186	186	1,799	1,799	1,799
Cellphone Allowance		687	716	719	490	1,950	1,950	490	490	490
Housing Allowances		—	—	—	—	—	—	—	—	—
Other benefits and allowances		—	—	—	—	—	—	—	—	—
Sub Total - Councillors		6,463	6,389	6,154	6,155	18,656	18,656	6,219	6,219	6,219
% Increase	4		(1.1%)	(3.7%)	0.0%	203.1%		(66.7%)		
Senior Managers of the Municipality										
Basic Salaries and Wages	2	4,567	3,579	3,679	13,514	14,027	14,027	14,455	14,455	14,455
Pension and UIF Contributions		9	7	7	53	19	19	57	57	57
Medical Aid Contributions		—	—	—	—	—	—	—	—	—
Overtime		—	—	—	—	—	—	—	—	—
Performance Bonus		—	—	—	—	—	—	—	—	—
Motor Vehicle Allowance	3	712	310	255	—	1,462	1,462	—	—	—
Cellphone Allowance	3	—	—	—	—	—	—	—	—	—
Housing Allowances	3	429	132	—	1,384	7,119	7,119	1,500	1,500	1,500
Other benefits and allowances	3	—	—	—	—	—	—	—	—	—
Payments in lieu of leave	3	368	380	167	—	—	—	—	—	—
Long service awards		—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations	6	—	—	—	—	—	—	—	—	—
Entertainment		—	—	—	—	—	—	—	—	—
Scarcity		—	—	—	—	—	—	—	—	—
Acting and post related allowance		—	—	—	—	—	—	—	—	—
In kind benefits		—	—	—	—	—	—	—	—	—
Sub Total - Senior Managers of Municipality		6,085	4,408	3,997	14,952	22,646	22,646	16,012	16,012	16,012
% Increase	4		(27.6%)	(9.3%)	274.0%	51.5%		(29.3%)		
Other Municipal Staff										
Basic Salaries and Wages		224,183	232,764	240,516	235,864	751,192	751,192	259,763	259,763	259,763
Pension and UIF Contributions		34,503	37,450	39,081	44,335	123,354	123,354	46,798	46,798	46,798
Medical Aid Contributions		8,989	9,500	10,215	9,969	32,665	32,665	11,700	11,700	11,700
Overtime		22,710	12,457	17,535	14,903	94,189	94,189	24,000	24,000	24,000
Performance Bonus		17,679	19,853	20,131	12,668	59,230	59,230	19,192	19,192	19,192
Motor Vehicle Allowance	3	12,096	14,955	17,983	13,022	53,681	53,681	13,782	13,782	13,782
Cellphone Allowance	3	—	—	—	—	—	—	—	—	—
Housing Allowances	3	3,959	1,051	1,053	3,374	3,200	3,200	1,099	1,099	1,099
Other benefits and allowances	3	21,311	5,967	9,061	10,034	29,212	29,212	10,034	10,034	10,034
Payments in lieu of leave	3	4,666	4,314	3,922	2,266	12,438	12,438	2,200	2,200	2,200
Long service awards		—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations	6	—	(1,156)	—	—	—	—	—	—	—
Entertainment		—	—	—	—	—	—	—	—	—
Scarcity		—	—	—	—	—	—	—	—	—
Acting and post related allowance		1,742	1,814	1,861	1,761	6,071	6,071	1,664	1,664	1,664
In kind benefits		—	—	—	—	—	—	—	—	—
Sub Total - Other Municipal Staff		352,428	337,970	362,258	348,185	1,165,231	1,165,231	390,221	390,221	390,221
% Increase	4		(4.1%)	7.2%	(3.9%)	234.7%		(66.5%)		
Total Parent Municipality		364,976	348,767	372,409	369,292	1,206,532	1,206,532	412,452	412,452	412,452
			(4.4%)	6.8%	(0.8%)	226.7%		(65.8%)		
Board Members of Entities										
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	3	—	—	—	—	—	—	—	—	—
Payments in lieu of leave		—	—	—	—	—	—	—	—	—
Long service awards		—	—	—	—	—	—	—	—	—
Post-retirement benefit obligations	6	—	—	—	—	—	—	—	—	—
Entertainment		—	—	—	—	—	—	—	—	—
Scarcity		—	—	—	—	—	—	—	—	—
Acting and post related allowance		—	—	—	—	—	—	—	—	—
In kind benefits		—	—	—	—	—	—	—	—	—
Sub Total - Board Members of Entities		—	—	—	—	—	—	—	—	—
% Increase	4									
Senior Managers of Entities										
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		—	—	—	—	—	—	—	—	—
Sub Total - Senior Managers of Entities		—	—	—	—	—	—	—	—	—
% Increase	4									
Other Staff of Entities										
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		—	—	—	—	—	—	—	—	—
Sub Total - Other Staff of Entities		—	—	—	—	—	—	—	—	—
% Increase	4									
Total Municipal Entities		—	—	—	—	—	—	—	—	—
TOTAL SALARY, ALLOWANCES & BENEFITS		364,976	348,767	372,409	369,292	1,206,532	1,206,532	412,452	412,452	412,452
% Increase	4		(4.4%)	6.8%	(0.8%)	226.7%		(65.8%)		
TOTAL MANAGERS AND STAFF	5,7	358,513	342,377	368,255	363,137	1,187,877	1,187,877	406,233	406,233	406,233

References

1. Include 'Loans and advances' where applicable if any reportable amounts until phased compliance with s164 of MFMA achieved
2. s87 of the Systems Act
3. In kind benefits (e.g. provision of living quarters) must be shown as the cost (full market value) to the municipality, as part of the relevant allowance
4. B/A, C/B, D/C, E/C, F/C, G/D, H/D, I/D
5. Must agree to the sub-total appearing on Table A1 (Employee costs)
6. Includes pension payments and employer contributions to medical aid
7. Correct as at 30 June

Column Definitions:

- A, B and C. Audited actual as per the audited financial statements. If audited amounts are unavailable, unaudited amounts must be provided with a note stating these are unaudited
- D. The original budget approved by council for the budget year.
- E. The budget for the budget year as adjusted by council resolution in terms of section 26 of the MFMA.
- F. An estimate of final actual amounts (pre audit) for the current year at the point in time of preparing the budget for the budget year. This may differ from E.
- G. The amount to be appropriated for the budget year.
- H and I. The indicative projection

The budgeted allocation for employee related costs for the 2025/26 financial year totals R406million, which equals 38% of the total operating expenditure. Which is below the norm of 40%. The salaries have been increased by 5.1% as per circular 129.

The municipality has been very strict in budgeting for overtime and standby, the budget has been strictly set at R16 million, saving the municipality over R20 million in overtime, s and T and standby allowances. An exemption application has been made on overtime, for all employees above the threshold. Our aim is to do away completely with overtime in the long run. Senior managers have created a plan to reduce and effectively control overtime as well as to re consider employees eligible for standby. Shift policy to be implemented. Employees are calculated based on March year to date figures.

Remuneration of Councillors

The cost associated with the remuneration of councillors is determined by the Minister of Cooperative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been considered in compiling the Municipality's budget.

The remuneration of councillors has not been increased.

Debt Impairment

The cost of debt impairment is a non-cash flow item; it is informed by the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues. Debt impairment and irrecoverable debts written off have been calculated using adjustment budget figures as year to date is unavailable as its only calculated at year end.

The municipality has implemented the installation of prepaid water meters which, will improve the recoverability of service charges. The past the audited financial years has shown a trend of nearly 20% increase of consumer debtors; this trend is expected to decline.

Provision for depreciation and asset impairment

Table 10 Depreciation per asset class

Segment Desc	2026 Draft Budget	2027 Draft Budget	2028 Draft Budget
COMPUTER HARDWARE DEPRECIATION	124 507,44	130 110,27	133 363,03
FURNITURE & OFFICE EQUIPMENT DEPRECIATION	24 714,61	25 826,77	26 472,44
MOTOR VEHICLE DEPRECIATION	1 383 913,94	1 447 573,98	1 511 267,23
COMPUTER HARDWARE DEPRECIATION	105 246,68	109 982,78	112 732,35
FURNITURE & FITTINGS DEPRECIATION	59 200,02	61 864,02	63 410,62
MOTOR VEHICLES DEPRECIATION	129 209,62	135 024,05	138 399,65
SANITATION INFRASTRUCTURE DEPRECIATION	9 517 569,00	9 955 377,17	10 393 413,77
COMPUTER HARDWARE DEPRECIATION	30 699,86	32 081,36	32 883,39
Expenditure:Depreciation and Amortisation:Depreciation:Other	952 678,19	995 548,71	1 020 437,42
FURNITURE & OFFICE EQUIPMENT DEPRECIATION	46 883,95	48 993,73	50 218,57
MOTOR VEHICLE DEPRECIATION	58 936,93	61 589,10	63 128,82
WATER INFRASTRUCTURE DEPRECIATION	68 542 051,04	72 385 911,03	75 634 458,32
BUILDING DEPRECIATION	385 548,16	402 897,82	412 970,27
Expenditure:Depreciation and Amortisation:Amortisation:Intan	19 104,16	19 963,84	20 462,94
Depreciation - Computer hardware	198 731,66	207 674,59	212 866,45
Depreciation - motor vehicles	23 865,84	24 939,80	25 563,30
FURNITURE & OFFICE EQUIPMENT DEPRECIATION	117 880,13	123 184,73	126 264,35
MOTOR VEHICLE DEPRECIATION	781 428,78	816 593,08	837 007,90
COMPUTER HARDWARE DEPRECIATION	657 480,00	-	-
Expenditure:Depreciation and Amortisation:Depreciation:Other	18 001,69	18 811,77	19 282,06
FURNITURE AND OFFICE EQUIPMENT DEPRECIATION	15 376,03	16 067,95	16 469,65
FURNITURE & OFFICE EQUIPMENT DEPRECIATION	109 557,36	114 487,44	117 349,63

Depreciation has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the asset consumption. Budget appropriations in this regard total 83 million for the 2025/26 financial and equates to 8% of the total operating expenditure. The projected depreciation should inform the contribution towards the asset maintenance plan. Calculations for the provision as follows:

Inventory Consumed

The reduction in the budget for the 2025/26 financial year is due to the reduced cost of fuel and oil, as well as the reduction in the budget for chemicals. The municipality is in financial distress and had to commit to budget cuts. The municipality is in talks with Umgeni Water and if the Tripartite agreement is successful there will be a further reduction in respect of the purchase of chemicals as this will be for the account of Uthukela/Umgeni Water. The said agreement is 60% complete and will have an impact on the financial situation of the municipality if successful. Unfortunately, the municipality cannot afford to inflate the budget.

When compiling the budget a need analysis was done, zero-based budgeting was applied as well as cost containment strategies and the harsh reality of bankruptcy. The municipality is facing a challenge in terms of costing in the system, so year to date amounts cannot be seen as credible until the exercise of costing is completed. The municipality struggles from getting statements from DWS.

Table 11 Other Materials

Segment Desc	2026 Draft Budget	2027 Draft Budget	2028 Draft Budget
Cleaning materials (200/260090)	300 000,00	313 800,00	327 607,20
Fuel & Oil. (510/260180)	10 000 000,00	10 000 000,00	10 000 000,00
Water Purchase (510/255050)	37 190 421,33	38 863 990,29	39 835 590,05
Stationery (510/260340)	100 000,00	104 600,00	109 202,40
OM Chemicals	20 000 000,00	20 000 000,00	20 000 000,00
Disaster relief stock	800 000,00	-	-
Stationery (300/260340)	100 000,00	104 600,00	109 202,40
Stationery (200/260340)	200 000,00	209 200,00	218 404,80
Stationery (105/260340)	100 000,00	104 600,00	109 202,40

Contracted services

Some of the items such as repairs and maintenance, operational grants expenditure are part of contracted service

An amount of R2.9 million for rural roads has also been included in contracted services and FMG of R1.2

Table 12 Contracted Services

Segment Desc	2026 Draft Budget	2027 Draft Budget	2028 Draft Budget
screening services	100 000,00	104 500,00	107 112,50
Maintenance of buildings and facilities (200/235011)	1 500 000,00	1 567 500,00	1 606 687,50
Training	300 000,00	313 500,00	321 337,50
Doctors Examinations (200/260343)	200 000,00	209 000,00	214 225,00
Security (200/235525)	25 045 056,00	25 045 056,00	25 045 056,00
Health Professional Council of South Africa	200 000,00	209 000,00	214 225,00
Blue Drop (408/235215)	2 000 000,00	2 000 000,00	2 000 000,00
Vaccinations	1 000 000,00	1 000 000,00	1 000 000,00
Pipelines & portable water maintenance (510/235100)	15 000 000,00	15 675 000,00	16 066 875,00
Contracted Services:Consultants and Professional Services:Bu	2 918 000,00	3 052 000,00	3 188 000,00
Vehicle Repairs Outsourced. (510/235080)	8 000 000,00	8 360 000,00	8 569 000,00
Repairs to Pumps (510/235120)	39 000 000,00	39 000 000,00	39 000 000,00
Electrical (510/255045)	1 000 000,00	1 000 000,00	1 000 000,00
Business and Advisory:Business and Financial Management	5 000 000,00	5 225 000,00	5 355 625,00
Outstanding Debt - Collection Fees (300/225001)	500 000,00	522 500,00	535 562,50
Computer Programs (300/260)	8 833 617,25	9 231 130,03	9 461 908,28
FMG. (300/260135)	1 200 000,00	1 200 000,00	1 200 000,00
Chemical Analysis Laboratory	1 000 000,00	1 045 000,00	1 071 125,00
Legal Fees (200/260240)	6 000 000,00	6 000 000,00	6 000 000,00
VIP. Security (100/235525)	5 167 800,00	5 167 800,00	5 167 800,00
GIS. Programmes (405/406360)	825 000,00	825 000,00	825 000,00
Audit Committee (105/260027)	372 858,34	389 636,96	399 377,89

The provision for contracted services has been decreased from the 25/26 budget, this is due to unfavourable funding plan. The municipality has prioritised the provision for the refurbishment and the maintenance of infrastructure, the budget repairs to pumps of R39 million for the municipality meet the norm of 8% also the extended commitment to the refurbishment to the refurbishment of assets. The municipality is bankrupt and cannot afford to budget upwards but must be considerate not to destabilise service delivery. The municipality will also be procuring its own tools, and using its employees for repairs and maintenance, which is also a major cost saving in pumps, pipelines and building maintenance as we won't be relying on consultants frequently. The municipality conducted a needs analysis of its contracted services, and a zero-based budgeting approach was applied. The municipality has a challenge of costing in the system and the year-to-date amounts are not credible at this stage. Invoices for the current year still need to be processed correctly.

Table 12.1 Contracts

UTHUKELA DISTRICT MUNICIPALITY ADOPTED BUDGET 2025/2026

Choose name from list - Supporting Table SA32 List of external mechanisms

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.
Name of organisation		Number			R thousand
SINETHEMBA CONSTRUCTION	Mths	19	SEWER RETICULATION AND PUMP STATION PHASE	25 October 2025	38 488
ROSCO FAMILY TRUST	Mths	36	ACCREDITED SERVICE PROVIDER TO PROVIDE LAB	31 August 2027	8 419
APHELELE N	Mths	36	PANEL OF MEDICAL DOCTORS FOR THE PROVISION	18 December 2027	
ODIRE OPERATIONAL HEALTH	Mths	36	PANEL OF MEDICAL DOCTORS FOR THE PROVISION	18 December 2027	
XOLANI NTSHANGASE	Mths	36	PANEL OF MEDICAL DOCTORS FOR THE PROVISION	18 December 2027	
TMMMA HEALTH INCORPORATED	Mths	36	PANEL OF MEDICAL DOCTORS FOR THE PROVISION	18 December 2027	
DR AYANDA AND DAUGHTERS	Mths	36	PANEL OF MEDICAL DOCTORS FOR THE PROVISION	18 December 2027	
MOON MAGIC	Mths	36	LEASE OF PROPERTY TO UTHUKELA DISTRICT MUN	28 February 2027	125
MAXIMUM PROFIT RECOVERY	Mths	36	APPOINTMENT OF SERVICES PROVIDER FOR VAT R	20 July 2025	24 732
GARLICKE BOUSFIELD	Mths	36	THE APPOINTMENT OF PANEL OF ATTORNEYS/LAW	11 December 2027	2 868
SINETHEMBA CONSTRUCTION	Mths	19	KWANOBAMBA/EZITENDENI SANITATION PROJECT S	25 October 2025	38 488
MGAMULE CONSULTING ENGINEERS	Mths	36	PANEL OF CONSULTING ENGINEERS FOR THE PRO	29 November 2025	12 702
TLS ENGINEERS AND PROJECTS MANAGEMENT	Mths	36	PANEL OF CONSULTING ENGINEERS FOR THE PRO	30 November 2025	24 087
IMPANDE CONSULTING	Mths	36	PANEL OF CONSULTING ENGINEERS FOR THE PRO	01 December 2025	25 457
SYDWALT	Mths	36	PANEL OF CONSULTING ENGINEERS FOR THE PRO	02 December 2025	179 610
JOAT CONSULTING	Mths	36	PANEL OF CONSULTING ENGINEERS FOR THE PRO	03 December 2025	720
PAWACONS	Mths	36	PANEL OF CONSULTING ENGINEERS FOR THE PRO	04 December 2025	46 371
OWETHU OWABO CONSULTING	Mths	36	PANEL OF CONSULTING ENGINEERS FOR THE PRO	05 December 2025	41 394
DLV PROJECTS MANAGERS AND ENGINEERS	Mths	36	PANEL OF CONSULTING ENGINEERS FOR THE PRO	06 December 2025	220 631
JG AFRICA	Mths	36	PANEL OF CONSULTING ENGINEERS FOR THE PRO	07 December 2025	9 160
ECA CONSULTING	Mths	36	PANEL OF CONSULTING ENGINEERS FOR THE PRO	08 December 2025	36 681
WMN CONSULTING	Mths	36	PANEL OF CONSULTING ENGINEERS FOR THE PRO	09 December 2025	
ROYAL HASKONING DHV	Mths	36	PANEL OF CONSULTING ENGINEERS FOR THE PRO	10 December 2025	18 596
PERFECT DEFECTS	Mths	18	EZAKHENI AC PIPE REPLACEMENT (PHASE 2 EZAKH	11 August 2025	32 449
SINETHEMBA CONSTRUCTION	Mths	12	LADYSMITH AC PIPE REPLACEMENT PHASE 1	11 April 2025	30 946
SIWA CONSULTING ENGINEERS	Mths	36	PANEL OF ACCREDITED SERVICE PROVIDERS TO S	18 January 2026	22 926
SILOMO TRADING & PROJECTS	Mths	36	PANEL OF ACCREDITED SERVICE PROVIDERS TO S	18 January 2026	7 413
MOTAGANE CHEM	Mths	36	PANEL OF ACCREDITED SERVICE PROVIDERS TO S	18 January 2026	2 442
RHEOCHEM	Mths	36	PANEL OF ACCREDITED SERVICE PROVIDERS TO S	18 January 2026	231
INSIKAYAMANTUNGWA TRADING	Mths	36	PANEL OF ACCREDITED SERVICE PROVIDERS TO S	18 January 2026	14 462
ZENZELEWENA TRADING	Mths	36	PROVISION OF VIP PROTECTION SERVICES TO UTH	08 November 2025	20 950
MUNSOFT	Mths	36	MUNSOFT FINANCIAL SOFTWARE - INFORMATION P	30 June 2027	47 702
MICROSOFT	Mths	128	MICROSOFT SOFTWARE LICENSING FOR UTHUKELA	28 February 2025	6 434
SAGE VIP/KEVRO TRADING PTY LTD0	Mths	100	SAGE VIP SOFTWARE LICENSING FOR UTHUKELA D	28 February 2025	53
TELKOM SA	Mths	154	CALL CENTRE AND SWITCH BOARD NUMBER	28 February 2025	1 675
HUGE TELKOM	Mths	33	ROOTING TTELEPHONE SERVICES	28 February 2025	51
MTN SA	Mths	30	CELL PHONE SERVICES/MOBILE COMMUNICATION	31 March 2026	2 194
K2 COMMODITIES (PTY)Ltd	Mths	45716	TELEPHONE SOFTWARE SYSTEM FOR UTHUKELA D	28 February 2025	331
REOYO TRADING ENTERPRISE	Mths	36	LEASING OF VEHICLE WORKSHOP FOR UTHUKELA D	30 September 2026	5 481
REOYO TRADING ENTERPRISE	Mths	36	PANEL OF SERVICE PROVIDER FOR REPAIRS,SERV	08 January 2027	
ACE MOTOR SPARES	Mths	36	PANEL OF SERVICE PROVIDER FOR REPAIRS,SERV	08 January 2027	
KZN SERVICE CENTRE	Mths	36	PANEL OF SERVICE PROVIDER FOR REPAIRS,SERV	08 January 2027	2 188
INSIMBI AUTO SERVICES	Mths	36	PANEL OF SERVICE PROVIDER FOR REPAIRS,SERV	08 January 2027	78
SUNISH TRADING	Mths	36	PANEL OF SERVICE PROVIDER FOR REPAIRS,SERV	08 January 2027	
DAVES PANELBEATER & TOWING	Mths	36	PANEL OF SERVICE PROVIDER FOR REPAIRS,SERV	08 January 2027	
ZAMISANANI PROJECTS	Mths	14	OKHAHLAMBA WARD 2,3,14 WATER SUPPLY VIMBUK	18 August 2025	23 804
LETHOKUHLE INVESTMENTS	Mths	14	OKHAHLAMBA WARD 2,3,14 WATER SUPPLY VIMBUK	18 August 2025	24 998
DLADLA & KHAN AUCTIONEERS	Mths	36	APPOINTMENT OF SERVICE PROVIDER FOR AUCTION	01 May 2027	
ZNMS TRADING	Mths	36	PANEL OF SERVICE PROVIDERS FOR THE MAINTEN	18 June 2027	17 480
TIMMAS HOLDING GROUP (PTY)LTD	Mths	36	PANEL OF SERVICE PROVIDERS FOR THE MAINTEN	18 June 2027	
RASP CONSULTANT I&A VIVAH TECHNOLOGIES	Mths	36	PANEL OF SERVICE PROVIDERS FOR THE MAINTEN	18 June 2027	
IQHAWA ELIHLE TRADING	Mths	36	PANEL OF SERVICE PROVIDERS FOR THE MAINTEN	18 June 2027	
AB PROJECTS JV METSI WORX	Mths	36	PANEL OF SERVICE PROVIDERS FOR THE MAINTEN	18 June 2027	
GINTI PROJECTS	Mths	36	PANEL OF SERVICE PROVIDERS FOR THE MAINTEN	18 June 2027	
AMAGWABA CONSTRUCTION	Mths	36	PANEL OF SERVICE PROVIDERS FOR THE MAINTEN	18 June 2027	
NQABELE PROJECTS & INVESTMENTS	Mths	36	PANEL OF SERVICE PROVIDERS FOR THE MAINTEN	18 June 2027	
GODIDE ENGINEERING SERVICES	Mths	36	PANEL OF SERVICE PROVIDERS FOR THE MAINTEN	18 June 2027	175
R BUSISIWE	Mths	36	PANEL OF SERVICE PROVIDERS FOR THE MAINTEN	18 June 2027	1 963
MBODLA SECURITY	Mths	36	PANEL OF SERVICE PROVIDERS FOR THE PROVISIO	18 June 2027	4 376
QUICK SAVE SECURITY	Mths	36	PANEL OF SERVICE PROVIDERS FOR THE PROVISIO	18 June 2027	
SIYEJABULA SECURITY	Mths	36	PANEL OF SERVICE PROVIDERS FOR THE PROVISIO	18 June 2027	9 235
IBHUBESI TRADING	Mths	36	PANEL OF SERVICE PROVIDERS FOR THE PROVISIO	18 June 2027	
NOMASULUMANE TRADING	Mths	36	PANEL OF SERVICE PROVIDERS FOR THE PROVISIO	18 June 2027	
ZITROSI SECURITY	Mths	36	PANEL OF SERVICE PROVIDERS FOR THE PROVISIO	18 June 2027	6 309
SURPRISE HOLDING	Mths	36	PANEL OF SERVICE PROVIDERS FOR THE PROVISIO	18 June 2027	4 800
VAST PROTECTION SOLUTIONS	Mths	36	PANEL OF SERVICE PROVIDERS FOR THE PROVISIO	18 June 2027	7 656
REAL SECURITY	Mths	36	PANEL OF SERVICE PROVIDERS FOR THE PROVISIO	18 June 2027	
LIYANELISA SECURITY	Mths	36	PANEL OF SERVICE PROVIDERS FOR THE PROVISIO	18 June 2027	
SINOQOBILE SECURITY	Mths	36	PANEL OF SERVICE PROVIDERS FOR THE PROVISIO	18 June 2027	
SIYAJULUKA PROTECTION SERVICES	Mths	36	PANEL OF SERVICE PROVIDERS FOR THE PROVISIO	18 June 2027	
ZENZELEWENA PROTECTION SERVICES	Mths	36	PANEL OF SERVICE PROVIDERS FOR THE PROVISIO	18 June 2027	7 565
CALVIN & FAMILY SECURITY	Mths	36	PANEL OF SERVICE PROVIDERS FOR THE PROVISIO	18 June 2027	
MBOMA SECURITY	Mths	36	PANEL OF SERVICE PROVIDERS FOR THE PROVISIO	18 June 2027	11 458
SIZOWAKHA SECURITY AND CLEANING SERVICES	Mths	36	PANEL OF SERVICE PROVIDERS FOR THE PROVISIO	18 June 2027	
AET SECURITY	Mths	36	PANEL OF SERVICE PROVIDERS FOR THE PROVISIO	18 June 2027	6 552
NOBANTU GUARDING	Mths	36	PANEL OF SERVICE PROVIDERS FOR THE PROVISIO	18 June 2027	
VELA TECH SECURITY SERVICES	Mths	36	PANEL OF SERVICE PROVIDERS FOR THE PROVISIO	18 June 2027	
NOMINGWENYA SECURITY	Mths	36	PANEL OF SERVICE PROVIDERS FOR THE PROVISIO	18 June 2027	
WISE SECURITY	Mths	36	PANEL OF SERVICE PROVIDERS FOR THE PROVISIO	18 June 2027	
NKOSISHENG VIP PROTECTION	Mths	36	PANEL OF SERVICE PROVIDERS FOR THE PROVISIO	18 June 2027	
MVULA ENFORCEMENT SERVICES	Mths	36	PANEL OF SERVICE PROVIDERS FOR THE PROVISIO	18 June 2027	
UYABONWA SECURITY SERVICES CC	Mths	36	PANEL OF SERVICE PROVIDERS FOR THE PROVISIO	18 June 2027	
MADUDLA CONTRACTORS	Mths	13	KWANOBAMBA/EZITENDENI REFURBISHMENT OF S	07 October 2025	13 913

UTHUKELA DISTRICT MUNICIPALITY ADOPTED BUDGET 2025/2026

GOING PLACES CONSTRUCTION & PROJECTS 109 C	Mths	12	THE PANEL FOR THE SUPPLY OF STATIONERY	27 November 2025
GOING YHS	Mths	12	THE PANEL FOR THE SUPPLY OF STATIONERY	27 November 2025
GULIWE HOLDINGS	Mths	12	THE PANEL FOR THE SUPPLY OF STATIONERY	27 November 2025
IMINI WELLNESS	Mths	12	THE PANEL FOR THE SUPPLY OF STATIONERY	27 November 2025
MINGAYE HOLDINGS	Mths	12	THE PANEL FOR THE SUPPLY OF STATIONERY	27 November 2025
PLAN B LIFESTYLE	Mths	12	THE PANEL FOR THE SUPPLY OF STATIONERY	27 November 2025
SIMANGETHE TRADINGS	Mths	12	THE PANEL FOR THE SUPPLY OF STATIONERY	27 November 2025
SILOMO TRADING AND PROJECTS	Mths	12	THE PANEL FOR THE SUPPLY OF STATIONERY	27 November 2025
ZTS GROUP	Mths	12	THE PANEL FOR THE SUPPLY OF STATIONERY	27 November 2025
A MBONA ATTORNEYS	Mths	36	THE APPOINTMENT OF PANEL OF ATTORNEYS/LAW	11 December 2027
FREEDOM AND ASSOCIATES	Mths	36	THE APPOINTMENT OF PANEL OF ATTORNEYS/LAW	11 December 2027
GARLICHE BOUSFIELD	Mths	36	THE APPOINTMENT OF PANEL OF ATTORNEYS/LAW	11 December 2027
FARREL INCORPORATED	Mths	36	THE APPOINTMENT OF PANEL OF ATTORNEYS/LAW	11 December 2027
MAMATHELA ATTORNEYS	Mths	36	THE APPOINTMENT OF PANEL OF ATTORNEYS/LAW	11 December 2027
MAVIMBELA ATTORNEYS	Mths	36	THE APPOINTMENT OF PANEL OF ATTORNEYS/LAW	11 December 2027
MAZIBUKO Z AND ASSOCIATES	Mths	36	THE APPOINTMENT OF PANEL OF ATTORNEYS/LAW	11 December 2027
MOHALE INCORPORATED	Mths	36	THE APPOINTMENT OF PANEL OF ATTORNEYS/LAW	11 December 2027
NKOSI SABELO INCORPORATED	Mths	36	THE APPOINTMENT OF PANEL OF ATTORNEYS/LAW	11 December 2027
NOMPUMELELO HADEBE INCORPORATED	Mths	36	THE APPOINTMENT OF PANEL OF ATTORNEYS/LAW	11 December 2027
NS NTANZI ATTORNEYS	Mths	36	THE APPOINTMENT OF PANEL OF ATTORNEYS/LAW	11 December 2027
PHIRI COMBRICK	Mths	36	THE APPOINTMENT OF PANEL OF ATTORNEYS/LAW	11 December 2027
PHUNGULA ATTORNEYS	Mths	36	THE APPOINTMENT OF PANEL OF ATTORNEYS/LAW	11 December 2027
SINAKO ATTORNEYS	Mths	36	THE APPOINTMENT OF PANEL OF ATTORNEYS/LAW	11 December 2027
SHEPSTONE & WYLE ATTORNEYS	Mths	36	THE APPOINTMENT OF PANEL OF ATTORNEYS/LAW	11 December 2027
SIBANDA	Mths	36	THE APPOINTMENT OF PANEL OF ATTORNEYS/LAW	11 December 2027
SIBEKO INCORPORATED	Mths	36	THE APPOINTMENT OF PANEL OF ATTORNEYS/LAW	11 December 2027
SLK ATTORNEYS	Mths	36	THE APPOINTMENT OF PANEL OF ATTORNEYS/LAW	11 December 2027
THELANI GODI KOPITSO	Mths	36	THE APPOINTMENT OF PANEL OF ATTORNEYS/LAW	11 December 2027
THEMBA KHESWA NXUMALO	Mths	36	THE APPOINTMENT OF PANEL OF ATTORNEYS/LAW	11 December 2027
THOKOZANI HADEBE	Mths	36	THE APPOINTMENT OF PANEL OF ATTORNEYS/LAW	11 December 2027
ZUMA AND PARTNERS	Mths	36	THE APPOINTMENT OF PANEL OF ATTORNEYS/LAW	11 December 2027
KRIBASNI NAIDDOO	Mths	36	THE APPOINTMENT OF PANEL OF ATTORNEYS/LAW	11 December 2027
FERLA INCORPORATED	Mths	36	THE APPOINTMENT OF PANEL OF ATTORNEYS/LAW	11 December 2027

Other Expenditure

Other expenditure forms 18% of the total operating expenditure. Items that form the total cost other expenditure:

Table 13.1 Other Expenditure Operational Costs

Segment Desc	2026 Draft Budget	2027 Draft Budget	2028 Draft Budget
Telephone (200/260540)	1 691 408,41	1 767 521,79	1 811 709,84
Advertising (200/260020)	300 000,00	313 500,00	321 337,50
Electricity and water (municipal services) (200/260020)	42 851 010,43	44 822 156,91	46 794 331,81
Protective Clothing (408/260347)	4 000 000,00	4 000 000,00	4 000 000,00
Pauper Burial GE	500 000,00	500 000,00	500 000,00
Electricity (510/255040)	100 190 090,86	104 698 644,95	107 316 111,07
Bank Charges (300/260047)	193 321,66	202 021,13	207 071,66
Vehicle Licencing - Fleet Management (300/260047)	800 000,00	836 000,00	856 900,00
Travel Councillors own transport (100/260534)	265 355,00	277 295,98	284 228,37
Insurance (105/235500)	5 000 000,00	5 000 000,00	5 000 000,00
Accommodation (105/260534)	500 000,00	500 000,00	500 000,00
Audit fees	4 698 000,00	4 909 410,00	5 032 145,25

UTHUKELA DISTRICT MUNICIPALITY ADOPTED BUDGET 2025/2026

Segment Desc	2026 Draft Budget	2027 Draft Budget	2028 Draft Budget
Rental Office Machines. (200/260442)	800 000,00	836 000,00	856 900,00
Plant & Equipment Hire (510/235510)	7 000 000,00	5 000 000,00	5 000 000,00

To minimise the cost of day-to-day operating expenses the municipality has put control measures such as that the staff has to pay for their private calls, and this has resulted in decline in telephone expenses. The municipality has also reviewed the cell phone allowances for staff based in the main offices to reduce costs. In terms of the MFMA circular No.55 general expenditure should not exceed 10% of total expenditure however it must be noted the budget for electricity is R100 million due to the high electricity usage in the water treatment plants. The municipality will also be reviewing all readings from Eskom to ensure the accuracy thereof. This electricity has been correctly classified as other expenditure. It cannot be classified as bulk as electricity is not a trading service for the municipality.

Rental of offices has also been cut out as a cost saving measure. SDL and travel also form part of other expenditure. The municipality is also looking at netting of accounts with government departments to reduce the burden of our creditors. The municipality faces a challenge with costing in the system, as they are struggling to receive Eskom invoices as well as the local Municipalities that provide electricity. There are however talks with the respective municipalities to get accurate records.

1.5.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the Municipality's current infrastructure, the 2025/26 budget provides for in asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the Municipality.

The following table lists the total anticipated cost for repairs and maintenance on infrastructure and assets for the year 2025/26. It must be noted that the municipality has identified all the shortcomings associated with neglecting capital assets such as infrastructure thus wishes to increase provision for repairing and maintenance of capital assets. Treasury has warned against low budget allocation towards maintenance but subsequently the municipality cannot afford such allocations due to its funding position.

Table 14.1 Repairs and maintenance per asset class SA34c

Electrical (510/255045)	1 000 000,00	1 000 000,00	1 000 000,00
Pipelines & portable water maintenance (510)	15 000 000,00	15 675 000,00	16 066 875,00
Repairs to Pumps (510/235120)	39 000 000,00	39 000 000,00	39 000 000,00

Table 14.2 Repairs and maintenance per asset class SA34c – Refurbishment/ Upgrade Projects

The water services department will employ a planned maintenance plan in order to prevent emergency repairs which often result in excessive expenditure.

The EPWP grant has also been dedicated towards contracting employees who be responsible for to the General Water/Sewer and Reticulation.

Due to insufficient funds the municipality cannot meet the recommended norm of 8% of PPE. As part of the engagements with treasury the municipality was advised to apply to MIG and WSIG donors to utilise a larger portion of the infrastructure grants for refurbishments.

1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services, the households are required to register in terms of the Municipality's Indigent Policy.

In the 2025/26 financial year it is anticipated that R6 million will be allocated towards the provision of free basic services also noting its facing challenges with regards to quantifying standpipes. This budget will also cater for the delivery of water to communities that lack suitable water infrastructure.

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

1.6 CAPITAL EXPENDITURE

The following table reflects a breakdown of budgeted capital expenditure by vote:

Table 15 2025/26 Medium-term capital budget per vote

UTHUKELA DISTRICT MUNICIPALITY ADOPTED BUDGET 2025/2026

	Funding Plan			
R thousand	2024/25	2025/26	2026/27	2027/28
Capital Expenditure - Functional				
Governance and administration	2 000 000,00	2 500 000,00	2 000 000,00	2 000 000,00
Executive and council				
Finance and administration	2 000 000,00	2 500 000,00	2 000 000,00	2 000 000,00
Internal audit				
Community and public safety	-			
Community and social services				
Sport and recreation				
Public safety				
Housing				
Health				
Economic and environmental services	-			
Planning and development				
Road transport				
Environmental protection				
Trading services	242 240 550,00	271 122 991,14	294 756 521,74	318 225 217,40
Energy sources				
Water management	242 240 550,00	271 122 991,14	294 756 521,74	318 225 217,40
Waste water management				
Waste management				
Other				
Total Capital Expenditure - Functional	244 240 550,00	273 622 991,14	296 756 521,74	320 225 217,40
Funded by:				
National Government	241 572 477,00	271 122 991,14	294 756 521,74	318 225 217,40
Provincial Government				
District Municipality				
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institu				
Transfers recognised - capital	241 572 477,00			
Borrowing				
Internally generated funds	2 668 073,00	2 500 000,00	2 000 000,00	2 000 000,00
Total Capital Funding	244 240 550,00	273 622 991,14	296 756 521,74	320 225 217,40

Due to financial constraints the capital budget is focused mainly on water infrastructure which is funded by national government grants amounting to R271 million with exclusion of 15 % vat.
Further amounts of R2.5 million have been budgeted internally for furniture and equipment as well as computer equipment.
Due to municipalities funding position, it cannot afford capital purchases.

Table 16 Infrastructure Grants

CONDITIONAL GRANTS -CAPITAL				
GRANT NAME	2024/2025 (R'000)	2025/2026 (R'000)	2026/2027 (R'000)	2027/2028 (R'000)
Municipal Infrastructure Grant	189 429	211 791	238 970	250 459
Water Services Infrastructure Grant	100 000	100 000	100 000	115 500
Total	289 429	311 791	338 970	365 959

Table 17 MIG Capital Projects

MIG capital projects	Vat Inclusive	vat exclusive		
Ekuvukeni Regional Bulk Water Supply - Upgrade Oliphantskop	18 000 000,00	15 652 173,91	15 652 173,91	15652173,91
IE Okhahlamba Ward 2 3 14 Bulk Water Supply & Reticulation	20 500 000,00	17 826 086,96	17 826 086,96	17826086,96
DISTRICT WIDE VIP TOILETS	20 042 687,81	17 428 424,18	17 428 424,18	27418858,97
Weenen/Ezitendeni Sanitation Phase 1B sewer retic	20 500 000,00	17 826 086,96	17 826 086,96	17826086,96
Bhekuzulu Ephangwini Water Supply (Phase 5 7 8)	56 315 763,00	48 970 228,70	48 970 228,70	48970228,7
Refurbishment and upgrade projects	10 300 000,00	8 956 521,74	26 347 826,09	26347826,09
Kwanobamba/Ezitendeni (Weenen) water supp and retic	17 000 000,00	14 782 608,70	14 782 608,70	14782608,7
CE Langkloof WTW & Bulk Reticulation Network Project	18 206 891,00	15 832 079,13	15 832 079,13	15832079,13
CE Bergville WTW & Bulk Water Supply Phase 1	10 076 098,00	8 761 824,35	15 004 050,60	15 004 050,60
Umhlumayo Extension	20 850 000,00	18 130 434,78	18 130 434,78	18130434,78
	211 791 439,81	184 166 469,40	207 800 000,00	217 790 434,78

Table 18 WSIG Capital Projects

WSIG capital projects	Vat inclusive	Vat Exclusive		
Steadville WCDM	15 000 000,00	13 043 478,26	13 043 478,26	13 043 478,26
CE Ezakheni WCDM Project	7 000 000,00	6 086 956,52	6 086 956,52	6 086 956,52
IE Ladysmith AC Pipe Replacement Project	18 000 000,00	15 652 173,91	15 652 173,91	15 652 173,91
SPRING PROTECTION DISTRICT WIDE	20 000 000,00	17 391 304,35	17 391 304,35	17 391 304,35
Bergville AC replacement	15 000 000,00	13 043 478,26	13 043 478,26	13 478 260,87
Zwelisha/Moyeni Uograde	10 000 000,00	8 695 652,17	8 695 652,17	17 466 591,38
Citi-OS Water Infrastructure	15 000 000,00	13 043 478,26	13 043 478,26	17 316 017,32
	100 000 000,00	86 956 521,74	86 956 521,74	100 434 782,61

1.7 ANNUAL BUDGET TABLES

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2025/26 Adopted budget and MTREF as approved by the Council.

UTHUKELA DISTRICT MUNICIPALITY ADOPTED BUDGET 2025/2026

Table 19 MBRR Table A1 - Budget Summary

DC23 Uthukela - 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
Financial Performance										
Property rates	–	–	–	–	–	–	–	–	–	–
Service charges	259,287	229,391	285,439	334,578	291,842	291,842	291,842	329,805	372,680	421,129
Investment revenue	3,922	5,958	8,557	10,482	7,007	7,007	7,007	6,163	6,415	6,698
Transfer and subsidies - Operational	516,839	545,552	586,406	620,501	625,100	625,100	625,100	665,135	695,840	727,317
Other own revenue	111,088	52,990	79,965	65,430	73,540	73,540	73,540	76,290	79,418	82,912
Total Revenue (excluding capital transfers and contributions)	891,135	833,890	960,367	1,030,991	997,490	997,490	997,490	1,077,393	1,154,353	1,238,056
Employee costs	366,528	349,172	361,224	363,137	395,959	395,959	395,959	406,233	406,233	406,233
Remuneration of councillors	6,463	6,389	6,154	6,155	6,219	6,219	6,219	6,219	6,219	6,219
Depreciation and amortisation	75,121	87,352	86,484	73,910	84,528	84,528	84,528	83,303	86,718	90,534
Interest	6,649	8,614	16,352	–	6,456	6,456	6,456	6,721	6,997	7,304
Inventory consumed and bulk purchases	62,022	44,877	97,299	51,060	86,497	86,497	86,497	68,790	69,701	70,709
Transfers and subsidies	–	3,120	3,285	5,830	0	0	0	3,600	–	–
Other expenditure	514,319	598,515	628,131	467,140	503,815	503,815	503,815	479,627	494,166	508,529
Total Expenditure	1,031,101	1,098,039	1,198,929	967,232	1,083,474	1,083,474	1,083,474	1,054,493	1,070,033	1,089,529
Surplus/(Deficit)	(139,966)	(264,149)	(238,562)	63,759	(85,984)	(85,984)	(85,984)	22,900	84,320	148,527
Transfers and subsidies - capital (monetary allocations)	290,719	244,868	291,328	291,529	286,073	286,073	186,472	311,791	338,970	365,959
Transfers and subsidies - capital (in-kind)	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	150,752	(19,280)	52,766	355,288	200,089	200,089	100,489	334,691	423,290	514,486
Share of Surplus/Deficit attributable to Associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	150,752	(19,280)	52,766	355,288	200,089	200,089	100,489	334,691	423,290	514,486
Capital expenditure & funds sources										
Capital expenditure	0	0	0	308,529	251,427	251,427	165,015	273,623	296,757	320,225
Transfers recognised - capital	0	0	0	291,529	248,759	248,759	164,163	271,123	294,757	318,225
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	–	–	–	17,000	2,668	2,668	15	2,500	2,000	2,000
Total sources of capital funds	0	0	0	308,529	251,427	251,427	164,178	273,623	296,757	320,225
Financial position										
Total current assets	348,767	325,333	329,217	69,879	267,172	267,172	501,823	564,462	697,780	937,221
Total non current assets	3,179,378	3,253,786	3,405,558	2,620,048	3,414,449	3,414,449	3,517,414	3,546,961	3,692,384	3,843,770
Total current liabilities	780,435	868,607	1,036,626	629,890	930,347	930,347	988,181	1,110,005	1,151,453	1,194,600
Total non current liabilities	32,277	33,837	40,776	35,360	49,527	49,527	40,776	51,558	53,671	55,872
Community wealth/Equity	2,716,418	2,669,751	2,656,012	2,024,677	2,696,547	2,696,547	3,038,752	2,949,860	3,185,040	3,530,519
Cash flows										
Net cash from (used) operating	1,074,042	797,989	756,563	268,474	178,400	178,400	178,400	283,836	371,525	440,172
Net cash from (used) investing	(239,054)	(194,919)	(222,994)	(308,529)	(251,381)	(251,381)	(251,381)	(273,623)	(296,757)	(320,225)
Net cash from (used) financing	(406)	(143)	1,467	–	–	–	–	–	–	–
Cash/cash equivalents at the year end	880,439	617,297	548,725	(107,356)	(67,265)	(67,265)	(67,265)	(131,839)	(57,070)	62,876
Cash backing/surplus reconciliation										
Cash and investments available:	14,370	13,689	5,810	(107,356)	(67,312)	(67,312)	119,450	(131,839)	(57,070)	62,876
Total Application of cash and investments:	529,463	588,265	763,315	529,782	701,459	701,459	356,235	700,171	680,287	664,654
Balance - surplus (shortfall)	(515,093)	(574,577)	(757,505)	(637,139)	(768,770)	(768,770)	(236,784)	(832,010)	(737,357)	(601,777)
Asset management										
Asset register summary (WDV)	2,361,815	2,414,822	2,349,109	2,590,045	3,401,985	3,401,985	3,401,985	3,505,186	3,610,538	3,713,080
Depreciation	74,665	83,923	85,704	73,910	84,528	84,528	84,528	83,303	86,718	90,534
Renewal and Upgrading of Existing Assets	0	–	0	54,833	56,246	56,246	56,246	183,695	207,328	216,534
Repairs and Maintenance	59,231	62,556	105,148	100,378	78,027	78,027	78,027	55,000	55,675	56,067
Free services										
Cost of Free Basic Services provided	3,506	3,504	3,753	4,100	4,196	4,196	4,196	4,196	4,196	4,196
Revenue cost of free services provided	(3,506)	(3,504)	(3,753)	(4,100)	(4,196)	(4,196)	(4,196)	(4,196)	(4,196)	(4,196)
Households below minimum service level										
Water:	29	28	27	27	27	27	27	24	21	18
Sanitation/sewerage:	5	4	4	4	4	4	4	4	3	3
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–	–	–	–

1. Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
2. The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
3. Financial management reforms emphasise the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
 - a. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF
 - b. Capital expenditure is balanced by capital funding sources, of which
 - i. Transfers recognised are reflected on the Financial Performance Budget.
 - ii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget. The fact that the municipality's cash flow remains positive and is improving indicates that the necessary cash resources are available to fund the Capital Budget.
4. Over the MTREF there is progressive improvement in the level of cash-backing of obligations
5. Even though the Council is placing great emphasis on securing the financial sustainability of the municipality, this is not being done at the expense of services to the public. The number of services provided by the municipality including free basic services continues to increase.

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Table 20 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

DC23 Uthukela - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	###	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Revenue - Functional										
<i>Governance and administration</i>		589,348	714,294	798,363	691,476	626,150	626,150	734,345	777,722	812,800
Executive and council		319	-	-	-	-	-	-	-	-
Finance and administration		589,029	714,294	798,363	691,476	626,150	626,150	734,345	777,722	812,800
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		(187)	1,282	42	60	6,947	6,947	49	51	53
Community and social services		(190)	1,251	-	-	6,900	6,900	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		3	31	42	60	47	47	49	51	53
<i>Economic and environmental services</i>		-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		592,693	363,183	453,290	630,984	650,466	650,466	654,790	715,550	791,161
Energy sources		-	-	-	-	-	-	-	-	-
Water management		592,693	363,183	453,290	630,984	650,466	650,466	654,790	715,550	791,161
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	1,181,854	1,078,758	1,251,695	1,322,520	1,283,563	1,283,563	1,389,184	1,493,323	1,604,015
Expenditure - Functional										
<i>Governance and administration</i>		446,422	461,834	550,419	430,019	337,888	337,888	375,156	381,882	389,099
Executive and council		61,890	47,987	50,748	51,120	51,868	51,868	56,174	55,770	55,919
Finance and administration		384,532	413,846	499,671	378,898	286,020	286,020	318,982	326,112	333,180
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		47,449	44,956	52,638	58,078	60,987	60,987	58,102	57,404	57,463
Community and social services		12,466	11,851	13,103	7,773	20,269	20,269	9,390	8,612	8,626
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		34,983	33,104	39,535	50,305	40,718	40,718	48,712	48,791	48,838
<i>Economic and environmental services</i>		17,770	18,271	17,091	26,084	15,489	15,489	28,023	24,469	24,495
Planning and development		17,770	18,271	17,091	26,084	15,489	15,489	28,023	24,469	24,495
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		519,461	572,979	578,781	453,052	669,110	669,110	593,212	606,279	618,471
Energy sources		-	-	-	-	-	-	-	-	-
Water management		519,461	572,979	578,781	453,052	669,110	669,110	593,212	606,279	618,471
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	1,031,101	1,098,039	1,198,929	967,232	1,083,474	1,083,474	1,054,493	1,070,033	1,089,529
Surplus/(Deficit) for the year		150,752	(19,280)	52,766	355,288	200,089	200,089	334,691	423,290	514,486

Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and

UTHUKELA DISTRICT MUNICIPALITY ADOPTED BUDGET 2025/2026

capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.

- Note the Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4.

Table 17 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

DC23 Uthukela - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)										
Vote Description	###	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Revenue by Vote	1									
Vote 1 - BUDGET & TREASURE OFFICE		588,731	713,958	798,264	691,476	625,837	625,837	734,020	777,383	812,447
Vote 2 - CORPORATE SERVICES		298	335	99	–	313	313	326	339	354
Vote 3 - OFFICE OF THE MM		319	–	–	–	–	–	–	–	–
Vote 4 - PLANNING AND SOCIAL SERVICES		(190)	1,251	–	–	6,900	6,900	–	–	–
Vote 5 - MUNICIPAL HEALTH SERVICES		3	31	42	60	47	47	49	51	53
Vote 6 - WATER, SANITATION & TECHNICAL SERVICES		592,693	363,183	453,290	630,984	650,466	650,466	654,790	715,550	791,161
Vote 7 - MAYORAL AND COUNCIL		–	–	–	–	–	–	–	–	–
Vote 8 -		–	–	–	–	–	–	–	–	–
Vote 9 -		–	–	–	–	–	–	–	–	–
Vote 10 -		–	–	–	–	–	–	–	–	–
Vote 11 -		–	–	–	–	–	–	–	–	–
Vote 12 -		–	–	–	–	–	–	–	–	–
Vote 13 -		–	–	–	–	–	–	–	–	–
Vote 14 -		–	–	–	–	–	–	–	–	–
Vote 15 -		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	1,181,854	1,078,758	1,251,695	1,322,520	1,283,563	1,283,563	1,389,184	1,493,323	1,604,015
Expenditure by Vote to be appropriated	1									
Vote 1 - BUDGET & TREASURE OFFICE		271,377	258,003	352,589	236,453	153,790	153,790	164,342	168,747	173,298
Vote 2 - CORPORATE SERVICES		119,894	157,503	147,996	142,527	134,110	134,110	153,943	156,668	159,186
Vote 3 - OFFICE OF THE MM		47,575	39,988	42,353	49,374	44,087	44,087	51,241	51,494	51,642
Vote 4 - PLANNING AND SOCIAL SERVICES		23,196	23,728	23,313	27,924	28,514	28,514	30,925	26,590	26,628
Vote 5 - MUNICIPAL HEALTH SERVICES		34,983	33,104	39,535	50,305	40,718	40,718	48,712	48,791	48,838
Vote 6 - WATER, SANITATION & TECHNICAL SERVICES		519,461	572,979	578,781	453,052	669,110	669,110	593,212	606,279	618,471
Vote 7 - MAYORAL AND COUNCIL		14,615	12,733	14,363	7,597	13,145	13,145	12,118	11,464	11,466
Vote 8 -		–	–	–	–	–	–	–	–	–
Vote 9 -		–	–	–	–	–	–	–	–	–
Vote 10 -		–	–	–	–	–	–	–	–	–
Vote 11 -		–	–	–	–	–	–	–	–	–
Vote 12 -		–	–	–	–	–	–	–	–	–
Vote 13 -		–	–	–	–	–	–	–	–	–
Vote 14 -		–	–	–	–	–	–	–	–	–
Vote 15 -		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	1,031,101	1,098,039	1,198,929	967,232	1,083,474	1,083,474	1,054,493	1,070,033	1,089,529
Surplus/(Deficit) for the year	2	150,752	(19,280)	52,766	355,288	200,089	200,089	334,691	423,290	514,486

Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality.

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Table 21 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

DC23 Uthukela - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	###	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Revenue											
Exchange Revenue											
Service charges - Electricity	2	-	-	-	-	-	-	-	-	-	-
Service charges - Water	2	241,289	213,421	267,508	316,389	272,710	272,710	172,076	308,162	348,223	393,492
Service charges - Waste Water Management	2	17,998	15,970	17,931	18,189	19,132	19,132	15,966	21,643	24,457	27,636
Service charges - Waste Management	2	-	-	-	-	-	-	-	-	-	-
Sale of Goods and Rendering of Services		820	1,652	838	632	493	493	483	554	577	602
Agency services		-	-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		36,488	50,572	64,894	64,535	69,487	69,487	60,074	74,157	77,197	80,594
Interest earned from Current and Non Current Assets		3,922	5,958	8,557	10,482	7,007	7,007	5,242	6,163	6,415	6,698
Dividends		-	-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		-	-	-	-	-	-	-	-	-	-
Licence and permits		-	-	-	-	-	-	-	-	-	-
Special Rating Levies		-	-	-	-	-	-	-	-	-	-
Operational Revenue		73,448	702	276	203	2,934	2,934	3,050	1,069	1,113	1,161
Non-Exchange Revenue											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		12	63	125	60	626	626	373	511	532	555
Licences or permits		-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational		516,839	545,552	586,406	620,501	625,100	625,100	622,782	665,135	695,840	727,317
Interest		-	-	-	-	-	-	-	-	-	-
Fuel Levy		-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		319	-	5,832	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	8,000	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and cont		891,135	833,890	960,367	1,030,991	997,490	997,490	880,035	1,077,393	1,154,353	1,238,056
Expenditure											
Employee related costs	2	366,528	349,172	361,224	363,137	395,959	395,959	367,716	406,233	406,233	406,233
Remuneration of councillors		6,463	6,389	6,154	6,155	6,219	6,219	5,768	6,219	6,219	6,219
Bulk purchases - electricity	2	-	-	-	-	-	-	-	-	-	-
Inventory consumed	8	62,022	44,877	97,299	51,060	86,497	86,497	31,459	68,790	69,701	70,709
Debt impairment	3	172,981	180,240	237,174	164,658	80,482	80,482	-	83,782	87,217	91,055
Depreciation and amortisation		75,121	87,352	86,484	73,910	84,528	84,528	69,667	83,303	86,718	90,534
Interest		6,649	8,614	16,352	-	6,456	6,456	745	6,721	6,997	7,304
Contracted services		158,830	194,098	175,330	171,931	154,212	154,212	115,005	125,162	127,142	128,349
Transfers and subsidies		-	3,120	3,285	5,830	0	0	-	3,600	-	-
Irrecoverable debts written off		-	-	3,124	-	80,482	80,482	-	83,782	87,217	91,055
Operational costs		182,508	222,658	212,504	130,551	188,638	188,638	91,120	186,900	192,590	198,071
Losses on disposal of Assets		-	1,519	-	-	-	-	150	-	-	-
Other Losses		-	-	-	-	-	-	-	-	-	-
Total Expenditure		1,031,101	1,098,039	1,198,929	967,232	1,083,474	1,083,474	681,630	1,054,493	1,070,033	1,089,529
Surplus/(Deficit)		(139,966)	(264,149)	(238,562)	63,759	(85,984)	(85,984)	198,405	22,900	84,320	148,527
Transfers and subsidies - capital (monetary allocations)	6	290,719	244,868	291,328	291,529	286,073	286,073	186,472	311,791	338,970	365,959
Transfers and subsidies - capital (in-kind)	6	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		150,752	(19,280)	52,766	355,288	200,089	200,089	384,877	334,691	423,290	514,486
Income Tax		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		150,752	(19,280)	52,766	355,288	200,089	200,089	384,877	334,691	423,290	514,486
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		150,752	(19,280)	52,766	355,288	200,089	200,089	384,877	334,691	423,290	514,486
Share of Surplus/Deficit attributable to Associate	7	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1	150,752	(19,280)	52,766	355,288	200,089	200,089	384,877	334,691	423,290	514,486

Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Total operating revenue is R1.077 billion in 2025/26 and increases to R1.1 billion by 2027/2028. However, given sound financial management strategies are put in place we can expect an increase in revenues exceeding 10%
2. Total operating expenditure is R1 billion in 2025/26 and escalates to R1.089 billion by 2027/28.
3. It must be noted that the municipality has budgeted for a surplus over the MTREF.
4. The municipality was also realistic in providing estimations for costs such as chemicals and the provision for fixing pumps to curb water supply disruptions.

Table 22 MBRR - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

UTHUKELA DISTRICT MUNICIPALITY ADOPTED BUDGET 2025/2026

DC23 Uthukela - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	###	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - BUDGET & TREASURE OFFICE		-	-	-	-	-	-	-	-	-	-
Vote 2 - CORPORATE SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 3 - OFFICE OF THE MM		-	-	-	-	-	-	-	-	-	-
Vote 4 - PLANNING AND SOCIAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 5 - MUNICIPAL HEALTH SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - WATER, SANITATION & TECHNICAL SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 7 - MAYORAL AND COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - BUDGET & TREASURE OFFICE		-	-	-	-	-	-	-	-	-	-
Vote 2 - CORPORATE SERVICES		-	-	-	2,000	2,000	2,000	-	2,500	2,000	2,000
Vote 3 - OFFICE OF THE MM		-	-	-	-	-	-	-	-	-	-
Vote 4 - PLANNING AND SOCIAL SERVICES		-	-	-	-	6,000	6,000	-	-	-	-
Vote 5 - MUNICIPAL HEALTH SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - WATER, SANITATION & TECHNICAL SERVICES		0	0	0	306,529	243,427	243,427	-	271,123	294,757	318,225
Vote 7 - MAYORAL AND COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		0	0	0	308,529	251,427	251,427	-	273,623	296,757	320,225
Total Capital Expenditure - Vote		0	0	0	308,529	251,427	251,427	-	273,623	296,757	320,225
Capital Expenditure - Functional											
Governance and administration		-	-	-	2,000	2,000	2,000	15	2,500	2,000	2,000
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		-	-	-	2,000	2,000	2,000	15	2,500	2,000	2,000
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	-	6,000	6,000	-	-	-	-
Community and social services		-	-	-	-	6,000	6,000	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		-	-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		0	0	0	306,529	243,427	243,427	165,000	271,123	294,757	318,225
Energy sources		-	-	-	-	-	-	-	-	-	-
Water management		0	(0)	0	306,529	243,427	243,427	165,000	271,123	294,757	318,225
Waste water management		-	0	0	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	0	0	0	308,529	251,427	251,427	165,015	273,623	296,757	320,225
Funded by:											
National Government		0	0	0	291,529	248,759	248,759	164,163	271,123	294,757	318,225
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	0	0	0	291,529	248,759	248,759	164,163	271,123	294,757	318,225
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		-	-	-	17,000	2,668	2,668	15	2,500	2,000	2,000
Total Capital Funding	7	0	0	0	308,529	251,427	251,427	164,178	273,623	296,757	320,225

Explanatory notes to Table A5- Budgeted Capital Expenditure The capital budget for water and sanitation infrastructure is grant funded the municipality has budgeted R271 million towards water and sanitation infrastructure and internally generated funding is R2,5 million for the 2025/26 financial year.

UTHUKELA DISTRICT MUNICIPALITY ADOPTED BUDGET 2025/2026

Table 23 MBRR Table A6 - Budgeted Financial Position

DC23 Uthukela - Table A6 Budgeted Financial Position

Description		###	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework			
R thousand			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
ASSETS												
Current assets												
			14,370	13,689	5,810	(107,356)	(67,312)	(67,312)	119,450	(131,839)	(57,070)	62,876
	1		47,479	44,643	58,816	73,257	328,631	328,631	207,608	252,200	262,540	273,304
	1		5,433	305	79	7,102	65,218	65,218	79	424,642	472,053	579,953
			51,350	3,514	10,695	—	—	—	3,514	—	—	—
	2		7,490	19,177	18,081	5,207	63,114	63,114	20,230	19,360	20,154	20,980
			220,987	242,348	231,159	43,337	(122,575)	(122,575)	146,953	—	—	—
			1,658	1,658	4,575	48,332	95	95	3,989	99	103	107
Total current assets			348,767	325,333	329,217	69,879	267,172	267,172	501,823	564,462	697,780	937,221
Non current assets												
			—	—	—	—	—	—	—	—	—	—
			—	—	—	—	—	—	—	—	—	—
	3		3,174,178	3,248,605	3,400,395	2,620,048	3,412,352	3,412,352	3,512,266	3,544,778	3,690,113	3,841,408
			—	—	—	—	—	—	—	—	—	—
			—	—	—	—	—	—	—	—	—	—
			—	—	—	—	—	—	—	—	—	—
			—	—	—	—	—	—	—	—	—	—
			5,199	5,181	5,163	—	392	392	5,148	408	425	442
			—	—	—	—	1,658	1,658	—	1,726	1,797	1,871
			—	—	—	—	46	46	—	48	48	48
			—	—	—	—	—	—	—	—	—	—
Total non current assets			3,179,378	3,253,786	3,405,558	2,620,048	3,414,449	3,414,449	3,517,414	3,546,961	3,692,384	3,843,770
TOTAL ASSETS			3,528,145	3,579,119	3,734,775	2,689,926	3,681,622	3,681,622	4,019,237	4,111,422	4,390,164	4,780,991
LIABILITIES												
Current liabilities												
			—	—	—	—	—	—	—	—	—	—
			1,092	949	2,416	—	2,416	2,416	2,416	—	—	—
			18,149	19,294	20,029	20,735	20,029	20,029	20,724	20,851	21,706	22,595
	4		494,113	537,116	696,797	479,154	946,702	946,702	591,670	990,069	1,030,662	1,072,919
	5		(3,757)	(5,889)	(19,455)	10,431	2,883	2,883	87,379	2,784	2,784	2,784
			24,425	33,586	26,917	50,117	36,722	36,722	35,237	42,192	42,192	42,192
			240,322	275,217	301,587	58,116	0	0	250,755	29,010	27,981	26,910
			6,091	8,336	8,336	11,337	(78,406)	(78,406)	—	25,099	26,128	27,199
Total current liabilities			780,435	868,607	1,036,626	629,890	930,347	930,347	988,181	1,110,005	1,151,453	1,194,600
Non current liabilities												
	6		—	—	—	—	—	—	—	—	—	—
	7		13,500	15,060	18,116	35,360	49,527	49,527	18,116	51,558	53,671	55,872
			—	—	—	—	—	—	—	—	—	—
			18,777	18,777	22,660	—	—	—	22,660	—	—	—
Total non current liabilities			32,277	33,837	40,776	35,360	49,527	49,527	40,776	51,558	53,671	55,872
TOTAL LIABILITIES			812,713	902,445	1,077,403	665,249	979,874	979,874	1,028,957	1,161,563	1,205,124	1,250,472
NET ASSETS			2,715,432	2,676,674	2,657,372	2,024,677	2,701,747	2,701,747	2,990,280	2,949,860	3,185,040	3,530,519
COMMUNITY WEALTH/EQUITY												
	8		2,716,418	2,669,751	2,656,012	2,024,677	2,696,547	2,696,547	3,038,752	2,949,860	3,185,040	3,530,519
	9		—	—	—	—	—	—	—	—	—	—
			—	—	—	—	—	—	—	—	—	—
TOTAL COMMUNITY WEALTH/EQUITY			2,716,418	2,669,751	2,656,012	2,024,677	2,696,547	2,696,547	3,038,752	2,949,860	3,185,040	3,530,519

Explanatory notes to Table A6 - Budgeted Financial Position

- Table A6 is consistent with international standards of good financial management practice and improves understand-ability for councillors and management of the impact of the budget on the statement of financial position (balance sheet).

2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets Less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity, i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. This table is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of several items, including:
 - Call investments deposits.
 - Consumer debtors.
 - Property, plant and equipment.
 - Trade and other payables.
 - Non-current Provisions.
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition, the funding compliance assessment is informed directly by forecasting the statement of financial position.

UTHUKELA DISTRICT MUNICIPALITY ADOPTED BUDGET 2025/2026

Table 24MBRR Table A7 - Budgeted Cash Flow Statement

DC23 Uthukela - Table A7 Budgeted Cash Flows											
Description	###	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		-	-	-	-	-	-	-	-	-	-
Service charges		132,127	129,654	125,921	129,153	118,196	118,196	118,196	131,922	167,706	189,508
Other revenue		52,598	39,809	26,473	69,392	80,555	80,555	80,555	70,622	74,403	75,179
Transfers and Subsidies - Operational	1	492,457	533,343	579,544	620,501	625,001	625,001	625,001	665,135	695,840	727,317
Transfers and Subsidies - Capital	1	289,919	252,284	281,538	291,529	286,073	286,073	286,073	311,791	338,970	365,959
Interest		3,399	6,612	9,124	10,482	35,149	35,149	35,149	6,163	6,415	6,698
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		103,541	(163,713)	(266,036)	(846,752)	(966,574)	(966,574)	(966,574)	(898,197)	(911,809)	(924,489)
Interest		-	-	-	-	-	-	-	-	-	-
Transfers and Subsidies	1	-	-	-	(5,830)	(0)	(0)	(0)	(3,600)	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		1,074,042	797,989	756,563	268,474	178,400	178,400	178,400	283,836	371,525	440,172
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	46	46	46	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(239,054)	(194,919)	(222,994)	(308,529)	(251,427)	(251,427)	(251,427)	(273,623)	(296,757)	(320,225)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(239,054)	(194,919)	(222,994)	(308,529)	(251,381)	(251,381)	(251,381)	(273,623)	(296,757)	(320,225)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		(406)	(143)	1,467	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		(406)	(143)	1,467	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		834,581	602,927	535,036	(40,055)	(72,980)	(72,980)	(72,980)	10,213	74,769	119,946
Cash/cash equivalents at the year begin:	2	45,858	14,370	13,689	(67,302)	5,715	5,715	5,715	(142,052)	(131,839)	(57,070)
Cash/cash equivalents at the year end:	2	880,439	617,297	548,725	(107,356)	(67,265)	(67,265)	(67,265)	(131,839)	(57,070)	62,876

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

- Table A7 details the cash flow of the municipality and is one of the plays a pivotal role in measuring the funding of the budget.
- It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.
- the applied collection rate of 40% is maintained throughout the year and 45% in the outer years. As well as the cost containment measures are applied effectively as detailed in the recovery plan.
- Interest payment is combined with suppliers and employees

- The opening balance used is that of the treasury calculations from the tabb workings
- The municipality cannot pay old debt and has factored in its current budget payment plans for creditors until it has some reserves which we anticipate after the first year.

The following strategies will be implemented to improve the collection of revenue

- All operating expenditure budgeted on table A4 has been budgeted to be settled in 2025/26.
- The municipality has begun with the process of data cleansing
- The municipality has begun the process of rolling out prepaid meters to households
- The municipality has made arrangements with all employees that are in arrears with the municipality
- The municipality has been disconnecting non-paying customers, the focus area being on businesses.
- The municipality has offered incentives to encourage consumers to pay their old debt.
- The municipality is trying to build its reserves, so it can pay off its creditors.

Table 25.1 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

DC23 Uthukela - Table A8 Cash backed reserves/accumulated surplus reconciliation

2025 Outlook - Table A6: 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		
R thousand			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
Cash and investments available												
Cash/cash equivalents at the year end		1	880,439	617,297	548,725	(107,356)	(67,265)	(67,265)	(67,265)	(131,839)	(57,070)	62,876
Other current investments > 90 days			(866,070)	(603,608)	(542,915)	-	(46)	(46)	186,715	-	-	-
Non current Investments		1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:			14,370	13,689	5,810	(107,356)	(67,312)	(67,312)	119,450	(131,839)	(57,070)	62,876
Application of cash and investments												
Unspent conditional transfers			12,978	11,211	(2,425)	10,431	2,883	2,883	104,409	2,784	2,784	2,784
Unspent borrowing			-	-	-	-	-	-	-	-	-	-
Statutory requirements		2	19,336	32,869	70,428	26,117	44,169	44,169	(103,802)	54,109	54,109	54,109
Other working capital requirements		3	466,633	502,264	660,060	443,118	617,685	617,685	390,865	601,086	581,202	565,568
Other provisions			30,515	41,922	35,252	50,117	36,722	36,722	(35,237)	42,192	42,192	42,192
Long term investments committed		4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments		5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:			529,463	588,265	763,315	529,782	701,459	701,459	356,235	700,171	680,287	664,654
Surplus(shortfall) - Excluding Non-Current Creditors Trf to Debt Relief Benefits			(515,093)	(574,577)	(757,505)	(637,139)	(768,770)	(768,770)	(236,784)	(832,010)	(737,357)	(601,777)
Creditors transferred to Debt Relief - Non-Current portion			-	-	-	-	-	-	-	-	-	-
Surplus(shortfall) - Including Non-Current Creditors Trf to Debt Relief Benefits			(515,093)	(574,577)	(757,505)	(637,139)	(768,770)	(768,770)	(236,784)	(832,010)	(737,357)	(601,777)

Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
4. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded.

Table 25.2 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

DC23 Uthukela - Table A8 Cash backed reserves/accumulated surplus reconciliation

2025 Outlook – Table A5 Cash Backed Reserves accumulated surplus recommendation											
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	880,439	617,297	548,725	(107,356)	(67,265)	(67,265)	(67,265)	(131,839)	(57,070)	62,876
Other current investments > 90 days		(866,070)	(603,608)	(542,915)	-	(46)	(46)	186,715	-	-	-
Non current Investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		14,370	13,689	5,810	(107,356)	(67,312)	(67,312)	119,450	(131,839)	(57,070)	62,876
Application of cash and investments											
Unspent conditional transfers		12,978	11,211	(2,425)	10,431	2,883	2,883	104,409	2,784	2,784	2,784
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	19,336	32,869	70,428	26,117	44,169	44,169	(103,802)	54,109	54,109	54,109
Other working capital requirements	3	466,633	502,264	660,060	443,118	617,685	617,685	390,865	601,086	581,202	565,568
Other provisions		30,515	41,922	35,252	50,117	36,722	36,722	(35,237)	42,192	42,192	42,192
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		529,463	588,265	763,315	529,782	701,459	701,459	356,235	700,171	680,287	664,654
Surplus(shortfall) - Excluding Non-Current Creditors Trf to Debt Relief Benefits		(515,093)	(574,577)	(757,505)	(637,139)	(768,770)	(768,770)	(236,784)	(832,010)	(737,357)	(601,777)
Creditors transferred to Debt Relief - Non-Current portion		-	-	-	-	-	-	-	-	-	-
Surplus(shortfall) - Including Non-Current Creditors Trf to Debt Relief Benefits		(515,093)	(574,577)	(757,505)	(637,139)	(768,770)	(768,770)	(236,784)	(832,010)	(737,357)	(601,777)

- From the table for the period 2025/26 financial year the budget will be unfunded by R832 million. The municipality has also compiled a budget funding plan, which identifies the major costs drivers and the areas of possible cost containment. the detailed funding plan consists of strategies that municipalities will employ as measures of cost containment and the financial benefits thereon. The plan adopted will cover a 7-year financial span, however improvements in the financial position of the municipality can be noted within before that period.
- It must also be noted that the municipality has enforced measures to encourage employees to utilise leave days earned. This will also have a positive impact on the employee benefit obligation provision.

UTHUKELA DISTRICT MUNICIPALITY ADOPTED BUDGET 2025/2026

Table 26 MBRR -Table A9 Asset Management

ASchedule attachment

Explanatory notes to Table A9 - Asset Management

ASSET REGISTER SUMMARY - PPE (WDV)	5	2,361,815	2,414,822	2,349,109	2,590,045	3,401,985	3,401,985	3,505,186	3,610,538	3,713,080
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		(47,450)	(118,072)	(188,293)	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		2,501,192	2,635,451	2,654,540	58,752	23,648	23,648	100,544	203,903	308,738
Sanitation Infrastructure		(124,545)	(135,141)	(144,559)	48,071	44,881	44,881	52,520	121,993	201,018
Solid Waste Infrastructure		(14,012)	(9,331)	(9,331)	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		2,315,186	2,372,907	2,312,357	106,823	68,529	68,529	153,063	325,895	509,756
Community Assets		-	-	-	2,382,877	3,245,412	3,245,412	3,354,438	3,289,715	3,211,298
Heritage Assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other Assets		29,477	28,191	26,901	80,912	87,169	87,169	(1,356)	(2,773)	(4,226)
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		5,199	5,181	5,163	-	392	392	408	425	442
Computer Equipment		(5,386)	(5,668)	(5,791)	517	560	560	(617)	(97)	412
Furniture and Office Equipment		(2,924)	(2,941)	(3,325)	12,035	1,512	1,512	1,626	2,236	2,836
Machinery and Equipment		91,669	90,010	91,175	15,000	-	-	-	-	-
Transport Assets		(71,407)	(72,858)	(77,371)	(8,119)	(1,587)	(1,587)	(2,377)	(4,863)	(7,438)
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	2,361,815	2,414,822	2,349,109	2,590,045	3,401,985	3,401,985	3,505,186	3,610,538	3,713,080
EXPENDITURE OTHER ITEMS		133,896	146,480	190,852	174,288	162,555	162,555	138,303	142,393	146,600
Depreciation	7	74,665	83,923	85,704	73,910	84,528	84,528	83,303	86,718	90,534
Repairs and Maintenance by Asset Class	3	59,231	62,556	105,148	100,378	78,027	78,027	55,000	55,675	56,067
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	41	12	20,000	4,056	4,056	1,000	1,000	1,000
Water Supply Infrastructure		50,260	62,515	105,136	80,378	73,651	73,651	54,000	54,675	55,067
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		50,260	62,556	105,148	100,378	77,707	77,707	55,000	55,675	56,067
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	320	320	-	-	-
Machinery and Equipment		8,971	-	-	-	-	-	-	-	-
Transport Assets		0	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		133,896	146,480	190,852	174,288	162,555	162,555	138,303	142,393	146,600

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. The Municipality has committed to the renewal and repairs and maintenance of existing capital assets. The cost saving that will be gained from maintaining existing assets will have employed in future capital projects

PART 2 – SUPPORTING DOCUMENTATION

2.1. OVERVIEW OF THE BUDGET PROCESS

Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the budget. In addition, Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee consists of the Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the MMC for Finance.

The primary aim of the Budget Steering Committee is to ensure:

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

2.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in July 2024) a time schedule that sets out the process to revise the IDP and prepare the budget.

The Mayor tabled in Council the required the IDP and budget time schedule in August 2024, Key dates applicable to the process were as follows:

Table 27 Key dates applicable to the process were as follows:

MONTHS	ACTION/TASK FOR IDP	TIMEFRAME FOR TASK COMPLETION
JULY AND AUGUST 2024	Drafting of the IDP Framework and process plan	12 July 2024
	Alignment of IDP and budget process plans	19 July 2024
	Submission of the draft Framework and Process Plan to COGTA for comments	26 July 2024
	Advertisement of the IDP Framework and process plan	31 July 2024
	Adoption of IDP Framework and Process Plan by full council	30 August 2024
	Planning Indaba	30 August 2024
SEPTEMBER 2024	Submission of the adopted IDP Framework and Process plan to COGTA	04 September 2024
	Identify outstanding Sector Plans	19 September 2024
	Integrate sector plans.	19 September 2024
	IDP input into provincial adjustment budgets	27 September 2024
	Provincial planners Forum	30 September 2024
OCTOBER 2024	Provide inputs in the review of the Spatial Development Framework	04 October 2024
	Projects identifications and prioritization	11 October 2024
	Develop KPI's targets, timeframes etc. where impacted upon by reprioritization	18 October 2024
	Align with draft budget estimates	25 October 2024
NOVEMBER 2024	World Planning Day	01 November 2024
	Municipal alignment session	08 November 2024
	Alignment meeting between DM & Province to revised 3-year MTEF	13 November 2024
	Alignment meeting with family of municipalities	21 November 2024
	SDF Alignment between the bordering district municipalities	22 November 2024
DECEMBER 2024	IDP best practice conference	04 December 2024
JANUARY 2025	IDP Supporting Structure Committee Meeting	17 January 2025

UTHUKELA DISTRICT MUNICIPALITY ADOPTED BUDGET 2025/2026

FEBRUARY 2025	IDP steering committee and strategic planning session to: - Review Municipal Vision and Mission - Develop Objectives and Strategies	6&7 February 2025
	Meeting COGTA and municipalities on IDP assessment	13 February 2025
	Updating of municipal CIP and MTEF based on Draft DORA allocations	12 February 2025
	IDP Coordinating committee meeting (IDP Managers)	19 February 2025
	IDP Representative Forum	21 February 2025
	IDP Road Shows	26-28 February 2025
MARCH 2025	EXCO approval of the Draft, recommend to Council	20 March 2025
	Council Approval of the Draft IDP 2025/2026	25 March 2025
	Submission of the Draft 2025/2026 IDP to COGTA	
		28 March 2025
APRIL 2025	Decentralized IDP assessment forums	10 April 2025
	Advertise for public comments(21days)	11 April 2025
	IDP/Budget Road shows	22-25 April 2025
MAY 2025	IDP Assessment Feedback Session	06 May 2025
	Amend IDP in accordance with the outcome of the assessment	13 May 2025
	EXCO recommend to Council	15 May 2025
	Council approval of the final 2025/2026 IDP	
		29 May 2025
JUNE 2025	Submission of the adopted IDP to the MEC	03 June 2025
	Advertise the Adopted IDP in the local newspaper	10 June 2025

2.2 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP

2.2.1 ROLE PLAYERS

- **National Linkages**

The national sphere should at least provide a framework for the preparation of the sectoral Plans, and where possible funding be accessed. This will contribute to the creation of a normative framework and consistency between municipalities.

The national sphere should also co-ordinate and prioritizes programmes and budgets between sectors and the national sphere in line with the framework.

- **Provincial Level**

As with the National Government, Provincial Government district programmes also need to be coordinated and aligned. should prepare sectoral guidelines and funding analysis (Business Plans) for the preparation of these plans. The preparation of the sectoral Plans and programmes and

2.2.2 KEY STAGES OF ALIGNMENT BETWEEN UTHUKELA DISTRICT MUNICIPALITY AND ITS FAMILY OF MUNICIPALITIES

Alignment meetings will take place on a quarterly basis through the IDP Supporting structure Committee that is formed by the IDP Managers of all Local Municipalities, representative from COGTA and is chaired by the District IDP Manager. It ensures that the IDP process is carried out in a holistic manner, interaction between the district and locals is essential as well as the alignment Should a need arise for more of these meetings, local municipalities and the district municipality will have to come to consensus on suitable dates.

2.2.3 PARTICIPATING LOCAL MUNICIPALITIES

The uThukela district municipality consists of three local municipalities, which are:

- Alfred Duma Local Municipality
- Inkosi Langalibalele Local Municipality
- Okhahlamba Local Municipality

The DRAFT IDP Framework and Process Plan have been circulated to all local municipalities and COGTA for their inputs before its adoption.

2.2.4 MONITORING OF THE PROCESS PLAN

Alignment is the instrument that synthesis and integrates the top-down and the bottom-up planning process between different spheres of government. Not only alignment between the district and the local municipalities is important, but also between the local municipalities within the jurisdiction of the district municipality. The alignment procedures and mechanisms should be incorporated in the process plans of the local municipalities, while the responsibility for alignment rests with the district municipality.

In order to facilitate the above, frequent IDP alignment meetings will be rotational in all local municipalities, chaired and convened by the district. The secretariat function will be performed by the hosting municipality and verified by the district IDP Manager before its circulation to all members of the family. Coordination meetings have been scheduled as well as alignment workshops as stipulated in the Activity programme.

IDP Manager is required to submit a written report at each meeting, indicating progress and deviations from the Framework and Process plan, as well as the recommended action to address the deviation. The members at the meeting will assess the deviation and recommend necessary amendments to the Process Plan to the individual Steering Committees, which will decide as to whether the matter needs to be endorsed by the Executive Committee of the relevant Municipality.

2.2.5 PROCEDURES FOR DEVIATION

In terms of the Municipal Systems Act of 2000, the district and local municipalities must determine procedures to effect amendments to the Framework Plan. In order to amend the Framework Plan, amendments should be tabled at the IDP Supporting structure Committee meeting. The Committee will evaluate the changes and recommend such amendments to the individual Steering Committees. The IDP Steering Committee may recommend that changes be presented to Council in order to formally amend the Framework Plan

The national and provincial priorities, policies and strategies of importance include amongst others:

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National Spatial Development Perspective (NSDP) and
- The National Priority Outcomes.

The Constitution requires local government to relate its management, budgeting and planning functions to its objectives. This gives a clear indication of the intended purposes of municipal integrated development planning. Legislation stipulates clearly that a municipality must not only give effect to its IDP but must also conduct its affairs in a manner which is consistent with its IDP.

Table 28.1 IDP Goals Objectives and Strategies

Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

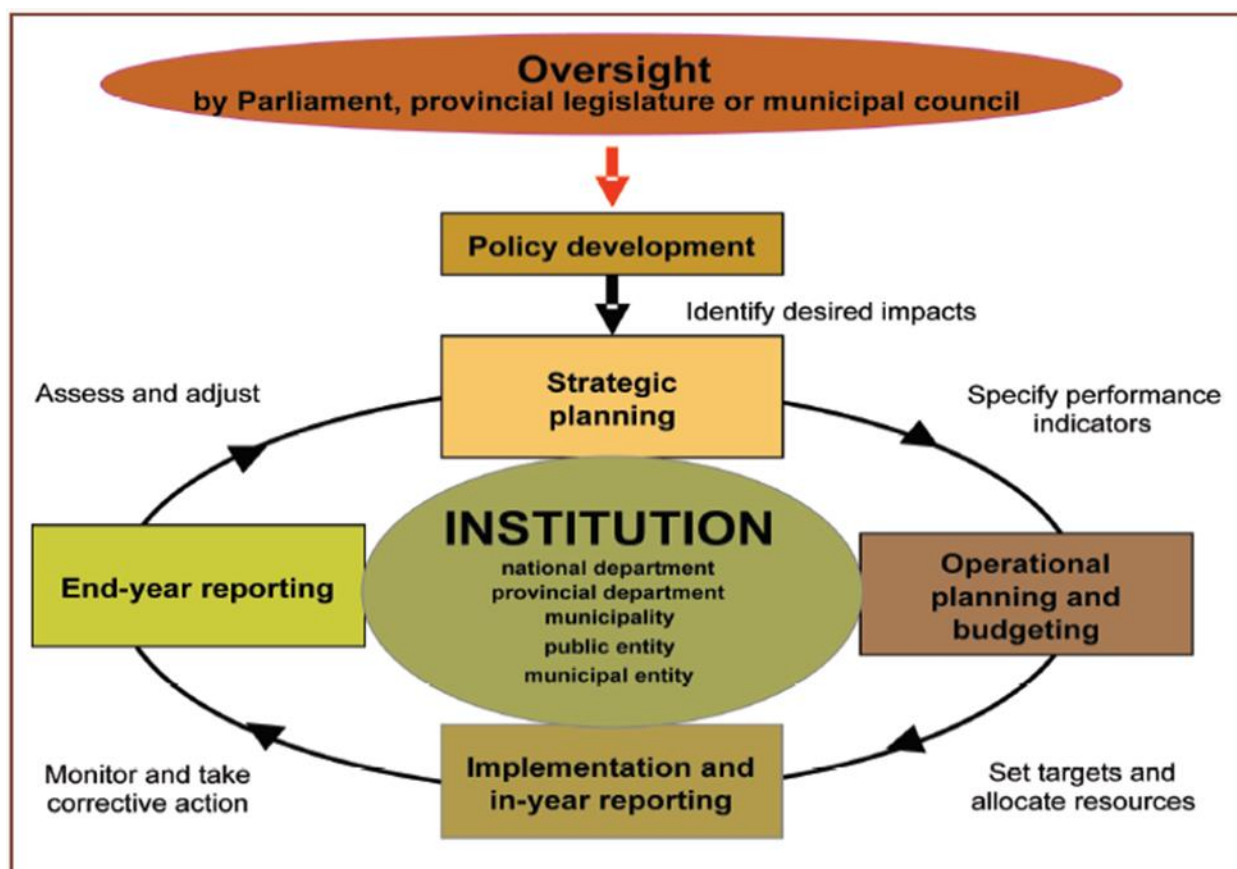
Schedule attachment

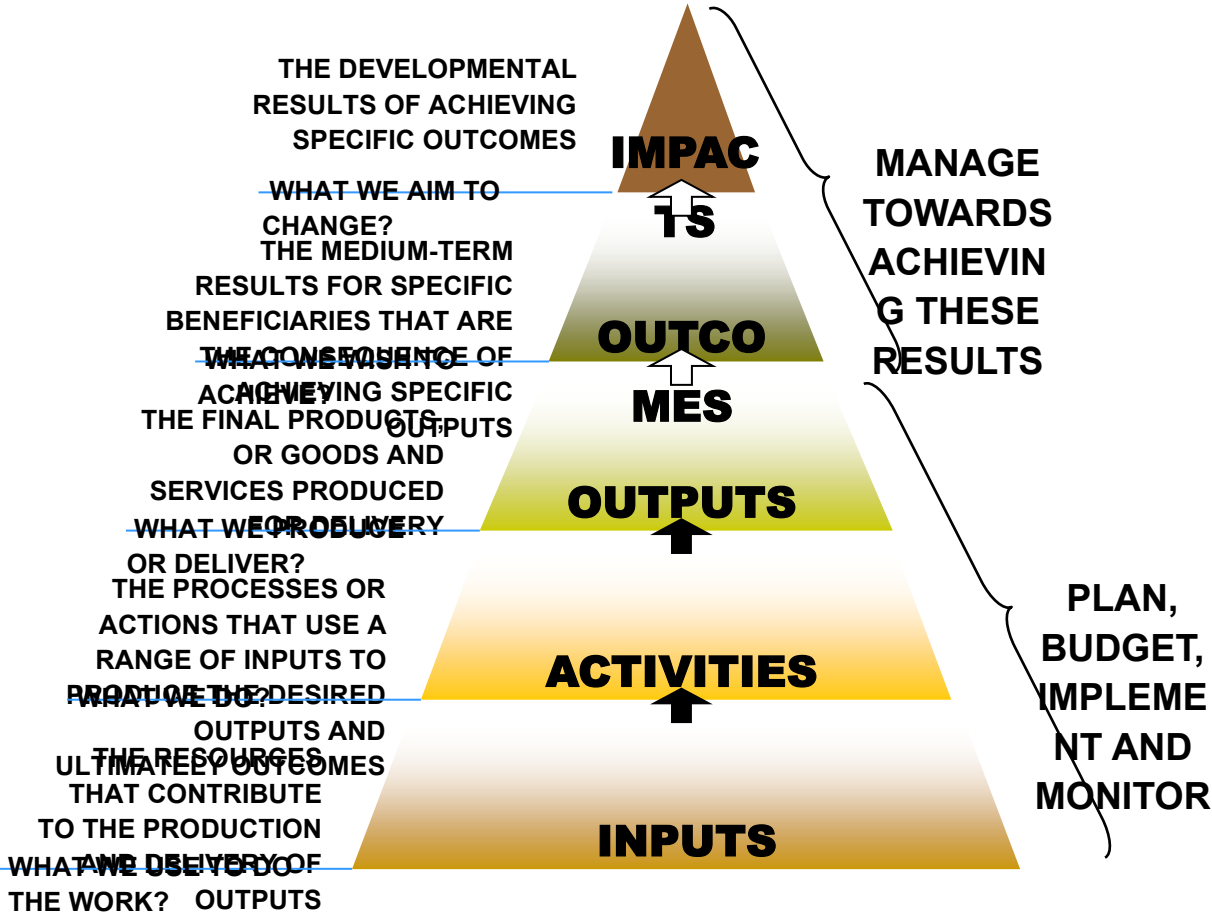
Table 28.2 IDP Goals Objectives and Strategies

Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Schedule attachment

The 2025/26 MTREF has therefore been directly informed by the IDP revision process, and the above tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.





2.3 OVERVIEW OF BUDGET RELATED POLICIES

2.3.1. Budget Policy

The objective of this policy is to set out the budgeting principles which the Municipality will follow in preparing each annual budget, as well as the responsibilities of the Chief Financial Officer in compiling such budget.

2.3.2 Credit Control and Debt Collection Policy

- The Council of the municipality, in adopting this policy on credit control and debt collection, recognises its constitutional obligations to develop the local economy and to provide acceptable services to its residents. It simultaneously acknowledges that it cannot fulfil these constitutional obligations unless it exacts payment for the services which it provides and for the taxes which it legitimately levies – in full of those residents who can afford to pay, and in accordance with its indigency relief measures for those who have registered as indigents in terms of the Council's approved indigent management policy.

2.3.3 Indigent Support Policy

- Indigents, whose level of income is less than the amount determined by Council as qualifying for indigent support, may apply in writing to the Council for such support.
- Owners or occupiers who apply for such support shall be required to apply annually, in writing, for such support on the prescribed form.
- Only registered residential consumers of services delivered by Municipality qualify for support.
- o consumer conducting a business on a residential property, with or without special consent from the Council, shall qualify for assistance.
- Support in terms of this policy only be provided to owners or residents who occupy the premises.
- Applications for support must be made during March of each year and will apply from the first of the month following the month application and will continue for 12 months. Should further support be required a new application must be lodged.

2.3.4 Supply Chain Management Policy

The principal objective of the policy is to provide, promote and implement, theoretical guidelines, governing processes and procedures within the supply chain management when

- 1) Procuring goods or services.
- 2) Disposal of goods, assets and immovable property no longer needed.
- 3) Selecting contractors to aid in the provision of municipal services other than that where Chapter 8 of the Municipal Systems Act applies.

2.3.5. Virements Policy

This policy applies only to transfers between line items within votes of the Municipality's operating budget.

Section 28(2) (d) read together with section 69 of the MFMA provides that *"An adjustments budget...may authorise the utilisation of projected savings in one vote towards spending in another vote."* Transfers between votes may therefore be authorised only by the Council of the Municipality.

For ease of reference, the definition of "vote" as contained in Section 1 of the MFMA is set out hereunder:

"Vote means –

- (a) one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and*
- (b) Which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.*

This policy shall not apply to transfers between or from capital projects or items and no such transfers may be performed under this policy.

Any deviation from or adjustment to an annual budget or transfer within a budget which is not specifically permitted under this policy, or any other policy may not be performed unless approved by the Council through an adjustment budget.

2.3.6. Tariff Policy

In terms of Section 62 (1) of the Municipal Finance Management Act (MFMA) the Accounting Officer of a Municipality is responsible for managing the financial administration of the municipality and, in terms of S62 (1) (f), must for this purpose take all reasonable steps to ensure – "that the municipality has and implements a tariff policy referred to in Section 74 of the Municipal Systems Act" (MSA).

In giving effect to S74 (1) of the Municipal Systems Act, the municipality adopts this policy as the as the framework for determining tariffs.

2.3.7. Petty Cash Policy

The objectives of the policy are to:

- 2.3.7.1 Ensure goods and services are procured by the municipality in accordance authorized processes only.
- 2.3.7.2 Ensure that the municipality has and maintains an effective petty cash system Expenditure control.
- 2.3.7.3 Ensure that sufficient petty cash is available when required
- 2.3.7.4 Ensure that the items required to be procured are approved petty cash items.

All policies highlighted above have been attached to the budget for further reference. The comprehensive list of policies approved is as follows:

*Budget policy
Credit control policy
Bad debt & write off policy
Budget funding and reserves policy
Cash management and investment policy
Contract management policy
Supplier performance monitoring policy
Expenditure management policy
Inventory policy
Cost containment policy
Virements policy
SCM policy
Petty cash policy
Assets Management policy
Indigent Policy
HR policy
Overtime and standby policy*

2.4 OVERVIEW OF BUDGET ASSUMPTIONS

- The 2025/26 budget assumes the following:
 - CPI inflation rate forecast 4.1% for 2025/26 and 4.1% and 4.4% respectively for the outer two years.
 - Tariffs have been increased by 13% household consumers however the increase in industrial tariffs is 13%. With further engagements to be had with the business chamber to discuss the removal of the bottom tariff of the declining tariff scale. Business and government tariffs have been increased by
 - Collection rate estimated at 40% of service charges.
 - Employee related costs will increase by 5.1%
 - The municipality has budget to settle at 100% all expenditure incurred in the current year.
 - The asset maintenance plan will be reviewed, considering available budget and phased in accordingly
 - A total commitment to the strategies adopted in the budget funding plan from the identified budget vote administrators, with measurable objective.

2.5 OVERVIEW OF BUDGET FUNDING

2.5.1 Medium-term outlook: operating revenue

Table 29 Breakdown of the operating revenue over the medium-term

Description	Audited 2023/2024	Funding Plan 2024/2025	Original 2025/2026	Year 1 2026/2027	Year 2 2027/2028
R thousand					
Revenue					
Exchange Revenue					
Service charges - Electricity					
Service charges - Water	269 456 000,00	272 709 995,00	- 308 162 294,35	- 348 223 392,62	- 393 492 433,66
Service charges - Waste Water Management	17 907 693,00	19 132 476,00	- 21 643 116,00	- 24 456 721,08	- 27 636 094,82
Service charges - Waste Management					
Sale of Goods and Rendering of Services	133 300,00	492 817,00	- 553 890,37	- 576 599,87	- 601 970,27
Agency services					
Interest					
Interest earned from Receivables	62 379 178,00	69 486 891,00	- 74 156 676,00	- 77 197 099,72	- 80 593 772,10
Interest earned from Current and Non Current Assets	11 078 696,00	7 007 029,00	- 6 162 720,00	- 6 415 391,52	- 6 697 668,75
Dividends					
Rent on Land					
Rental from Fixed Assets					
Licence and permits					
Operational Revenue	979 920,00	2 934 005,00	- 1 068 721,83	- 1 112 539,43	- 1 161 491,16
Non-Exchange Revenue					
Property rates					
Surcharges and Taxes					
Fines, penalties and forfeits	41 700,00	626 485,00	- 510 784,00	- 531 726,14	- 555 122,09
Licences or permits					
Transfer and subsidies - Operational	583 832 782,00	632 191 763,00	- 665 134 560,19	- 695 840 000,00	-727317000
Interest					
Fuel Levy					
Operational Revenue					
Gains on disposal of Assets	5 831 893,00				
Other Gains					
Discontinued Operations					
Total Revenue (excluding capital transfers and contributions)	951 641 162,00	1 004 581 461,00	- 1 077 392 762,73	- 1 154 353 470,37	- 1 238 055 552,84

Figure 2 Breakdown of operating revenue over the 2025/26 MTREF

The following graph is a breakdown of the operational revenue per main category for the 2025/26 financial year.

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives 27% of its operational revenue from the provision of and services such as water and sanitation.

The above graph demonstrates that the major part of the municipality revenue is derived from operating grants making up more than 60% of the revenue basket.

The revenue enhancement strategy is a function of key components such as:

- Growth in the municipality and economic development
- Revenue management and enhancement
- Achievement of a 60% and above annual collection rate for consumer revenue
- National Treasury guidelines
- Water tariff increases by DWA and Eskom
- Achievement of full cost recovery of specific user charges
- Determining tariff escalation rate by establishing/calculating revenue requirements
- And the ability to extend new services and obtain cost recovery levels

The above principles guide the annual increase in the tariffs charged to the consumers and are aligned to the economic forecasts.

Table 30 MBRR SA15 – Detail Investment particulars by maturity

All grant monies to be ring fenced in investment accounts, which will generate interest for the municipality. The municipality won't have any investments as at year end as at SA15.

Table 31– Collection Rate

CONSUMER DEBTORS - PAYMENTS VS BILLING AS AT 31 March 2025				
MONTH	BILLING	MONTHS	RECIEPTS	RECOVERY RATE %
June 2024	35 297 566,92	July 2024	9 454 483,35	26,79%
July 2024	28 855 142,74	Aug 2024	12 880 102,19	44,64%
August 2024	30 683 291,09	September 2024	10 624 899,94	34,63%
September 2024	27 208 969,97	October 2024	14 734 306,68	54,15%
October 2024	28 513 577,62	November 2024	15 905 218,44	55,78%
November 2024	29 244 759,07	December 2024	9 633 647,30	32,94%
December 2024	24 387 248,49	January 2025	10 255 430,70	42,05%
January 2025	32 989 615,91	February 2025	11 336 376,18	34,36%
February 2025	27 969 087,37	March 2025	11 268 398,86	40,29%
TOTAL	265 149 259,18		106 092 863,64	40%

The applicable collection rate for this budget is 40% which is supported by the current year billing and collections.

2.5.2 Capital revenue

The capital expenditure budget will be funded from the infrastructure grants to the value of R319 million.

Table 32 – Capital Grants

UTHUKELA DISTRICT MUNICIPALITY ADOPTED BUDGET 2025/2026

CONDITIONAL GRANTS -CAPITAL				
	2024/2025	2025/2026	2026/2027	2027/2028
GRANT NAME	(R'000)	(R'000)	(R'000)	(R'000)
Municipal Infrastructure Grant	189 429	219 159	238 970	250 459
Water Services Infrastructure Grant	100 000	100 000	100 000	115 500
Total	289 429	319 159	338 970	365 959

DC23 Uthukela - Supporting Table SA18 Transfers and grant receipts

Description	###	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		484,959	539,854	579,239	620,501	624,955	616,399	665,135	695,840	727,317
Expanded Public Works Programme Integrated Grant		—	—	—	1,685	1,685	557	2,093	—	—
Local Government Financial Management Grant		(197)	(58)	—	2,000	1,954	1,097	2,000	2,200	2,300
Municipal Infrastructure Grant		—	—	—	—	4,500	—	7,368	—	—
Rural Road Asset Management Systems Grant		—	—	—	2,792	2,792	721	2,918	3,052	3,188
Equitable Share		485,156	539,912	579,239	614,024	614,024	614,024	650,756	690,588	721,829
Provincial Government:		(102)	(95)	—	—	—	—	—	—	—
Specify (Add grant description)		(102)	(95)	—	—	—	—	—	—	—
District Municipality:		—	—	—	—	—	—	—	—	—
Other grant providers:		—	—	—	—	—	—	—	—	—
Total Operating Transfers and Grants	5	484,857	539,759	579,239	620,501	624,955	616,399	665,135	695,840	727,317
Capital Transfers and Grants										
National Government:		95,000	88,790	(13,540)	291,529	286,073	104,101	311,791	338,970	365,959
Rural Road Asset Management Systems Grant		(0)	—	99	—	—	—	—	—	—
Municipal Disaster Relief Grant		—	—	—	—	6,900	6,900	—	—	—
Municipal Infrastructure Grant		—	7,990	(7,990)	191,529	179,173	54,690	211,791	238,970	250,459
Water Services Infrastructure Grant		95,000	80,800	(5,648)	100,000	100,000	42,511	100,000	100,000	115,500
Provincial Government:		—	—	—	—	—	—	—	—	—
District Municipality:		—	—	—	—	—	—	—	—	—
Other grant providers:		—	—	(27)	—	—	359	—	—	—
Education, Training and Development Practices SETA		—	—	(27)	—	—	359	—	—	—
Total Capital Transfers and Grants	5	95,000	88,790	(13,566)	291,529	286,073	104,459	311,791	338,970	365,959
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	579,857	628,549	565,673	912,030	911,028	720,858	976,926	1,034,810	1,093,276

Service Level Standards

Province: DC23 - Schedule of Service Delivery Standards Table 2026	
Description	
Standard	Service Level
Solid Waste Removal	
Premise based removal (Residential Frequency)	N/A
Premise based removal (Business Frequency)	N/A
Bulk Removal (Frequency)	N/A
Removal Bags provided (Yes/No)	N/A
Garden refuse removal Included (Yes/No)	N/A
Street Cleaning Frequency in CBD	N/A
Street Cleaning Frequency in areas excluding CBD	N/A

How soon are public areas cleaned after events (24hours/48hours/longer)	N/A
Clearing of illegal dumping (24hours/48hours/longer)	N/A
Recycling or environmentally friendly practices (Yes/No)	N/A
Licenced landfill site (Yes/No)	N/A
Water Service	
Water Quality rating (Blue/Green/Brown/N0 drop)	
Is free water available to all? (All/only to the indigent consumers)	Indigents only
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)	three months
On average for how long does the municipality use estimates before reverting to actual readings? (months)	4 months
<i>Duration (hours) before availability of water is restored in cases of service interruption (complete the sub questions)</i>	
One service connection affected (number of hours)	3 Hours
Up to 5 service connection affected (number of hours)	8 Hours
Up to 20 service connection affected (number of hours)	day
Feeder pipe larger than 800mm (number of hours)	4 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)	Yes
How long does it take to replace faulty water meters? (days)	2 days
Do you have a cathodic protection system in place that is operational at this stage? (Yes/No)	Yes
Electricity Service	
What is your electricity availability percentage on average per month?	N/A
Do your municipality have a ripple control in place that is operational? (Yes/No)	N/A
How much do you estimate is the cost saving in utilizing the ripple control system?	N/A
What is the frequency of meters being read? (per month, per year)	N/A
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 to actual readings? (months)	N/A
Duration before availability of electricity is restored in cases of breakages (immediately/one day/two days/longer)	N/A
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)	N/A
How long does the municipality takes to provide electricity service where existing infrastructure can be used? (working days)	N/A
How long does the municipality takes to provide electricity service for low voltage users where network extension is not required? (working days)	N/A
How long does the municipality takes to provide electricity service for high voltage users where network extension is not required? (working days)	N/A
Sewerage Service	
Are your purification system effective enough to put water back into the system after purification?	Yes
To what extend do you subsidize your indigent consumers?	Yes
<i>How long does it take to restore sewerage breakages on average</i>	
Severe overflow? (hours)	2 Hours
Sewer blocked pipes: large pipes? (Hours)	2 Hours
Sewer blocked pipes: small pipes? (Hours)	2 Hours
Spillage clean-up? (hours)	2 Hours
Replacement of manhole covers. (Hours)	3 Hours
Road Infrastructure Services	
Time taken to repair a single pothole on a major road? (Hours)	N/A
Time taken to repair a single pothole on a minor road. (Hours)	N/A
Time taken to repair a road following an open trench service crossing? (Hours)	N/A
Time taken to repair walkways? (Hours)	N/A
Property valuations	
How long does it take on average from completion to the first account being issued? (one month/three months or longer)	N /A
Do you have any special rating properties? (Yes/No)	N /A
Financial Management	
Is there any change in the situation of unauthorised and wasteful expenditure over time? (Decrease/Increase)	Decrease
Are the financial statement outsourced? (Yes/No)	No
Are there Council adopted business process structuring the flow and management of documentation feeding to Trial Balance?	Yes
How long does it take for an Tax/Invoice to be paid from the date it has been received?	within 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
Administration	
Reaction time on enquiries and requests?	
Time to respond to a verbal customer enquiry or request?	Immediately
Time to respond to a written customer enquiry or request?	2 Days
Time to resolve a customer enquiry or request?	24 Hours
What percentage of calls are not answered?	N/A
How long does it take to respond to voice mails?	N/A
Does the municipality have control over locked enquiries?	No
Is there a reduction in the number of complaints or not?	Yes
How long does it take to open an account to a new customer? (	Less than 20 minutes
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?	Once Every Month
Community safety and licensing services	
How long does it take to register a vehicle? (minutes)	N/A
How long does it take to renew a vehicle license? (minutes)	N/A
How long does it take to issue a duplicate registration certificate vehicle? (minutes)	N/A
How long does it take to de-register a vehicle? (minutes)	N/A
How long does it take to renew a drivers license? (minutes)	N/A
What is the average reaction time of the fire service to an incident? (minutes)	N/A
What is the average reaction time of the ambulance service to an incident in the urban area? (minutes)	N/A
What is the average reaction time of the ambulance service to an incident in the rural area? (minutes)	N/A
Economic development	
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)	Yes

Other Service delivery and communication	
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

2.6. LEGISLATION COMPLIANCE STATUS

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

1. In- year reporting

Section S71 Reporting to National Treasury in electronic format was fully complied with on a monthly.

2. Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed 7 interns that have undergone training in various divisions of the Budget and Treasury 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. Budget Steering Committee

A Budget Steering Committee has been established and is fully functional

6. Service Delivery and Implementation Plan

The detailed DRAFT SDBIP document will be compiled and submitted to the relevant departments after approval of the 2025/26MTREF and will be directly aligned and informed by the 2025/26 MTREF.

7. Annual Report

Annual report is compiled in terms of the MFMA and National Treasury requirements.

8. Policies

Budget related policies are reviewed on an annual basis.

9. MScoa compliance

The municipality is Mscoa compliant, an Mscoa committee has been established as well as an implementation plan put in place. Mscoa risks are reviewed

2.8 MUNICIPAL MANAGERS QUALITY CERTIFICATE



I **Langelihle Jili** Municipal Manager of UThukela District Municipality, hereby certify that this annual budget for 2025/26 and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under this Act.

Print Name **LANGELIHLE JILI**
Municipal Manager

Signature _____

Date **30 May 2025**