

**UTHUKELA**

**UMKHANDLU WESIFUNDA  
DISTRIKSMUNISIPALITEIT  
DISTRICT MUNICIPALITY**

**2026/27 – 2028/29  
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 2026/27 DRAFT 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 tabled draft 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 2026/27 financial year from R2 million to R2.1 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.

#### **INFRASTRUCTURE DEVELOPMENT**

The total capital grant allocations for 2026/27 financial year is R222 million which is MIG funding. 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 in order 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 consultants deployed by the National Treasury in the revenue section are actively assisting with debt collection. We are anticipating an improvement in our collection rate.

#### **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 in light of 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.

## OVERVIEW OF 2026/2027 DRAFT BUDGET

	2026/2027	2027/2028	2028/2029
Total revenue	1 126 114 690.33	1 234 767 958.49	1 340 824 116.57
Total expenditure	1 081 225 147.00	1 101 083 041.44	1 119 799 973.00
Surplus/deficit	44 889 543.33	133 684 917.04	221 024 143.57

## 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 27 March 2026 the Council of UThukela District Local Municipality met to consider the draft annual budget of the municipality for the financial year 2026/27. 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 DRAFT budget of the municipality for the financial year 2026/27 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 2026/2027 draft 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.132 and 134 2026 was used to guide the compilation of the 2026/2027 draft Budget and MTREF.

The main challenges experienced during the compilation of the 2026/27 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
- Municipalities cashflow

Fiscal year	2025/2026	2026/2027	2027/2028	2028/2029
	Estimate	Forecast	Forecast	Forecast
CPI	3.20%	3.40%	3.30%	3.20%

In view of the, the following table is a consolidated overview of the proposed 2026/27 Medium-term Revenue and Expenditure Framework:

**Table 1 Consolidated Overview of the 2026/27 MTREF**

	2026/2027	2027/2028	2028/2029
Total revenue	1 126 114 690.33	1 234 767 958.49	1 340 824 116.57
Total expenditure	1 081 225 147.00	1 101 083 041.44	1 119 799 973.00
Surplus/deficit	44 889 543.33	133 684 917.04	221 024 143.57

	2026/2027	2027/2028	2028/2029
Total revenue	1 104 898 703.33	1 177 968 356.49	1 238 254 283.07
Total expenditure	1 081 225 794.45	1 101 083 041.44	1 119 828 214.57
Surplus/deficit	23 672 908.88	76 885 315.04	118 426 068.51

The second table is based on tariff increase of 10%

### Operating Revenue

Total operating revenue has been increased by an aggregate of 7% for the 2026/27 financial year when compared to the 2025/26 adjustments budget. The increase is due to the general 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. The tariffs are expected to be cost reflective in the third year of the MTREF.

Considering unfunded budget and non-cost reflective tariffs, council has proposed to increase tariffs by 20%. Engagements will be held with all relevant stakeholders.

### Operating Expenditure

Total operating expenditure for the 2026/27 financial year has been appropriated at R1.081 billion which results in the budget having a surplus of R44 million. The CPI of 3.4% 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 4.75% The municipality has duly considered the affordability of an increment, considering our unfunded budget and will be 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. The municipality also had to let go of all contract employees which will also affect the municipality negatively however the salary bill of the municipality is too high.

### **Capital Expenditure.**

R222 million is funding from national Government Grants for water and sanitation capital projects which are core functions of the municipality and a budget of R1 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 must 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;
- 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 2026/27 MTREF  
(classified by main revenue source): Table 2 Summary of revenue classified by  
main revenue source A4**

UTHUKELA DISTRICT MUNICIPALITY DRAFT BUDGET 2026/2027

DC23 Uthukela - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	###	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
R thousand	1										
<b>Revenue</b>											
<b>Exchange Revenue</b>											
Service charges - Electricity	2	-	-	-	-	-	-	-	-	-	-
Service charges - Water	2	213,421	277,686	260,786	308,162	296,601	296,601	186,403	324,072	389,941	469,025
Service charges - Waste Water Management	2	15,970	17,931	19,596	21,643	21,757	21,757	13,945	25,101	30,121	36,145
Service charges - Waste Management	2	-	-	-	-	-	-	-	-	-	-
Sale of Goods and Rendering of Services	2	1,652	838	597	554	2,335	2,335	1,924	573	592	611
Agency services	2	-	-	-	-	-	-	-	-	-	-
Interest											
Interest earned from Receivables	2	50,572	64,276	71,605	74,157	74,157	74,157	48,560	75,317	77,802	80,292
Interest earned from Current and Non Current Assets	2	5,958	8,557	6,613	6,163	5,643	5,643	3,734	5,791	5,983	6,174
Dividends	2	-	-	-	-	-	-	-	-	-	-
Rent on Land	2	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets	2	-	-	-	-	-	-	-	-	-	-
Licence and permits	2	-	-	-	-	-	-	-	-	-	-
Special rating levies	2	-	-	-	-	-	-	-	-	-	-
Construction Contract Revenue	2	-	-	-	-	-	-	-	-	-	-
Development Charges	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	702	276	3,223	1,069	1,333	1,333	1,253	1,378	1,424	1,469
<b>Non-Exchange Revenue</b>											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Surcharges and Taxes	2	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	2	63	125	394	511	465	465	289	422	436	450
Licences or permits	2	-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational	2	545,552	586,406	650,924	665,135	649,030	649,030	639,021	693,461	728,470	746,658
Interest	2	-	-	-	-	-	-	-	-	-	-
Fuel Levy	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	-	-	-	-	-	-	-	-	-	-
Gains on disposal of Fixed and Intangible Assets	2	-	5,832	-	-	-	-	-	-	-	-
Other Gains	2	-	-	-	-	-	-	-	-	-	-
Discontinued Operations			8,000	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>833,890</b>	<b>969,927</b>	<b>1,013,739</b>	<b>1,077,393</b>	<b>1,051,321</b>	<b>1,051,321</b>	<b>895,127</b>	<b>1,126,115</b>	<b>1,234,768</b>	<b>1,340,824</b>
<b>Expenditure</b>											
Employee related costs	2	349,172	361,224	404,820	406,233	406,224	406,224	274,577	415,519	415,519	415,519
Remuneration of councillors	2	6,389	6,154	6,284	6,219	9,746	9,746	7,100	8,409	8,409	8,409
Bulk purchases - electricity	2	-	-	-	-	-	-	-	-	-	-
Inventory consumed	2,8	44,877	97,299	106,642	68,790	58,490	58,490	12,277	69,231	71,238	72,878
Debt impairment	2,3	180,240	237,174	(59,329)	83,782	114,310	114,310	-	93,631	96,721	99,816
Depreciation, amortisation and impairment	2	87,352	86,484	89,413	83,303	91,917	91,917	60,593	93,980	97,081	100,188
Interest, Dividends and Rent on Land	2	8,614	16,352	19,234	6,721	6,721	6,721	110	6,950	7,179	7,409
Contracted services	2	194,098	176,785	247,369	124,962	153,429	153,429	63,326	104,659	106,185	99,738
Transfers and subsidies	2	3,120	3,285	-	3,600	2,000	2,000	1,350	2,000	-	-
Irrecoverable debts written off	2	-	3,124	260,435	83,782	-	-	-	93,631	96,721	99,816
Operational costs	2	222,658	212,504	254,130	187,100	181,869	181,869	45,343	193,216	202,031	216,029
Disposal of Fixed and Intangible Assets	2	1,519	-	2,749	-	-	-	15	-	-	-
Other Losses	2	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>1,098,039</b>	<b>1,200,384</b>	<b>1,331,747</b>	<b>1,054,493</b>	<b>1,024,706</b>	<b>1,024,706</b>	<b>464,690</b>	<b>1,081,225</b>	<b>1,101,083</b>	<b>1,119,800</b>
<b>Surplus/(Deficit)</b>		<b>(264,149)</b>	<b>(230,457)</b>	<b>(318,009)</b>	<b>22,900</b>	<b>26,615</b>	<b>26,615</b>	<b>430,437</b>	<b>44,890</b>	<b>133,685</b>	<b>221,024</b>
Transfers and subsidies - capital (monetary allocations)	6	244,868	291,328	267,242	311,791	355,016	355,016	(47,321)	222,036	247,744	255,914
Transfers and subsidies - capital (in-kind)	6	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(19,280)</b>	<b>60,871</b>	<b>(50,767)</b>	<b>334,691</b>	<b>381,632</b>	<b>381,632</b>	<b>383,116</b>	<b>266,926</b>	<b>381,429</b>	<b>476,938</b>
Income Tax		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after income tax</b>		<b>(19,280)</b>	<b>60,871</b>	<b>(50,767)</b>	<b>334,691</b>	<b>381,632</b>	<b>381,632</b>	<b>383,116</b>	<b>266,926</b>	<b>381,429</b>	<b>476,938</b>
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>(19,280)</b>	<b>60,871</b>	<b>(50,767)</b>	<b>334,691</b>	<b>381,632</b>	<b>381,632</b>	<b>383,116</b>	<b>266,926</b>	<b>381,429</b>	<b>476,938</b>
Share of Surplus/Deficit attributable to Associate	7	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>1</b>	<b>(19,280)</b>	<b>60,871</b>	<b>(50,767)</b>	<b>334,691</b>	<b>381,632</b>	<b>381,632</b>	<b>383,116</b>	<b>266,926</b>	<b>381,429</b>	<b>476,938</b>

- **Service charges**

The municipality used a basis of February year to date actuals and made a forecast to get a projection. A net of total budget less cost of free appears on A4

- **Interest earned outstanding debtors**

The municipality based its projection on February year to date figures and applied a CPI increase of 3.4

- **Sale of Goods**

UTHUKELA DISTRICT MUNICIPALITY DRAFT BUDGET 2026/2027

The municipality based its projection on February year to date figures excluding the prepaid meters that was incorrectly costed in the 2025/2026 year.

- **Interest on investments**

The municipality used its February year to date figure and added Cpi as its struggles to budget accurately for this line item as it struggles to keep investments for longer periods of time due to its cashflow position.

- **Operational revenue**

The municipality used its adjustment budget figure as a basis for the projection and applied a CPI increase.

- **Fines, Penalties**

The municipality used February year to date figures to make a projection and applied CPI.

**Table 3 percentage growth in revenue by main revenue source A4**

**Table 4 percentage of revenue by source A4**

Description	Adjustments Budget		Year 1		Year 2		Year 3
R thousand	2025/26		2026/27		2027/28		2028/29
Revenue							
Exchange Revenue							
Service charges - Electricity	-						
Service charges - Water	296 601 096.00	1.09	324 071 837.00	1.20	389 941 037.00	1.20	469 025 412.00
Service charges - Waste Water Management	21 756 796.00	1.15	25 101 000.00	1.20	30 121 200.00	1.20	36 145 440.00
Service charges - Waste Management							
Sale of Goods and Rendering of Services	2 335 398.86	0.25	572 722.64	1.03	591 622.49	1.03	610 554.41
Agency services							
Interest							
Interest earned from Receivables	74 156 676.00	1.02	75 316 560.00	1.03	77 802 006.48	1.03	80 291 670.69
Interest earned from Current and Non Current Assets	5 643 428.57	1.03	5 791 434.00	1.03	5 982 551.32	1.03	6 173 992.96
Dividends							
Rent on Land							
Rental from Fixed Assets							
Licence and permits							
Special rating levies							
Operational Revenue	1 332 944.57	1.03	1 378 264.69	1.03	1 423 747.42	1.03	1 469 307.34
Non-Exchange Revenue							
Property rates							
Surcharges and Taxes							
Fines, penalties and forfeits	464 571.43	0.91	421 872.00	1.03	435 793.78	1.03	449 739.18
Licences or permits							
Transfer and subsidies - Operational	649 030 404.99	1.07	693 461 000.00	1.05	728 470 000.00	1.02	746 658 000.00
Interest							
Fuel Levy							
Operational Revenue							
Gains on disposal of Assets							
Other Gains							
Discontinued Operations	-						
<b>Total Revenue (excluding capital transfers and contrib</b>	<b>1 051 321 316.42</b>	<b>1.07</b>	<b>1 126 114 690.33</b>	<b>1.10</b>	<b>1 234 767 958.49</b>	<b>1.09</b>	<b>1 340 824 116.57</b>

## UTHUKELA DISTRICT MUNICIPALITY DRAFT BUDGET 2026/2027

Description R thousand	Adjustments Budget 2025/26		Year 1 2026/27		Year 2 2027/28		Year 3 2028/29	
Revenue								
Exchange Revenue								
Service charges - Electricity	-							
Service charges - Water	296 601 096.00	0.28	324 071 837.00	0.29	389 941 037.00	0.32	469 025 412.00	0.35
Service charges - Waste Water Management	21 756 796.00	0.02	25 101 000.00	0.02	30 121 200.00	0.02	36 145 440.00	0.03
Service charges - Waste Management								
Sale of Goods and Rendering of Services	2 335 398.86	0.00	572 722.64	0.00	591 622.49	0.00	610 554.41	0.00
Agency services								
Interest								
Interest earned from Receivables	74 156 676.00	0.07	75 316 560.00	0.07	77 802 006.48	0.06	80 291 670.69	0.06
Interest earned from Current and Non Current Assets	5 643 428.57	0.01	5 791 434.00	0.01	5 982 551.32	0.00	6 173 992.96	0.00
Dividends								
Rent on Land								
Rental from Fixed Assets								
Licence and permits								
Special rating levies								
Operational Revenue	1 332 944.57	0.00	1 378 264.69	0.00	1 423 747.42	0.00	1 469 307.34	0.00
Non-Exchange Revenue								
Property rates								
Surcharges and Taxes								
Fines, penalties and forfeits	464 571.43	0.00	421 872.00	0.00	435 793.78	0.00	449 739.18	0.00
Licences or permits								
Transfer and subsidies - Operational	649 030 404.99	0.62	693 461 000.00	0.62	728 470 000.00	0.59	746 658 000.00	0.56
Interest								
Fuel Levy								
Operational Revenue								
Gains on disposal of Assets								
Other Gains								
Discontinued Operations	-							
<b>Total Revenue (excluding capital transfers and contrib</b>	<b>1 051 321 316.42</b>	<b>1.00</b>	<b>1 126 114 690.33</b>	<b>1.00</b>	<b>1 234 767 958.49</b>	<b>1.00</b>	<b>1 340 824 116.57</b>	<b>1.00</b>

The four 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 2026/27 MTREF. Thus, making the municipality grant reliant.

Revenue from the main Service Charges has remained constant between 29%- 35% over MTREF

Revenue is expected to total just over a billion R1,126 billion. An amount of R349 million is expected to be generated from Service charges. The municipality seeks to correct tariffs over three years 20% in the 2026/27 financial year, and 20% in the 2027/28 financial year.

Service charges water was calculated based on the February year to date figures.

Other revenue increases by 3.4% 2026/2027 financial year and 3.3% and 3.2% 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. Other revenue was calculated on February year to date figure to give a more accurate estimate.

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

Operating grants and transfers totals R693 million in the 2026/27 below are a detailed split of the operating grants.

### Table 5 Operating Transfers and Grant Receipts

## UTHUKELA DISTRICT MUNICIPALITY DRAFT BUDGET 2026/2027

DIVISION OF REVENUE BILL 2026/2027 - 2028/2029				
UNCONDITIONAL GRANTS				
	R'000	R'000	R'000	R'000
NAME OF GRANT	2025/26	2026/27	2027/28	2028/29
EQUITABLE SHARE	556 875	588 632	621 757	636 599
RSC LEVIES REPLACEMENT	87 013	90 297	93 900	96 819
SPECIAL SUPPORT FOR COUNCILLOR REMUNARATION AND WARD COMMITTEES	6 868	7 109	7 356	7 585
<b>TOTAL UNCONDITIONAL GRANTS</b>	<b>650 756</b>	<b>686 038</b>	<b>723 013</b>	<b>741 003</b>
CONDITIONAL GRANTS - OPERATIONAL GRANTS				
	R'000	R'000	R'000	R'000
NAME OF GRANT	2025/26	2026/27	2027/28	2028/29
RURAL ROAD ASSET MANAGEMENT	2 918	3 036	3 157	3 255
FINANCIAL MANAGEMENT GRANT	2 000	2 200	2 300	2 400
EXPANDED PUBLIC WORKS PROGRAM	2 093	2 187	-	-
<b>TOTAL OPERATIONAL GRANTS</b>	<b>7 011</b>	<b>7 423</b>	<b>5 457</b>	<b>5 655</b>
CONDITIONAL GRANTS - CAPITAL GRANTS				
	R'000	R'000	R'000	R'000
NAME OF GRANT	2025/26	2026/27	2027/28	2028/29
MUNICIPAL INFRASTRUCTURE GRANT	219 159	222 036	247 744	255 914
WATER SERVICES INFRASTRUCTURE GRANT	100 000	-	-	-
MUNICIPAL DISASTER RELIEF GRANT	34 200	-	-	-
<b>TOTAL OPERATIONAL GRANTS</b>	<b>353 359</b>	<b>222 036</b>	<b>247 744</b>	<b>255 914</b>
<b>TOTAL CONDITIONAL GRANTS</b>	<b>360 370</b>	<b>229 459</b>	<b>253 201</b>	<b>261 569</b>
<b>TOTAL GRANTS</b>	<b>1 011 126</b>	<b>915 497</b>	<b>976 214</b>	<b>1 002 572</b>

### 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

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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 by 9%. The municipality has applied an 20% 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 20% as the municipality is struggling to break even. The municipality will be having engagements with all involved stakeholders to discuss the impact of the 20% increase.

**Table 6 Water and Sanitation Tariffs**

**WATER & SANITATION SERVICES TARIFF 2026/2027 FINANCIAL YEAR**

**The proposed 20 % increase in tariffs  
DRAFT TARIFFS 2026/2027 FINANCIAL YEAR**

<b>WATER AND SANITATION TARIFFS WATER &amp; SANITATION SERVICES TARIFF 2026/2027 FINANCIAL YEAR</b>						
	<b>Description</b>	<b>Tariffs 2025/2026</b>	<b>Calc(s)</b>	<b>Tariffs 2026/2027</b>	<b>Differenc e in R</b>	<b>% Increas e</b>
1.	<b>Tariff for accessibility to water (basic charge occupied and unoccupied)</b>	R125,75/month	R150.90	R150.90/month	R25.15	20
2.	<b>Tariff for accessibility to sewerage system (basic charge occupied and unoccupied)</b>	R160.26/month	R192.31	R192.31/month	R32.05	20
3.	<b>Sewer tariff for restricted usage (unmetered)</b>	R160.26/month	R192.31	R192.31/month	R32.05	20
4.	<b>Servicing sewer conservancy tanks/pits (small)</b>	R283,13/service	R339.76	R339.76/service	R56.63	20
	Servicing sewer conservancy tanks/pits (large)	R606,75/5000l/load	R728.10	R728.10/5000l/load	R121.35	20
	Discharge of sewage to wastewater works by private sewer tankers	R0,2/litre	R0.24	R0.24/litre	R0.04	20

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<b>5.</b>	<b>Integrated Step Tariff (Domestic Use)</b>					
	Water tariff for water usage up to 6kl	Free/Indigent		Free/Indigent		
	Water tariff for water usage 1 to 30kl	R18,25/kl	R21.90	R21.90/kl	R3.65	20
	Water tariff for water usage 31kl to 100kl	R21,14/kl	R25.37	R25.37/kl	R4.23	20
	Water tariff for water usage 101kl and above	R24,30/kl	R29.16	R29.16/kl	R4.86	20
<b>6.</b>	<b>Integrated step tariffs (Business use)</b>					
	Water tariff for water usage up to 6kl	R20,39/kl	R24.47	R24.47/kl	R4.08	20
	Water tariff for water usage 31kl to 100kl	R23,62/kl	R28.34	R28.34/kl	R4.72	20
	Water tariff for water usage 101kl and above	R27,17/kl	R32.60	R32.60/kl	R5.43	20
<b>7.</b>	<b>Integrated Step Tariff (Industrial/Factory Use)</b>					
	Water tariff for water usage 1kl and above	R19,70/kl	R23.64	R23.64/kl	R3.94	20
<b>8.</b>	<b>Integrated Step Tariff (Co-operatives)</b>					
	Water tariff for water usage 1 to 40kl	R9,90/kl	R11.88	R11.88/kl	R1.98	20
	Water tariff for water usage 41 to 80kl	R9,76/kl	R11.71	R11.71/kl	R1.95	20
	Water tariff for water usage 81kl and above	R11,79/kl	R14.15	R14.15/kl	R2.36	20
<b>9.</b>	<b>Integrated Step Tariff (Churches)</b>					
	Water tariff for water usage 1 to 30kl	R8,58/kl	R10.30	R10.30/kl	R1.72	20
	Water tariff for water usage 31 to 70kl	R10,36/kl	R12.43	R12.43/kl	R2.07	20
	Water tariff for water usage 71kl and above	R12,53/kl	R15.04	R15.04/kl	R2.51	20
<b>10</b>	<b>Integrated Step Tariff (Trust)</b>					
	Water tariff for water usage 1 to 30kl	R17,48/kl	R20.98	R20.98/kl	R3.50	20
	Water tariff for water usage 31 to 70kl	R16,99/kl	R20.39	R20.39/kl	R3.40	20

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	Water tariff for water usage 71kl and above	R19,87/kl	R23.84	R23.84/kl	R3.97	20
<b>11</b>	<b>Integrated step tariff (Government use)</b>					
	Water tariff for water usage 1 to 30kl	R20,40/kl	R24.48	R24.48/kl	R4.08	20
	Water tariff for water usage 31kl to 100kl	R23,63/kl	R28.36	R28.36/kl	R4.73	20
	Water tariff for water usage 101kl and above	R27,14/kl	R32.57	R32.57/kl	R5.43	20
<b>12</b>	<b>Bulk potable water supply to IDC Estate</b>	9,35/kl	R11.22	R11.22/kl	R1.87	20
	Bulk Raw water supply	R5.72/kl	R6.86	R6.86/kl	R1.14	20
<b>13</b>	<b>Emergency Services Connection (excluding emergency services)</b>	R40.56/kl	R48.67	R48.67/kl	R8.11	20
<b>14</b>	<b>Availability charge for fire hydrant per month</b>	R148.33/kl	R178.00	R178.00/kl	R29.67	20
<b>15</b>	<b>For water drawn or usage from metered fire hydrant</b>	R20.18/kl	R24.22	R24.22/kl	R4.04	20
<b>16</b>	<b>Inspections for internal leaks and any other services (per visit)</b>	R979.42	R1175.30	R1,175.30	R195.58	20
<b>17</b>	<b>All connections, repairs and work required from Council Domestic</b>	Cost + 10%		Cost + 10%		
<b>18</b>	<b>All connections, repairs and work required from Council other services actual cost + 10%</b>	Cost + 10%		Cost + 10%		
<b>19</b>	<b>Trade Effluent</b>	Charge(c/kl) = R129.15.14+([COD/1000] x R2.56c) (COD-Chemical Oxygen Demand)		Charge(c/kl) = R154.98+([COD/1000] x R3.07c) (COD-Chemical Oxygen Demand)		20
<b>20</b>	<b>Account Deposits (Subject to credit worthiness)</b>	<b>Residential dep. Max</b> R11382,12 <b>Bus. /Govt./Trust dep. Max:</b> R14153.54 <b>Industrial dep. Max:</b> R23587,61 <b>Church/Co-ops dep. Max:</b> R9693,9		<b>Residential dep. Max</b> R13658,54 <b>Bus. /Govt./Trust dep. Max:</b> R16984.25 <b>Industrial dep. Max:</b> R28305,13 <b>Church/Co-ops dep. Max:</b> R11632,68		20

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		<b>New consumers: Residential dep:</b> R2514.42 <b>New Bus. /Govt./Industr:</b> R6328,85 <b>New Co-operatives:</b> R1181.60 <b>New Churches:</b> R2819,8 <b>New Trust businesses:</b> R5946,4 <b>New Trusts:</b> R2359,29 <b>New account connection:</b> R290.69		<b>New consumers: Residential dep:</b> R3017.30 <b>New Bus. /Govt./Industr:</b> R7594,62 <b>New Co-operatives:</b> R1417.92 <b>New Churches:</b> R3383,76 <b>New Trust businesses:</b> R7135,68 <b>New Trusts:</b> R2831,15 <b>New account connection:</b> R348.83		
21	<b>New accounts administration Fees-Opened by Council per para. 4.7 CC&amp;DCP</b>	Residential: R2477.13 Bus/Govt/Ind: R5809.94 Co-ops: R1318.13 Churches: R2742.59 Trusts in bus: R5478.74 Trusts: R2345.63		Residential: R2972.56 Bus/Govt/Ind: R6971.93 Co-ops: R1581.76 Churches: R3291.11 Trusts in bus: R6574.49 Trusts: R2814.76	R495,43 R1161,99 R263,63 R548,52 R1095,75 R469,13	20
22	<b>Scrutiny of building plans</b>	R750.44/ plan	R900.53	R900.53/plan	R150.09	20
23	<b>Clearing of grass overgrowth</b>	Actual cost + 33%		Actual cost + 33%		
24	<b>Requested Water Tankering (funerals – if not indigent)</b>	Water R33.76 per kl Transport R23.43 per km Plus 6.2% administration fee	R40,51 R28,12	Water R40.51 per kl Transport R28.12 per km Plus 6.2% administration fee	R6,75 R4,69	20
25	<b>Requested Water Tankering (other events)</b>	Water R54.45 per kl Transport R35.65 per km Plus 10% administration fee	R65,34 R42,78	Water R65.34 per kl Transport R42.78 per km Plus 10% administration fee	R10,89 R7,13	20
26	<b>Developer’s Capital Contribution - Water</b>	R15722.67	R18 867,20	R18 867,20	R3144,53	20
27	<b>Developer’s Capital Contribution - Sanitation</b>	R17295.08	R20 754,10	R20 754,10	3459,02	20
28	<b>Disconnection Fee</b> <b>Reconnection fee</b> - <b>Working hours</b> <b>-After hours,</b> <b>Saturdays/Sundays/Public</b> <b>Holidays</b>	R1500 R210,68 R518,74	R1 800,00 R252,82 R622,15	R1 800,00 R252,82 R622,15	R300 R41.14 R103.41	20
29	<b>Clearance certificates</b>	R766,58	R919,90	R919,90	R153,32	20

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<b>30</b>	<b>Flat rate services (where applicable)</b>	R515.46 per household	R618,55	R618.55 per household	R103,2	20
<b>31</b>	<b>Moving/shifting of the existing water meter (in metres)</b> A distance less than a metre (1m) A distance from 1 metre to 3 metres A distance more than 3 metres to any distance	R515,35 R832,76 R1 238,96	R618,42 R999,31 R1 486,75	R618,42 R999,31 R1 486,75	R103,07 R166,55 R247,79	20

**32. 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 R5 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 R2 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 R8 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 R68 625.56 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.

<b>33. Water and Waste Water Analysis</b>		
<b>Determinant</b>	<b>Units</b>	<b>Cost per sample</b>
Alkalinity	mg/l CaCO <sub>3</sub>	113,33
Appearance	Descriptive	
Aluminium - soluble	mg/l Al	98,09
Ammonia	mg/l N	94,49
Chloride	mg/l Cl	75,62
Chlorine – Free	mg/l Cl <sub>2</sub>	37,67
Colour	Pt-Co	56,51
Conductivity	mS/m	37,63
Fluoride	mg/l F	94,50
Iron	mg/l Fe	55,40
Manganese	mg/l Mn	94,99
Nitrate	mg/l N	57,34
Odour	Descriptive	
pH	pH Units	37,67

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Phosphate - soluble	mg/l P	57,34
Solids - Settle able	ml/l	57,34
Sulphate	mg/l SO4	82,93
Sulphide	mg/l H2S	94,48
Suspended Solids	mg/l	83,46
Temperature	0C	
Total Dissolved Solids	mg/l	57,35
Turbidity	NTU	37,49
Oxygen Absorbed	mg/l O2	113,34
Chemical Oxygen Demand	mg/l O2	140,10
Magnesium/Calcium	mg/l Mg/Ca	131,86
<ul style="list-style-type: none"> <li>• Sample bottles can be collected at the Laboratory.</li> <li>• A volume of at least 1 litre is necessary for analysis.</li> </ul>		

<b>34. Microbiological Analysis</b>	
Faecal coliforms	R103.94
Total coliforms	R103.94
Standard plate count	R86.69
<ul style="list-style-type: none"> <li>• Sample bottle can be collected at the Laboratory.</li> <li>• A volume of at least 1 litre is necessary for analysis.</li> <li>• Sterile bottles provided by the Laboratory should be used.</li> <li>• Samples must be delivered to the Laboratory within 6 hours of collection and should be kept cold.</li> <li>• A volume of 500ml is sufficient for analysis.</li> </ul> <ol style="list-style-type: none"> <li>1. Prices listed are for single samples.</li> <li>2. Sterile bottles can be supplied free of charge. Bottles broken or not returned will be charged for at a rate of R34.48 per bottle.</li> </ol>	

<b>35. FINES FOR ILLEGAL CONNECTIONS AND TEMPERING</b>	
First instance	R 5 006.35
Second instance	R 9 427.01
Third instance	R 11 784.45
Forth instance	R18 854.03
NB: Immediately if the consumer committed a fifth instance, complete disconnection of water supply will apply!	

<b>36. PENALTY FEES</b>	
1. Warning letter	R 106.32
2. Final cut-off	R 318.97
• Additional deposit-business	R 318.97
• Additional deposit-households	R 225.40
• Penalty fee	R 178.07

<b>37. NEW CONNECTION (PLUMBING WORK) CHARGES, INCLUDING FIRE HYDRANT</b>			
NO	SIZE(MM)	UNIT COST R	DEPOSIT
1	20	R4 501.32	R425,29
2	25	R4 501.32	R425,29

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3	32	R5 391.56	R376,37
4	40	R12 756.24	R1 063,27
5	50	R12 785.39	R1 063,27
6	80	R18 764.69	R1 063,27
7	100	R20 392.73	R1 063,27
8	100	R21 173.23	R1 063,27

<b>38. Tender documents</b>					
<b>Maps GIS</b>					
<b>Clearance certificates</b>					
	<b>A3 PRINTER</b>	<b>A3 PRINTER</b>	<b>AO PLOTTER</b>	<b>AO PLOTTER</b>	<b>AO PLOTTER</b>
	<b>A4</b>	<b>A3</b>	<b>A2</b>	<b>A1</b>	<b>A0</b>
Full Colour	R41,92	R83.88	R318.31	R283.09	R377.46
Grey Scale	R41,92	R83.88	R318.31	R272.63	R377.46
Topo Maps	R29.69	R59.34	R148.36	R318.30	R283.09
Line/Hatch	R19.76	R59.34	R112.61	R136.30	R157.26

<b>39. Municipal Documents</b>	
<b>Municipal Produced</b>	R848,41
<b>Consultants produced depending on the project</b>	R845,10 and R827,81
-discharge fee of illegal sewer connections	R2712.00
<b>Disposal of the deceased tariffs</b>	
-Application per competence certificate	R1084.80
<b>Food Safety</b>	
- Certificate of Acceptability fees (informal)	R1084.80
-Certificate of Acceptability fees (formal)	R1356.00
- Certificate of unsound food stuff (condemnation Certificate)	R1627.20
-Certificate of Acceptability fees (Vehicle)	R1356.00
-Scrutiny of building plans	R578.00

## 1.5 OPERATING EXPENDITURE FRAMEWORK

The Municipality's expenditure framework for the 2026/27 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 2026/27 budget and MTREF (classified per main type of operating expenditure):

**Table 8 Summary of operating expenditure by standard classification item A4**

Description	Adjustments Budget	Year 1	Year 2	Year 3
R thousand	2025/26	2026/27	2027/28	2028/29
Employee related costs	406 223 708.00	415 519 334.13	415 519 334.13	415 519 334.13
Remuneration of councillors	9 745 718.00	8 409 000.00	8 409 000.00	8 409 000.00
Bulk purchases - electricity				
Inventory consumed	58 490 421.33	69 231 269.69	71 238 111.59	72 877 731.16
Debt impairment	114 310 391.00	93 630 770.31	96 720 585.73	99 815 644.48
Depreciation and amortisation	91 916 571.43	93 979 743.00	97 081 074.52	100 187 668.90
Interest	6 721 081.17	6 949 597.93	7 178 934.66	7 408 660.57
Contracted services	153 429 408.31	104 658 887.19	106 185 094.83	99 737 546.89
Transfers and subsidies	2 000 000.00	2 000 000.00		
Irrecoverable debts written off		93 630 770.31	96 720 585.73	99 815 644.48
Operational costs	181 868 593.29	193 216 421.89	202 030 320.25	216 056 983.96
Losses on disposal of Assets	-	-		
Other Losses	-	-		
<b>Total Expenditure</b>	<b>1 024 705 892.52</b>	<b>1 081 225 794.45</b>	<b>1 101 083 041.44</b>	<b>1 119 828 214.57</b>

- **Employee related costs**

The municipality used zero based budgeting as a lot of changes have been made during the course of 2025/2026 financial year and continue to make changes. The biggest change been the termination of all employees on contract as well as reducing overtime standby and shift allowances

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drastically. A 4.75 increase was effected, however an application will be done for approval of increase exemption.

- **Remuneration of Councillors**

The municipality used an average of February and January as councillors were approved an increase and backpay was paid in 2025/2026 year. A increase of 4.75 was also affected pending MEC communication.

- **Inventory consumed**

The municipality used the AFS to project water purchases and applied the CPI increase as the current costing is not up to date, however the municipality is correcting that. The municipality is also implementing cost containment measures, and the funding position was applied when budgeting for these line items.

- **Depreciation**

The municipality used the February year to date figure as a basis and made a projection and applied CPI.

- **Contracted Services**

The municipality used zero based budgeting and did a needs analysis based on resources available. Cost containment measures were taken into account

- **Operational Cost**

The biggest contributors are electricity which the municipality used AFS as a basis as costing is not up to date, and applied a increase of 9% as per NERSA. A needs analysis was conducted and cost containment measures were applied.

**Table 9 Operating expenditure expressed as percentages**

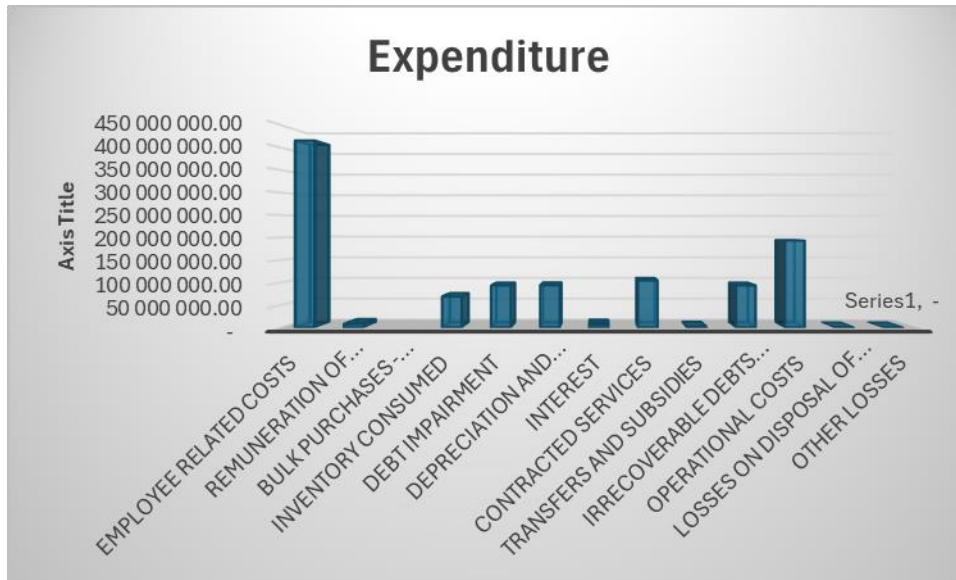
Description	Adjustments Budget		Year 1		Year 2		Year 3
R thousand	2025/26		2026/27		2027/28		2028/29
Employee related costs	406 223 708.00	1.02	415 519 334.13	1.00	415 519 334.13	1.00	415 519 334.13
Remuneration of councillors	9 745 718.00	0.86	8 409 000.00	1.00	8 409 000.00	1.00	8 409 000.00
Bulk purchases - electricity							
Inventory consumed	58 490 421.33	1.18	69 231 269.69	1.03	71 238 111.59	1.02	72 877 731.16
Debt impairment	114 310 391.00	0.82	93 630 770.31	1.03	96 720 585.73	1.03	99 815 644.48
Depreciation and amortisation	91 916 571.43	1.02	93 979 743.00	1.03	97 081 074.52	1.03	100 187 668.90
Interest	6 721 081.17	1.03	6 949 597.93	1.03	7 178 934.66	1.03	7 408 660.57
Contracted services	153 429 408.31	0.68	104 658 887.19	1.01	106 185 094.83	0.94	99 737 546.89
Transfers and subsidies	2 000 000.00	1.00	2 000 000.00	-			
Irrecoverable debts written off			93 630 770.31	1.03	96 720 585.73	1.03	99 815 644.48
Operational costs	181 868 593.29	1.06	193 216 421.89	1.05	202 030 320.25	1.07	216 056 983.96
Losses on disposal of Assets	-		-				
Other Losses	-		-				
<b>Total Expenditure</b>	<b>1 024 705 892.52</b>	<b>1.06</b>	<b>1 081 225 794.45</b>	<b>1.02</b>	<b>1 101 083 041.44</b>	<b>1.02</b>	<b>1 119 828 214.57</b>

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Description	Adjustments Budget		Year 1		Year 2		Year 3	
R thousand	2025/26		2026/27		2027/28		2028/29	
Employee related costs	406 223 708.00	0.40	415 519 334.13	0.38	415 519 334.13	0.38	415 519 334.13	0.37
Remuneration of councillors	9 745 718.00	0.01	8 409 000.00	0.01	8 409 000.00	0.01	8 409 000.00	0.01
Bulk purchases - electricity								
Inventory consumed	58 490 421.33	0.06	69 231 269.69	0.06	71 238 111.59	0.06	72 877 731.16	0.07
Debt impairment	114 310 391.00	0.11	93 630 770.31	0.09	96 720 585.73	0.09	99 815 644.48	0.09
Depreciation and amortisation	91 916 571.43	0.09	93 979 743.00	0.09	97 081 074.52	0.09	100 187 668.90	0.09
Interest	6 721 081.17	0.01	6 949 597.93	0.01	7 178 934.66	0.01	7 408 660.57	0.01
Contracted services	153 429 408.31	0.15	104 658 887.19	0.10	106 185 094.83	0.10	99 737 546.89	0.09
Transfers and subsidies	2 000 000.00	0.00	2 000 000.00	0.00				
Irrecoverable debts written off			93 630 770.31	0.09	96 720 585.73	0.09	99 815 644.48	0.09
Operational costs	181 868 593.29	0.18	193 216 421.89	0.18	202 030 320.25	0.18	216 056 983.96	0.19
Losses on disposal of Assets	-		-					
Other Losses	-		-					
<b>Total Expenditure</b>	<b>1 024 705 892.52</b>	<b>1.00</b>	<b>1 081 225 794.45</b>	<b>1</b>	<b>1 101 083 041.44</b>	<b>1.00</b>	<b>1 119 828 214.57</b>	<b>1.00</b>

Employee related costs are at 38% of total expenditure which is below the threshold, followed by operational costs at 18% and contracted services at 10% respectively.

**Figure 1 Main operational expenditure categories for the 2026/27 financial year**



### Employee related cost

The budgeted allocation for employee related costs for the 2026/27 financial year totals R415million, which equals 38% of the total operating expenditure. Which is below the norm of 40%. The salaries have been increased by 4.75% as per wage increase circular. The municipality

has considered the year to date figure, however quite drastic changes have occurred as contract employees have been terminated and overtime reduced drastically.

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 devised 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 monthly figures as several terminations of contract employees has been effected. An application for increments will be done by the municipality, and should it be successful the municipality will realise major cost savings. However, an increase has been factored.

### **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 was increased in the 2025/2026 financial year, and a once off backpay paid however an increase has been factored in the 2026/2027 financial year. The municipality based its calculation on the average monthly figure as a basis.

### **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 original budget figures as year to date is unavailable as its only calculated at year end.

**Provision for depreciation and asset impairment**

**Table 10 Depreciation per asset class**

Segment Desc	2027 Draft Budget	2028 Draft Budget	2029 Draft Budget
COMPUTER HARDWARE DEPRECIATION	83 943.08	86 713.20	89 488.02
FURNITURE & OFFICE EQUIPMENT DEPRECIATION	28 158.70	29 087.94	30 018.75
MOTOR VEHICLE DEPRECIATION	2 355 807.86	2 433 549.52	2 511 423.11
COMPUTER HARDWARE DEPRECIATION	121 207.67	125 207.52	129 214.16
FURNITURE & FITTINGS DEPRECIATION	33 431.84	34 535.09	35 640.22
MOTOR VEHICLES DEPRECIATION	142 019.22	146 705.86	151 400.45
SANITATION INFRASTRUCTURE DEPRECIATION	-	-	-
SANITATION INFRASTRUCTURE DEPRECIATION	9 520 539.38	9 834 717.18	10 149 428.13
COMPUTER HARDWARE DEPRECIATION	40 155.75	41 480.89	42 808.28
Expenditure:Depreciation and Amortisation:Depreciation:Other	947 888.52	979 168.84	1 010 502.24
FURNITURE & OFFICE EQUIPMENT DEPRECIATION	35 825.24	37 007.47	38 191.71
MOTOR VEHICLE DEPRECIATION	202 787.42	209 479.41	216 182.75
WATER INFRASTRUCTURE DEPRECIATION	-	-	-
WATER INFRASTRUCTURE DEPRECIATION	79 269 040.40	81 884 918.74	84 505 236.13
BUILDING DEPRECIATION	382 990.03	395 628.70	408 288.81
Expenditure:Depreciation and Amortisation:Amortisation:Intan	18 942.88	19 567.99	20 194.17
Depreciation - Computer hardware	247 602.42	255 773.30	263 958.04
Depreciation - motor vehicles	1 713.12	1 769.66	1 826.29
FURNITURE & OFFICE EQUIPMENT DEPRECIATION	114 537.69	118 317.43	122 103.59
MOTOR VEHICLE DEPRECIATION	160 371.01	165 663.26	170 964.48
Expenditure:Depreciation and Amortisation:Depreciation:Other	17 852.99	18 442.14	19 032.29
FURNITURE AND OFFICE EQUIPMENT DEPRECIATION	34 273.89	35 404.93	36 537.88
FURNITURE & OFFICE EQUIPMENT DEPRECIATION	220 653.90	227 935.48	235 229.41

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 93 million for the 2026/27 financial and equates to 9% of the total operating expenditure. The projected depreciation should inform the contribution towards the asset maintenance plan. Calculations for the provision as follows: Depreciation has been calculated using the Feb year to date figure.

**Inventory Consumed**

The increase in the budget for the 2026/27 financial year is due to the increase in water purchases. The municipality is in financial distress and had to commit to budget cuts. 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 insolvency.

**Table 11 Other Materials**

Segment Desc	2027 Draft Budget	2028 Draft Budget	2029 Draft Budget
Cleaning materials (200/260090)	250 000.00	258 250.00	266 514.00
Fuel & Oil. (510/260180)	10 000 000.00	10 712 210.00	11 055 000.72
Fuel & Oil. (510/260180)	-		
Water Purchase (510/255050)	48 566 469.69	49 839 163.19	51 114 016.41
Stationery (510/260340)	103 700.00	107 122.10	110 550.01
OM Chemicals	10 000 000.00	10 000 000.00	10 000 000.00
Stationery (300/260340)	103 700.00	107 122.10	110 550.01
Stationery (200/260340)	103 700.00	107 122.10	110 550.01
Stationery (105/260340)	103 700.00	107 122.10	110 550.01

## UTHUKELA DISTRICT MUNICIPALITY DRAFT BUDGET 2026/2027

### Contracted services

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

An amount of R3 million for rural roads has also been included in contracted services and FMG of R1.2

**Table 12 Contracted Services**

Segment Desc	2027 Draft Budget	2028 Draft Budget	2029 Draft Budget
Maintenance of buildings and facilities (200/235011)	1 000 000.00	1 222 616.00	1 222 616.00
Training	200 000.00	200 000.00	200 000.00
Security (200/235525)	25 971 723.07	26 828 789.93	27 687 311.21
Blue Drop / Green drop/ No drop(408/235215)	2 000 000.00	2 000 000.00	2 000 000.00
Pipelines & portable water maintenance (510/235100)	10 000 000.00	10 000 000.00	10 000 000.00
Contracted Services:Consultants and Professional Services:Bu	3 036 000.00	3 157 000.00	3 255 000.00
Vehicle Repairs Outsourced. (510/235080)	8 000 000.00	8 296 004.15	8 569 772.28
Repairs to Pumps (510/235120)	29 000 000.00	29 957 000.00	30 915 624.00
Business and Advisory:Business and Financial Management	4 000 000.00	4 444 597.00	4 444 597.00
Outstanding Debt - Collection Fees (300/225001)	518 504.15	518 505.00	518 505.00
Computer Programs (300/260)	6 885 000.00	7 000 000.00	7 000 000.00
FMG. (300/260135)	1 200 000.00	1 200 000.00	1 200 000.00
Chemical Analysis Laboratory	2 000 000.00	2 066 000.00	2 132 112.00
Legal Fees (200/260240)	3 111 000.00	3 213 663.00	3 316 500.22
VIP. Security (100/235525)	5 000 000.00	5 165 000.00	5 330 280.00
GIS. Programmes (405/406360)	500 000.00	516 500.00	533 028.00
Audit Committee (105/260027)	386 659.97	399 419.75	412 201.18

The provision for contracted services has been decreased from the 26/27 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 R29 million which is below the 8% of refurbishments. MIG will assist with R 84 million. 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.

**Table 12.1 Contracts**

UTHUKELA DISTRICT MUNICIPALITY DRAFT BUDGET 2026/2027

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	
IQHAWE 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	
NOQABELE 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	
SINGQOBILE 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	
WSE 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 DRAFT BUDGET 2026/2027

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. Some items that form the total cost other expenditure:

**Table 13.1 Other Expenditure Operational Costs**

Segment Desc	2027 Draft Budget	2028 Draft Budget	2029 Draft Budget
Telephone (200/260540)	2 074 000.00	2 142 442.00	2 211 000.14
Electricity and water (municipal services) (200/255940)	44 436 503.59	45 902 908.21	47 371 801.27
Protective Clothing (408/260347)	3 000 000.00	3 000 000.00	3 000 000.00
Skills Levy - SCM. (300/260530)	1 000 000.00	1 000 000.00	1 000 000.00
Electricity (510/255040)	123 700 000.00	134 833 000.00	146 967 970.00
Vehicle Licencing - Fleet Management (300/260552)	1 037 004.15	1 071 225.28	1 105 504.49
Insurance (105/235500)	2 000 000.00	2 000 000.00	2 000 000.00
Audit fees	4 871 826.00	5 032 596.26	5 193 639.34

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 R123 million due to the high electricity usage in the water treatment plants and Nersa has approved an increase of 9%. 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 will also make savings in plant hire with all the repairs to pumps that will be funded through MIG.

### **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 2026/27 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 2026/27. 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**

Repairs to Pumps (510/235120)	29 000 000.00	29 957 000.00	30 915 624.00
Pipelines & portable water maintenance (510/235100)	10 000 000.00	10 000 000.00	10 000 000.00

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

The water services department will employ a planned maintenance plan 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.

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 2026/27 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 2026/27 Medium-term capital budget per vote**

UTHUKELA DISTRICT MUNICIPALITY DRAFT BUDGET 2026/2027

Description	Original Budget	Adjusted Budget	Increase / (Decrease)	Year 1	Year 2	Year 3
R thousand	2025/26	2026/27	2025/26	2026/27	2027/28	2028/29
<b>Capital Expenditure - Functional</b>						
<b>Governance and administration</b>	1 900	1 000	(900)	1 000	1 000	1 000
Executive and council			-			
Finance and administration	1 900	1 000	(900)	1 000	1 000	1 000
Internal audit			-			
<b>Community and public safety</b>	26 087	-	(26 087)	-	-	-
Community and social services	26 087	-	(26 087)			
Sport and recreation			-			
Public safety			-			
Housing			-			
Health			-			
<b>Economic and environmental services</b>	-	-	-	-	-	-
Planning and development			-			
Road transport			-			
Environmental protection			-			
<b>Trading services</b>	283 623	193 075	(90 548)	193 075	215 430	222 534
Energy sources			-			
Water management	283 623	193 075	(90 548)	193 075	215 430	222 534
Waste water management			-			
Waste management			-			
<b>Other</b>			-			
<b>Total Capital Expenditure - Functional</b>	<b>311 610</b>	<b>194 075</b>	<b>(117 535)</b>	<b>194 075</b>	<b>216 430</b>	<b>223 534</b>
<b>Funded by:</b>						
National Government	308 710	193 075	(115 635)	193 075	215 430	222 534
Provincial Government			-			
District Municipality			-			
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)			-			
<b>Transfers recognised - capital</b>	<b>308 710</b>	<b>193 075</b>	<b>(115 635)</b>	<b>193 075</b>	<b>215 430</b>	<b>222 534</b>
<b>Borrowing</b>						
<b>Internally generated funds</b>	2 900	1 000	(1 900)	1 000	1 000	1 000
<b>Total Capital Funding</b>	<b>311 610</b>	<b>194 075</b>	<b>(117 535)</b>	<b>194 075</b>	<b>216 430</b>	<b>223 534</b>

Due to financial constraints the capital budget is focused mainly on water infrastructure which is funded by national government grants amounting to R222 million with exclusion of 15 % vat equating R193 m.

Further amounts of R1million have been budgeted internally for computer equipment.  
Due to municipalities funding position, it cannot afford capital purchases.

**Table 16 Infrastructure Grants**

NAME OF GRANT	R'000		R'000	
	2025/26	2026/27	2027/28	2028/29
MUNICIPAL INFRASTRUCTURE GRANT	219 159	222 036	247 744	255 914
WATER SERVICES INFRASTRUCTURE GRANT	100 000	-	-	-
MUNICIPAL DISASTER RELIEF GRANT	30 000	-	-	-
<b>TOTAL OPERATIONAL GRANTS</b>	<b>349 159</b>	<b>222 036</b>	<b>247 744</b>	<b>255 914</b>

**Table 17 MIG Capital Projects**

Segment Desc	2027 Draft Budget	2028 Draft Budget	2029 Draft Budget
CE Weenen Ezitendeni Sanitation - Construction of WWTW	24 760 000.00	24 760 000.00	24 760 000.00
CE Upgrade of Water and sanitation Infrastructure Project	30 091 083.00	30 091 083.00	53 091 083.00
Kwanobamba/ Ezitendeni (WWTW)	20 373 741.72	20 373 741.72	20 373 741.72
CE Bergville WTW & Bulk Water Supply Phase 2	12 585 673.00	24 085 673.00	12 585 673.00
BHEKUZULU EPANGWENI COMMUNITY WATER SUPPLY (PHASE 5)	27 225 809.00	36 982 809.00	36 982 809.00
Ekuvukeni Regional Bulk Water Supply - Upgrade Oliphantskop	18 000 000.00	18 000 000.00	18 000 000.00
Fitty Park Umhlumayo Extensions	5 000 000.00	5 000 000.00	5 000 000.00

**Pump Refurbishment = R 84 m**

## 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 2026/27 DRAFT budget and MTREF as approved by the Council.

UTHUKELA DISTRICT MUNICIPALITY DRAFT BUDGET 2026/2027

**Table 19 MBRR Table A1 - Budget Summary**

**DC23 Uthukela - Table A1 Budget Summary**

Description	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
	Audited	Audited	Audited	Original	Adjusted	Full Year	Pre-audit	Budget Year	Budget Year	Budget Year
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	229 391	295 617	280 382	329 805	318 358	318 358	200 347	349 173	420 062	505 171
Investment revenue	5 958	8 557	6 613	6 163	5 643	5 643	3 734	5 791	5 983	6 174
Transfer and subsidies - Operational	545 552	586 406	650 924	665 135	649 030	649 030	639 021	693 461	728 470	746 658
Other own revenue	52 990	79 347	75 820	76 290	78 290	78 290	52 025	77 689	80 253	82 821
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>833 890</b>	<b>969 927</b>	<b>1 013 739</b>	<b>1 077 393</b>	<b>1 051 321</b>	<b>1 051 321</b>	<b>895 127</b>	<b>1 126 115</b>	<b>1 234 768</b>	<b>1 340 824</b>
Employee costs	349 172	361 224	404 820	406 233	406 224	406 224	274 577	415 519	415 519	415 519
Remuneration of councillors	6 389	6 154	6 284	6 219	9 746	9 746	7 100	8 409	8 409	8 409
Depreciation, amortisation and impairment	87 352	86 484	89 413	83 303	91 917	91 917	60 593	93 980	97 081	100 188
Interest, Dividends and Rent on Land	8 614	16 352	19 234	6 721	6 721	6 721	110	6 950	7 179	7 409
Inventory consumed and bulk purchases	44 877	97 299	106 642	68 790	58 490	58 490	12 277	69 231	71 238	72 878
Transfers and subsidies	3 120	3 285	-	3 600	2 000	2 000	1 350	2 000	-	-
Other expenditure	598 515	629 586	705 355	479 627	449 608	449 608	108 684	485 136	501 657	515 398
<b>Total Expenditure</b>	<b>1 098 039</b>	<b>1 200 384</b>	<b>1 331 747</b>	<b>1 054 493</b>	<b>1 024 706</b>	<b>1 024 706</b>	<b>464 690</b>	<b>1 081 225</b>	<b>1 101 083</b>	<b>1 119 800</b>
<b>Surplus/(Deficit)</b>	<b>(264 149)</b>	<b>(230 457)</b>	<b>(318 009)</b>	<b>22 900</b>	<b>26 615</b>	<b>26 615</b>	<b>430 437</b>	<b>44 890</b>	<b>133 685</b>	<b>221 024</b>
Transfers and subsidies - capital (monetary allocations)	244 868	291 328	267 242	311 791	355 016	355 016	(47 321)	222 036	247 744	255 914
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; Share of Surplus/Deficit attributable to Associate</b>	<b>(19 280)</b>	<b>60 871</b>	<b>(50 767)</b>	<b>334 691</b>	<b>381 632</b>	<b>381 632</b>	<b>383 116</b>	<b>266 926</b>	<b>381 429</b>	<b>476 938</b>
<b>Surplus/(Deficit) for the year</b>	<b>(19 280)</b>	<b>60 871</b>	<b>(50 767)</b>	<b>334 691</b>	<b>381 632</b>	<b>381 632</b>	<b>383 116</b>	<b>266 926</b>	<b>381 429</b>	<b>476 938</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>0</b>	<b>(0)</b>	<b>(0)</b>	<b>273 623</b>	<b>311 610</b>	<b>311 610</b>	<b>73 273</b>	<b>194 075</b>	<b>216 430</b>	<b>223 534</b>
Transfers recognised - capital	0	(0)	(4 349)	271 123	308 710	308 710	72 340	193 075	215 430	222 534
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	-	-	-	2 500	2 900	2 900	933	1 000	1 000	1 000
<b>Total sources of capital funds</b>	<b>0</b>	<b>(0)</b>	<b>(4 349)</b>	<b>273 623</b>	<b>311 610</b>	<b>311 610</b>	<b>73 273</b>	<b>194 075</b>	<b>216 430</b>	<b>223 534</b>
<b>Financial position</b>										
Total current assets	325 333	373 384	310 043	564 462	363 451	363 451	677 837	424 826	561 362	650 668
Total non current assets	3 253 786	3 405 558	3 551 722	3 546 961	3 553 427	3 553 427	3 564 562	3 553 427	3 670 690	3 788 152
Total current liabilities	868 607	1 047 255	1 334 557	1 110 005	876 102	876 102	1 318 196	987 177	998 936	905 402
Total non current liabilities	33 837	40 776	41 595	51 558	50 346	50 346	41 595	50 346	52 007	53 672
Community wealth/Equity	2 676 674	2 690 911	2 485 612	2 949 860	2 990 430	2 990 430	2 720 370	2 940 730	3 181 109	3 479 747
<b>Cash flows</b>										
Net cash from (used) operating	797 989	15 502	(209 956)	283 836	215 473	215 473	215 473	263 559	363 860	333 509
Net cash from (used) investing	(194 919)	(222 994)	(218 668)	(273 623)	(311 610)	(311 610)	(311 610)	(223 186)	(248 894)	(257 064)
Net cash from (used) financing	(143)	1 467	-	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the year end:</b>	<b>617 297</b>	<b>(192 336)</b>	<b>(422 814)</b>	<b>(131 839)</b>	<b>(85 240)</b>	<b>(85 240)</b>	<b>(85 240)</b>	<b>(44 867)</b>	<b>70 099</b>	<b>146 544</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	617 297	(192 336)	(422 814)	(131 839)	(85 240)	(85 240)	(85 240)	(44 867)	70 099	146 544
Application of cash and investments	706 440	903 914	1 263 664	1 150 428	817 866	817 866	973 946	933 808	930 054	832 802
<b>Balance - surplus (shortfall)</b>	<b>(89 143)</b>	<b>(1 096 250)</b>	<b>(1 686 478)</b>	<b>(1 282 267)</b>	<b>(903 106)</b>	<b>(903 106)</b>	<b>(1 059 186)</b>	<b>(978 676)</b>	<b>(859 955)</b>	<b>(686 258)</b>
<b>Asset management</b>										
Asset register summary (WDV)	2 414 822	2 214 979	2 493 310	3 505 186	3 554 281	3 554 281	-	84 836	104 102	108 113
Depreciation	83 923	85 704	89 369	83 303	91 917	91 917	-	93 980	97 081	100 188
Renewal and Upgrading of Existing Assets	-	-	(0)	183 695	171 800	171 800	-	95 147	105 147	115 147
Repairs and Maintenance	62 556	105 148	159 215	55 000	90 046	90 046	-	39 000	39 957	31 916
<b>Free services</b>										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	(0)	(0)	-	(6 316)	(6 525)	(6 734)
<b>Households below minimum service level</b>										
Water:	28	27	27	24	24	24	-	23	23	22
Sanitation/sewerage:	4	4	4	4	4	4	-	3	3	3
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

- 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.

UTHUKELA DISTRICT MUNICIPALITY DRAFT BUDGET 2026/2027

**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	###	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>Revenue - Functional</b>										
<b>Governance and administration</b>		714,294	798,363	651,947	734,345	642,531	642,531	764,615	804,210	824,825
Executive and council		-	-	-	-	-	-	-	-	-
Finance and administration		714,294	798,363	651,947	734,345	642,531	642,531	764,615	804,210	824,825
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		1,282	42	3,652	49	34,665	34,665	422	436	450
Community and social services		1,251	-	3,608	-	30,000	30,000	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		31	42	43	49	4,665	4,665	422	436	450
<b>Economic and environmental services</b>		-	-	-	-	-	-	-	-	-
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		363,183	462,850	625,383	654,790	729,142	729,142	583,114	677,866	771,463
Energy sources		-	-	-	-	-	-	-	-	-
Water management		363,183	462,850	625,383	654,790	729,142	729,142	583,114	677,866	771,463
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	1,078,758	1,261,255	1,280,981	1,389,184	1,406,338	1,406,338	1,348,151	1,482,512	1,596,738
<b>Expenditure - Functional</b>										
<b>Governance and administration</b>		461,834	551,874	280,693	375,156	384,457	384,457	378,803	386,861	393,301
Executive and council		47,987	50,748	52,568	56,174	58,640	58,640	53,406	53,787	54,167
Finance and administration		413,846	501,125	228,125	318,982	325,817	325,817	325,397	333,074	339,134
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		44,956	52,638	62,817	58,102	59,736	59,736	65,989	66,081	66,173
Community and social services		11,851	13,103	26,539	9,390	13,462	13,462	5,802	5,817	5,832
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		33,104	39,535	36,278	48,712	46,274	46,274	60,187	60,264	60,341
<b>Economic and environmental services</b>		18,271	17,091	16,259	28,023	19,745	19,745	19,997	16,750	16,777
Planning and development		18,271	17,091	16,259	28,023	19,745	19,745	19,997	16,750	16,777
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		572,979	578,781	971,978	593,212	560,767	560,767	616,436	631,392	643,549
Energy sources		-	-	-	-	-	-	-	-	-
Water management		572,979	578,781	971,978	593,212	560,767	560,767	616,436	631,392	643,549
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	3	1,098,039	1,200,384	1,331,747	1,054,493	1,024,706	1,024,706	1,081,225	1,101,083	1,119,800
<b>Surplus/(Deficit) for the year</b>		(19,280)	60,871	(50,767)	334,691	381,632	381,632	266,926	381,429	476,938

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

UTHUKELA DISTRICT MUNICIPALITY DRAFT BUDGET 2026/2027

2. 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	###	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
		Audited	Audited	Audited	Original	Adjusted	Full Year	Budget Year	Budget Year +1	Budget Year +2
<b>R thousand</b>										
<b>Revenue by Vote</b>	1									
Vote 1 - BUDGET & TREASURE OFFIICE		713,958	798,264	649,345	734,020	641,993	641,993	763,568	803,129	823,709
Vote 2 - CORPORATE SERVICES		335	99	602	326	539	539	1,047	1,081	1,116
Vote 3 - OFFICE OF THE MM		-	-	-	-	-	-	-	-	-
Vote 4 - PLANNING AND SOCIAL SERVICES		1,251	-	3,608	-	30,000	30,000	-	-	-
Vote 5 - MUNICIPAL HEALTH SERVICES		31	42	43	49	4,665	4,665	422	436	450
Vote 6 - WATER, SANITATION & TECHNICAL SERVICES		363,183	462,850	618,377	654,790	729,142	729,142	583,114	677,866	771,463
Vote 7 - MAYORAL AND COUNCIL		-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>1,078,758</b>	<b>1,261,255</b>	<b>1,271,976</b>	<b>1,389,184</b>	<b>1,406,338</b>	<b>1,406,338</b>	<b>1,348,151</b>	<b>1,482,512</b>	<b>1,596,738</b>
<b>Expenditure by Vote to be appropriated</b>	1									
Vote 1 - BUDGET & TREASURE OFFIICE		258,003	354,043	77,734	164,342	193,441	193,441	214,357	218,486	221,829
Vote 2 - CORPORATE SERVICES		157,503	147,996	151,882	153,943	131,348	131,348	113,045	116,593	119,311
Vote 3 - OFFICE OF THE MM		39,988	42,353	44,898	51,241	50,391	50,391	41,846	42,059	42,274
Vote 4 - PLANNING AND SOCIAL SERVICES		23,728	23,313	35,511	30,925	26,157	26,157	21,851	18,616	18,656
Vote 5 - MUNICIPAL HEALTH SERVICES		33,104	39,535	36,278	48,712	46,274	46,274	60,187	60,264	60,341
Vote 6 - WATER, SANITATION & TECHNICAL SERVICES		572,979	578,781	971,978	593,212	560,767	560,767	616,436	631,392	643,549
Vote 7 - MAYORAL AND COUNCIL		12,733	14,363	13,465	12,118	16,329	16,329	13,504	13,672	13,840
Vote 8 -		-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>1,098,039</b>	<b>1,200,384</b>	<b>1,331,747</b>	<b>1,054,493</b>	<b>1,024,706</b>	<b>1,024,706</b>	<b>1,081,225</b>	<b>1,101,083</b>	<b>1,119,800</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>(19,280)</b>	<b>60,871</b>	<b>(59,772)</b>	<b>334,691</b>	<b>381,632</b>	<b>381,632</b>	<b>266,926</b>	<b>381,429</b>	<b>476,938</b>

**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.

UTHUKELA DISTRICT MUNICIPALITY DRAFT BUDGET 2026/2027

**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	###	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
R thousand	1										
<b>Revenue</b>											
<b>Exchange Revenue</b>											
Service charges - Electricity	2	-	-	-	-	-	-	-	-	-	-
Service charges - Water	2	213,421	277,686	260,786	308,162	296,601	296,601	186,403	324,072	389,941	469,025
Service charges - Waste Water Management	2	15,970	17,931	19,596	21,643	21,757	21,757	13,945	25,101	30,121	36,145
Service charges - Waste Management	2	-	-	-	-	-	-	-	-	-	-
Sale of Goods and Rendering of Services	2	1,652	838	597	554	2,335	2,335	1,924	573	592	611
Agency services	2	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables	2	50,572	64,276	71,605	74,157	74,157	74,157	48,560	75,317	77,802	80,292
Interest earned from Current and Non Current Assets	2	5,958	8,557	6,613	6,163	5,643	5,643	3,734	5,791	5,983	6,174
Dividends	2	-	-	-	-	-	-	-	-	-	-
Rent on Land	2	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets	2	-	-	-	-	-	-	-	-	-	-
Licence and permits	2	-	-	-	-	-	-	-	-	-	-
Special rating levies	2	-	-	-	-	-	-	-	-	-	-
Construction Contract Revenue	2	-	-	-	-	-	-	-	-	-	-
Development Charges	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	702	276	3,223	1,069	1,333	1,333	1,253	1,378	1,424	1,469
<b>Non-Exchange Revenue</b>											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Surcharges and Taxes	2	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	2	63	125	394	511	465	465	289	422	436	450
Licences or permits	2	-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational	2	545,552	586,406	650,924	665,135	649,030	649,030	639,021	693,461	728,470	746,658
Interest	2	-	-	-	-	-	-	-	-	-	-
Fuel Levy	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	-	-	-	-	-	-	-	-	-	-
Gains on disposal of Fixed and Intangible Assets	2	-	5,832	-	-	-	-	-	-	-	-
Other Gains	2	-	-	-	-	-	-	-	-	-	-
Discontinued Operations	-	-	8,000	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>833,890</b>	<b>969,927</b>	<b>1,013,739</b>	<b>1,077,393</b>	<b>1,051,321</b>	<b>1,051,321</b>	<b>895,127</b>	<b>1,126,115</b>	<b>1,234,768</b>	<b>1,340,824</b>
<b>Expenditure</b>											
Employee related costs	2	349,172	361,224	404,820	406,233	406,224	406,224	274,577	415,519	415,519	415,519
Remuneration of councillors	2	6,389	6,154	6,284	6,219	9,746	9,746	7,100	8,409	8,409	8,409
Bulk purchases - electricity	2	-	-	-	-	-	-	-	-	-	-
Inventory consumed	2,8	44,877	97,299	106,642	68,790	58,490	58,490	12,277	69,231	71,238	72,878
Debt impairment	2,3	180,240	237,174	(59,329)	83,782	114,310	114,310	-	93,631	96,721	99,816
Depreciation, amortisation and impairment	2	87,352	96,484	89,413	83,303	91,917	91,917	60,593	93,980	97,081	100,188
Interest, Dividends and Rent on Land	2	8,614	16,352	19,234	6,721	6,721	6,721	110	6,950	7,179	7,409
Contracted services	2	194,098	176,785	247,369	124,962	153,429	153,429	63,326	104,659	106,185	99,738
Transfers and subsidies	2	3,120	3,285	-	3,600	2,000	2,000	1,350	2,000	-	-
Irrecoverable debts written off	2	-	3,124	260,435	83,782	-	-	-	93,631	96,721	99,816
Operational costs	2	222,658	212,504	254,130	187,100	181,869	181,869	45,343	193,216	202,031	216,029
Disposal of Fixed and Intangible Assets	2	1,519	-	2,749	-	-	-	15	-	-	-
Other Losses	2	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>1,098,039</b>	<b>1,200,384</b>	<b>1,331,747</b>	<b>1,054,493</b>	<b>1,024,706</b>	<b>1,024,706</b>	<b>464,690</b>	<b>1,081,225</b>	<b>1,101,083</b>	<b>1,119,800</b>
<b>Surplus/(Deficit)</b>		<b>(264,149)</b>	<b>(230,457)</b>	<b>(318,009)</b>	<b>22,900</b>	<b>26,615</b>	<b>26,615</b>	<b>430,437</b>	<b>44,890</b>	<b>133,685</b>	<b>221,024</b>
Transfers and subsidies - capital (monetary allocations)	6	244,868	291,328	267,242	311,791	355,016	355,016	(47,321)	222,036	247,744	255,914
Transfers and subsidies - capital (in-kind)	6	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(19,280)</b>	<b>60,871</b>	<b>(50,767)</b>	<b>334,691</b>	<b>381,632</b>	<b>381,632</b>	<b>383,116</b>	<b>266,926</b>	<b>381,429</b>	<b>476,938</b>
Income Tax											
<b>Surplus/(Deficit) after income tax</b>		<b>(19,280)</b>	<b>60,871</b>	<b>(50,767)</b>	<b>334,691</b>	<b>381,632</b>	<b>381,632</b>	<b>383,116</b>	<b>266,926</b>	<b>381,429</b>	<b>476,938</b>
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>(19,280)</b>	<b>60,871</b>	<b>(50,767)</b>	<b>334,691</b>	<b>381,632</b>	<b>381,632</b>	<b>383,116</b>	<b>266,926</b>	<b>381,429</b>	<b>476,938</b>
Share of Surplus/Deficit attributable to Associate	7	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>1</b>	<b>(19,280)</b>	<b>60,871</b>	<b>(50,767)</b>	<b>334,691</b>	<b>381,632</b>	<b>381,632</b>	<b>383,116</b>	<b>266,926</b>	<b>381,429</b>	<b>476,938</b>

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

1. Total operating revenue is R1.051 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 7%

2. Total operating expenditure is R1.024 billion in 2025/26 and escalates to R1.081 billion by 2027/28. The biggest contributor being employee related costs and electricity costs
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 DRAFT BUDGET 2026/2027

Vote Description	###	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>R thousand</b>	1										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure to be appropriated</b>	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 -		-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	7	-	-	-	-	-	-	-	-	-	-
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - BUDGET & TREASURE OFFICE		-	-	-	-	-	-	-	-	-	-
Vote 2 - CORPORATE SERVICES		-	-	-	2,500	1,900	1,900	-	1,000	1,000	1,000
Vote 3 - OFFICE OF THE MM		-	-	-	-	-	-	-	-	-	-
Vote 4 - PLANNING AND SOCIAL SERVICES		-	-	-	-	26,087	26,087	-	-	-	-
Vote 5 - MUNICIPAL HEALTH SERVICES		-	-	-	-	-	-	-	-	-	-
Vote 6 - WATER, SANITATION & TECHNICAL SERVICES		0	(0)	(0)	271,123	283,623	283,623	-	193,075	215,430	222,534
Vote 7 - MAYORAL AND COUNCIL		-	-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		0	(0)	(0)	273,623	311,610	311,610	-	194,075	216,430	223,534
<b>Total Capital Expenditure - Vote</b>		0	(0)	(0)	273,623	311,610	311,610	-	194,075	216,430	223,534
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>											
Executive and council		-	-	-	2,500	1,900	1,900	516	1,000	1,000	1,000
Finance and administration		-	-	-	2,500	1,900	1,900	516	1,000	1,000	1,000
Internal audit		-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>											
Community and social services		-	-	-	-	26,087	26,087	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>											
Planning and development		-	-	-	-	-	-	-	-	-	-
Road transport		-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		0	(0)	(0)	271,123	283,623	283,623	72,757	193,075	215,430	222,534
Energy sources		-	-	-	-	-	-	-	-	-	-
Water management		(0)	(0)	(0)	271,123	283,623	283,623	72,757	193,075	215,430	222,534
Waste water management		0	0	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
<b>Other</b>		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	3	0	(0)	(0)	273,623	311,610	311,610	73,273	194,075	216,430	223,534
<b>Funded by:</b>											
National Government		0	(0)	(4,349)	271,123	308,710	308,710	72,340	193,075	215,430	222,534
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)		-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	4	0	(0)	(4,349)	271,123	308,710	308,710	72,340	193,075	215,430	222,534
<b>Borrowing</b>	6	-	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		-	-	-	2,500	2,900	2,900	933	1,000	1,000	1,000
<b>Total Capital Funding</b>	7	0	(0)	(4,349)	273,623	311,610	311,610	73,273	194,075	216,430	223,534

UTHUKELA DISTRICT MUNICIPALITY DRAFT BUDGET 2026/2027

Description	Original Budget	Adjusted Budget	Increase / (Decrease)	Year 1	Year 2	Year 3
R thousand	2025/26	2026/27	2025/26	2026/27	2027/28	2028/29
<b>Capital Expenditure - Functional</b>						
<b>Governance and administration</b>	1 900	1 000	(900)	1 000	1 000	1 000
Executive and council			-			
Finance and administration	1 900	1 000	(900)	1 000	1 000	1 000
Internal audit			-			
<b>Community and public safety</b>	26 087	-	(26 087)	-	-	-
Community and social services	26 087	-	(26 087)			
Sport and recreation			-			
Public safety			-			
Housing			-			
Health			-			
<b>Economic and environmental services</b>	-	-	-	-	-	-
Planning and development			-			
Road transport			-			
Environmental protection			-			
<b>Trading services</b>	283 623	193 075	(90 548)	193 075	215 430	222 534
Energy sources			-			
Water management	283 623	193 075	(90 548)	193 075	215 430	222 534
Waste water management			-			
Waste management			-			
<b>Other</b>			-			
<b>Total Capital Expenditure - Functional</b>	<b>311 610</b>	<b>194 075</b>	<b>(117 535)</b>	<b>194 075</b>	<b>216 430</b>	<b>223 534</b>
<b>Funded by:</b>						
National Government	308 710	193 075	(115 635)	193 075	215 430	222 534
Provincial Government			-			
District Municipality			-			
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)			-			
<b>Transfers recognised - capital</b>	<b>308 710</b>	<b>193 075</b>	<b>(115 635)</b>	<b>193 075</b>	<b>215 430</b>	<b>222 534</b>
<b>Borrowing</b>						
Internally generated funds	2 900	1 000	(1 900)	1 000	1 000	1 000
<b>Total Capital Funding</b>	<b>311 610</b>	<b>194 075</b>	<b>(117 535)</b>	<b>194 075</b>	<b>216 430</b>	<b>223 534</b>

**Explanatory notes to Table A5- Budgeted Capital Expenditure** The capital budget for water and sanitation infrastructure is grant funded the municipality has budgeted R193 million towards water and sanitation infrastructure, for the 2026/27 financial year.

UTHUKELA DISTRICT MUNICIPALITY DRAFT BUDGET 2026/2027

**Table 23 MBRR Table A6 - Budgeted Financial Position**

UC23 Uthukela - Table A6 Budgeted Financial Position											
Description	###	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>R thousand</b>											
<b>ASSETS</b>											
<b>Current assets</b>											
Cash and cash equivalents	1	13,689	5,810	10,875	(131,839)	(85,240)	(85,240)	280,547	(44,867)	70,099	146,544
Short term Investments	2	-	-	-	-	-	-	-	-	-	-
Trade and other receivables from exchange transactions	3	46,739	106,021	107,470	261,348	352,281	352,281	226,664	386,382	399,133	411,905
Receivables from non-exchange transactions	3	305	79	79	424,642	173	173	79	173	179	184
Current portion of non-current receivables	4	3,514	10,695	3,514	-	-	-	3,514	-	-	-
Inventory	5	19,177	18,081	16,915	19,360	17,432	17,432	22,644	17,432	18,007	18,583
VAT Receivable	6	240,251	228,123	167,240	(9,148)	78,805	78,805	140,578	65,707	73,945	73,452
Other current assets	7	1,658	4,575	3,949	99	-	-	3,811	-	-	-
<b>Total current assets</b>		<b>325,333</b>	<b>373,384</b>	<b>310,043</b>	<b>564,462</b>	<b>363,451</b>	<b>363,451</b>	<b>677,837</b>	<b>424,826</b>	<b>561,362</b>	<b>650,668</b>
<b>Non current assets</b>											
Investments	8	-	-	-	-	-	-	-	-	-	-
Investment property	9	-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	10	3,248,605	3,400,395	3,551,348	3,544,778	3,551,348	3,551,348	3,564,200	3,551,348	3,668,542	3,785,936
Biological assets	11	-	-	-	-	-	-	-	-	-	-
Living resources	12	-	-	-	-	-	-	-	-	-	-
Heritage assets	13	-	-	-	-	-	-	-	-	-	-
Intangible assets	14	5,181	5,163	374	408	374	374	362	374	386	399
Trade and other receivables from exchange transactions	15	-	-	-	1,726	1,658	1,658	-	1,658	1,713	1,768
Non-current receivables from non-exchange transactions	15	-	-	-	48	46	46	-	46	48	49
Other non-current assets	16	-	-	-	-	-	-	-	-	-	-
<b>Total non current assets</b>		<b>3,253,786</b>	<b>3,405,558</b>	<b>3,551,722</b>	<b>3,546,961</b>	<b>3,553,427</b>	<b>3,553,427</b>	<b>3,564,562</b>	<b>3,553,427</b>	<b>3,670,690</b>	<b>3,788,152</b>
<b>TOTAL ASSETS</b>		<b>3,579,119</b>	<b>3,778,942</b>	<b>3,861,765</b>	<b>4,111,422</b>	<b>3,916,878</b>	<b>3,916,878</b>	<b>4,242,399</b>	<b>3,978,253</b>	<b>4,232,052</b>	<b>4,438,820</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	17	-	-	-	-	-	-	-	-	-	-
Financial liabilities	18	949	2,416	59	-	59	59	59	59	61	63
Consumer deposits	19	19,294	20,029	20,816	20,851	20,552	20,552	21,314	20,552	21,230	21,910
Trade and other payables from exchange transactions	20	620,438	795,224	1,122,228	1,051,343	746,726	746,726	1,001,507	846,077	842,323	737,820
Trade and other payables from non-exchange transactions	21	(5,889)	(19,455)	(428)	2,784	296	296	114,253	591	601	611
Provision	22	27,701	21,032	26,001	42,192	43,198	43,198	26,001	53,010	53,010	53,010
VAT Payable	23	191,894	213,789	145,308	(32,264)	1,150	1,150	134,487	1,761	14,435	22,560
Other current liabilities	24	14,221	14,221	20,574	25,099	64,121	64,121	20,574	65,126	67,276	69,428
<b>Total current liabilities</b>		<b>868,607</b>	<b>1,047,255</b>	<b>1,334,557</b>	<b>1,110,005</b>	<b>876,102</b>	<b>876,102</b>	<b>1,318,196</b>	<b>987,177</b>	<b>998,936</b>	<b>905,402</b>
<b>Non current liabilities</b>											
Financial liabilities	25	-	-	-	-	-	-	-	-	-	-
Provision	26	-	-	-	-	-	-	-	-	-	-
Long term portion of trade payables	27	-	-	-	-	-	-	-	-	-	-
Other non-current liabilities	28	33,837	40,776	41,595	51,558	50,346	50,346	41,595	50,346	52,007	53,672
<b>Total non current liabilities</b>		<b>33,837</b>	<b>40,776</b>	<b>41,595</b>	<b>51,558</b>	<b>50,346</b>	<b>50,346</b>	<b>41,595</b>	<b>50,346</b>	<b>52,007</b>	<b>53,672</b>
<b>TOTAL LIABILITIES</b>		<b>902,445</b>	<b>1,088,031</b>	<b>1,376,153</b>	<b>1,161,563</b>	<b>926,448</b>	<b>926,448</b>	<b>1,359,791</b>	<b>1,037,523</b>	<b>1,050,943</b>	<b>959,073</b>
<b>NET ASSETS</b>		<b>2,676,674</b>	<b>2,690,911</b>	<b>2,485,612</b>	<b>2,949,860</b>	<b>2,990,430</b>	<b>2,990,430</b>	<b>2,882,608</b>	<b>2,940,730</b>	<b>3,181,109</b>	<b>3,479,747</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated surplus/(deficit)	29	2,676,674	2,690,911	2,485,612	2,949,860	2,990,430	2,990,430	2,720,370	2,940,730	3,181,109	3,479,747
Reserves and funds	30	-	-	-	-	-	-	-	-	-	-
Other	31	-	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>32</b>	<b>2,676,674</b>	<b>2,690,911</b>	<b>2,485,612</b>	<b>2,949,860</b>	<b>2,990,430</b>	<b>2,990,430</b>	<b>2,720,370</b>	<b>2,940,730</b>	<b>3,181,109</b>	<b>3,479,747</b>

### **Explanatory notes to Table A6 - Budgeted Financial Position**

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

**Table 24MBRR Table A7 - Budgeted Cash Flow Statement**

DC23 Uthukela - Table A7 Budgeted Cash Flows											
Description	###	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates		-	-	-	-	-	-	-	-	-	-
Service charges		129,654	-	-	131,922	127,343	127,343	127,343	142,196	191,964	230,357
Other revenue		39,809	-	-	70,622	82,040	82,040	82,040	55,125	57,178	52,684
Transfers and Subsidies - Operational	1	533,343	-	-	665,135	649,030	649,030	649,030	693,461	728,470	746,658
Transfers and Subsidies - Capital	1	252,284	281,538	-	311,791	355,016	355,016	355,016	222,036	247,744	255,914
Interest		6,612	-	-	6,163	5,643	5,643	5,643	5,791	5,983	6,174
Dividends		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Suppliers and employees		(163,713)	(266,036)	(209,956)	(898,197)	(1,001,600)	(1,001,600)	(1,001,600)	(853,050)	(867,479)	(958,278)
Finance charges		-	-	-	-	-	-	-	-	-	-
Transfers and Subsidies	1	-	-	-	(3,600)	(2,000)	(2,000)	(2,000)	(2,000)	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>797,989</b>	<b>15,502</b>	<b>(209,956)</b>	<b>283,836</b>	<b>215,473</b>	<b>215,473</b>	<b>215,473</b>	<b>263,559</b>	<b>363,860</b>	<b>333,509</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Insurance Refund - Capital		-	-	-	-	-	-	-	-	-	-
Interest on Short Term Investment (Greater than 90 days) and Long Term Investments		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Capital assets		(194,919)	(222,994)	(218,668)	(273,623)	(311,610)	(311,610)	(311,610)	(223,186)	(248,894)	(257,064)
Retention (Capital)		-	-	-	-	-	-	-	0	0	0
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(194,919)</b>	<b>(222,994)</b>	<b>(218,668)</b>	<b>(273,623)</b>	<b>(311,610)</b>	<b>(311,610)</b>	<b>(311,610)</b>	<b>(223,186)</b>	<b>(248,894)</b>	<b>(257,064)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Repayment of borrowing		(143)	1,467	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>(143)</b>	<b>1,467</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>602,927</b>	<b>(206,025)</b>	<b>(428,624)</b>	<b>10,213</b>	<b>(96,137)</b>	<b>(96,137)</b>	<b>(96,137)</b>	<b>40,373</b>	<b>114,966</b>	<b>76,445</b>
Cash/cash equivalents at the year begin:	2	14,370	13,689	5,810	(142,052)	10,897	10,897	10,897	(85,240)	(44,867)	70,099
Cash/cash equivalents at the year end:	2	617,297	(192,336)	(422,814)	(131,839)	(85,240)	(85,240)	(85,240)	(44,867)	70,099	146,544

**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.
- On service charges the municipality applied on the billed service charges plus cost of free basic.

- 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 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 2026/27. Old creditors have also been factored into this budget
- The municipality has begun with the process of data cleansing
- 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 will offer incentives to encourage consumers to pay their old debt.
- The municipality is trying to build its reserves, so it can pay off its creditors.
- The municipality is installing prepaid meters for household.

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

DC23 Uthukela - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	###	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited	Audited	Audited	Original	Adjusted	Full Year	Pre-audit	Budget Year	Budget Year +1	Budget Year +2
<b>R thousand</b>											
<b>Cash and Investments available</b>											
Cash/cash equivalents at the year end	1	617,297	(192,336)	(422,814)	(131,839)	(85,240)	(85,240)	(85,240)	(44,867)	70,099	146,544
Other current investments > 90 days		-	-	-	-	-	-	-	-	-	-
Non current investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>617,297</b>	<b>(192,336)</b>	<b>(422,814)</b>	<b>(131,839)</b>	<b>(85,240)</b>	<b>(85,240)</b>	<b>(85,240)</b>	<b>(44,867)</b>	<b>70,099</b>	<b>146,544</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		11,211	(2,425)	16,603	2,784	296	296	131,284	296	296	296
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	32,869	75,863	78,258	54,109	28,652	28,652	(112,269)	34,426	34,426	41,677
Other working capital requirements	3	584,078	795,224	1,122,228	641,431	523,017	523,017	773,575	628,149	605,823	507,069
Other provisions		41,922	35,252	46,575	42,192	42,192	42,192	(46,575)	53,010	53,010	53,010
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>		<b>670,080</b>	<b>903,914</b>	<b>1,263,664</b>	<b>740,516</b>	<b>594,157</b>	<b>594,157</b>	<b>746,014</b>	<b>715,880</b>	<b>693,554</b>	<b>602,051</b>
<b>Surplus(shortfall) - Excluding Non-Current Creditors Trf to Debt Relief Benefits</b>		<b>(52,783)</b>	<b>(1,096,250)</b>	<b>(1,686,478)</b>	<b>(872,355)</b>	<b>(679,397)</b>	<b>(679,397)</b>	<b>(831,254)</b>	<b>(760,748)</b>	<b>(623,455)</b>	<b>(455,507)</b>
<b>Creditors transferred to Debt Relief - Non-Current portion</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Surplus(shortfall) - Including Non-Current Creditors Trf to Debt Relief Benefits</b>		<b>(52,783)</b>	<b>(1,096,250)</b>	<b>(1,686,478)</b>	<b>(872,355)</b>	<b>(679,397)</b>	<b>(679,397)</b>	<b>(831,254)</b>	<b>(760,748)</b>	<b>(623,455)</b>	<b>(455,507)</b>

**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.

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

DC23 Uthukela - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	###	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited	Audited	Audited	Original	Adjusted	Full Year	Pre-audit	Budget Year	Budget Year +1	Budget Year +2
<b>R thousand</b>											
<b>Cash and Investments available</b>											
Cash/cash equivalents at the year end	1	617,297	(192,336)	(422,814)	(131,839)	(85,240)	(85,240)	(85,240)	(44,867)	70,099	146,544
Other current investments > 90 days		-	-	-	-	-	-	-	-	-	-
Non current investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>617,297</b>	<b>(192,336)</b>	<b>(422,814)</b>	<b>(131,839)</b>	<b>(85,240)</b>	<b>(85,240)</b>	<b>(85,240)</b>	<b>(44,867)</b>	<b>70,099</b>	<b>146,544</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		11,211	(2,425)	16,603	2,784	296	296	131,284	296	296	296
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	32,869	75,863	78,258	54,109	28,652	28,652	(112,269)	34,426	34,426	41,677
Other working capital requirements	3	584,078	795,224	1,122,228	641,431	523,017	523,017	773,575	628,149	605,823	507,069
Other provisions		41,922	35,252	46,575	42,192	42,192	42,192	(46,575)	53,010	53,010	53,010
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments:</b>		<b>670,080</b>	<b>903,914</b>	<b>1,263,664</b>	<b>740,516</b>	<b>594,157</b>	<b>594,157</b>	<b>746,014</b>	<b>715,880</b>	<b>693,554</b>	<b>602,051</b>
<b>Surplus(shortfall) - Excluding Non-Current Creditors Trf to Debt Relief Benefits</b>		<b>(52,783)</b>	<b>(1,096,250)</b>	<b>(1,686,478)</b>	<b>(872,355)</b>	<b>(679,397)</b>	<b>(679,397)</b>	<b>(831,254)</b>	<b>(760,748)</b>	<b>(623,455)</b>	<b>(455,507)</b>
Creditors transferred to Debt Relief - Non-Current portion		-	-	-	-	-	-	-	-	-	-
<b>Surplus(shortfall) - Including Non-Current Creditors Trf to Debt Relief Benefits</b>		<b>(52,783)</b>	<b>(1,096,250)</b>	<b>(1,686,478)</b>	<b>(872,355)</b>	<b>(679,397)</b>	<b>(679,397)</b>	<b>(831,254)</b>	<b>(760,748)</b>	<b>(623,455)</b>	<b>(455,507)</b>

- 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.
- 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.

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**Table 26 MBRR -Table A9 Asset Management**

**ASchedule attachment**

**Explanatory notes to Table A9 - Asset Management**

Storm water Infrastructure		(118,072)	(188,293)	(263,289)	-	47,462	47,462	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		2,635,451	2,654,540	2,869,297	100,544	82,672	82,672	32,741	52,480	36,964
Sanitation Infrastructure		(135,141)	(144,559)	(153,594)	52,520	70,428	70,428	55,892	55,578	75,263
Solid Waste Infrastructure		(9,331)	(9,331)	(9,331)	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		<b>2,372,907</b>	<b>2,312,357</b>	<b>2,443,083</b>	<b>153,063</b>	<b>200,563</b>	<b>200,563</b>	<b>88,633</b>	<b>108,058</b>	<b>112,227</b>
Community Assets		-	-	-	3,354,438	3,354,438	3,354,438	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other Assets		28,191	(107,229)	25,730	(1,356)	(1,301)	(1,301)	(1,349)	(1,393)	(1,438)
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		5,181	5,163	374	408	374	374	374	386	399
Computer Equipment		(5,668)	(5,791)	(6,458)	(617)	449	449	507	491	475
Furniture and Office Equipment		(2,941)	(3,325)	(3,730)	1,626	1,755	1,755	(467)	(482)	(498)
Machinery and Equipment		90,010	91,175	106,232	-	1,000	1,000	-	-	-
Transport Assets		(72,858)	(77,371)	(80,393)	(2,377)	(2,998)	(2,998)	(2,863)	(2,957)	(3,052)
Land		-	-	8,474	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>5</b>	<b>2,414,822</b>	<b>2,214,979</b>	<b>2,493,310</b>	<b>3,505,186</b>	<b>3,554,281</b>	<b>3,554,281</b>	<b>84,836</b>	<b>104,102</b>	<b>108,113</b>
<b>EXPENDITURE OTHER ITEMS</b>		<b>146,480</b>	<b>190,852</b>	<b>248,584</b>	<b>138,303</b>	<b>181,963</b>	<b>181,963</b>	<b>132,980</b>	<b>137,038</b>	<b>132,103</b>
<b>Depreciation</b>	<b>7</b>	<b>83,923</b>	<b>85,704</b>	<b>89,369</b>	<b>83,303</b>	<b>91,917</b>	<b>91,917</b>	<b>93,980</b>	<b>97,081</b>	<b>100,188</b>
<b>Repairs and Maintenance by Asset Class</b>	<b>3</b>	<b>62,556</b>	<b>105,148</b>	<b>159,215</b>	<b>55,000</b>	<b>90,046</b>	<b>90,046</b>	<b>39,000</b>	<b>39,957</b>	<b>31,916</b>
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		41	12	2	1,000	50	50	-	-	-
Water Supply Infrastructure		62,515	105,136	97,458	54,000	89,996	89,996	39,000	39,957	31,916
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		<b>62,556</b>	<b>105,148</b>	<b>97,460</b>	<b>55,000</b>	<b>90,046</b>	<b>90,046</b>	<b>39,000</b>	<b>39,957</b>	<b>31,916</b>
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		-	-	280	-	-	-	-	-	-
Machinery and Equipment		-	-	61,451	-	-	-	-	-	-
Transport Assets		-	-	25	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		<b>146,480</b>	<b>190,852</b>	<b>248,584</b>	<b>138,303</b>	<b>181,963</b>	<b>181,963</b>	<b>132,980</b>	<b>137,038</b>	<b>132,103</b>
<i>Renewal and upgrading of Existing Assets as % of total capex</i>		0.0%	0.0%	100.0%	67.1%	55.1%	55.1%	49.0%	48.6%	51.5%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>		0.0%	0.0%	0.0%	220.5%	186.9%	186.9%	101.2%	108.3%	114.9%
<i>R&amp;M as a % of PPE &amp; Investment Property</i>		2.6%	4.8%	6.4%	1.6%	2.5%	2.5%	46.2%	38.5%	29.6%
<i>Renewal and upgrading and R&amp;M as a % of PPE and Investment Property</i>		2.6%	4.8%	6.4%	6.0%	7.4%	7.4%	158.0%	139.9%	136.5%

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

**A10**

UTHUKELA DISTRICT MUNICIPALITY DRAFT BUDGET 2026/2027

DC23 Uthukela - Table A10 Basic service delivery measurement

Description	###	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Energy:</b>										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Refuse:</b>										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
Informal Settlements		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>										
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>										
<b>Total cost of FBS provided</b>	8	-	-	-	-	-	-	-	-	-
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)		-	-	-	-	-	-	-	-	-
Water (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (average litres per week)		-	-	-	-	-	-	-	-	-
<b>Revenue cost of subsidised services provided (R'000)</b>	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		-	-	-	-	-	-	-	-	-
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		-	-	-	-	-	-	-	-	-
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	(0)	(0)	(6,316)	(6,525)	
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies	6	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Total revenue cost of subsidised services provided</b>		-	-	-	-	(0)	(0)	(6,316)	(6,525)	

## **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 2025) 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 2025, Key dates applicable to the process were as follows:

UTHUKELA DISTRICT MUNICIPALITY DRAFT BUDGET 2026/2027

**Table27 Key dates applicable to the process were as follows:**

<b>MONTHS</b>	<b>ACTION/TAST FOR IDP</b>	<b>TIMEFRAME FOR TASK COMPLETION</b>
<b>JULY AND AUGUST 2024</b>	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
<b>SEPTEMBER 2024</b>	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
<b>OCTOBER 2024</b>	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
<b>NOVEMBER 2024</b>	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
<b>DECEMBER 2024</b>	IDP best practice conference	04 December 2024
<b>JANUARY 2025</b>	IDP Supporting Structure Committee Meeting	17 January 2025

UTHUKELA DISTRICT MUNICIPALITY DRAFT BUDGET 2026/2027

<b>MONTHS</b>	<b>ACTION/TAST FOR IDP</b>	<b>TIMEFRAME FOR TASK COMPLETION</b>
<b>JULY AND AUGUST 2025</b>	Drafting of the IDP Framework and process plan	12 July 2025
	Alignment of IDP and budget process plans	19 July 2025
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<b>JANUARY 2026</b>	IDP Supporting Structure Committee Meeting	17 January 2026

UTHUKELA DISTRICT MUNICIPALITY DRAFT BUDGET 2026/2027

<b>FEBRUARY 2026</b>	IDP steering committee and strategic planning session to: <ul style="list-style-type: none"> <li>- Review Municipal Vision and Mission</li> <li>- Develop Objectives and Strategies</li> </ul>	6&7 February 2026
	Meeting COGTA and municipalities on IDP assessment	13 February 2026
	Updating of municipal CIP and MTEF based on Draft DORA allocations	12 February 2026
	IDP Coordinating committee meeting (IDP Managers)	19 February 2026
	IDP Representative Forum	21 February 2026
	IDP Road Shows	26-28 February 2026
<b>MARCH 2026</b>	EXCO approval of the Draft, recommend to Council	20 March 2026
	Council Approval of the Draft IDP 2025/2026	25 March 2026
	Submission of the Draft 2025/2026 IDP to COGTA	28 March 2026
<b>APRIL 2026</b>	Decentralized IDP assessment forums	10 April 2026
	Advertise for public comments(21days)	11 April 2026
	IDP/Budget Road shows	22-25 April 2026
<b>MAY 2026</b>	IDP Assessment Feedback Session	06 May 2026
	Amend IDP in accordance with the outcome of the assessment	13 May 2026
	EXCO recommend to Council	15 May 2026
	Council approval of the final 2025/2026 IDP	29 May 2026
<b>JUNE 2026</b>	Submission of the adopted IDP to the MEC	03 June 2026
	Advertise the Adopted IDP in the local newspaper	10 June 2026

## **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)**

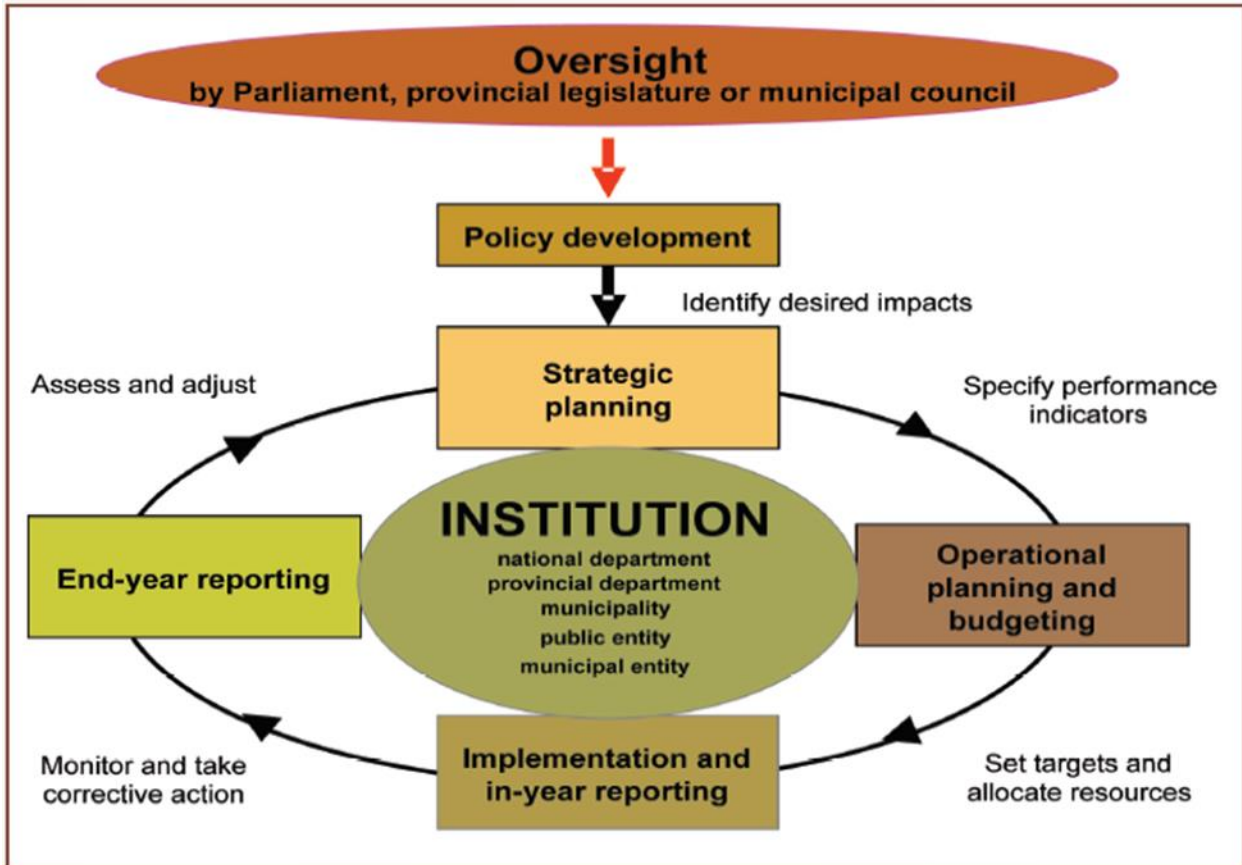
**Schedule attachment**

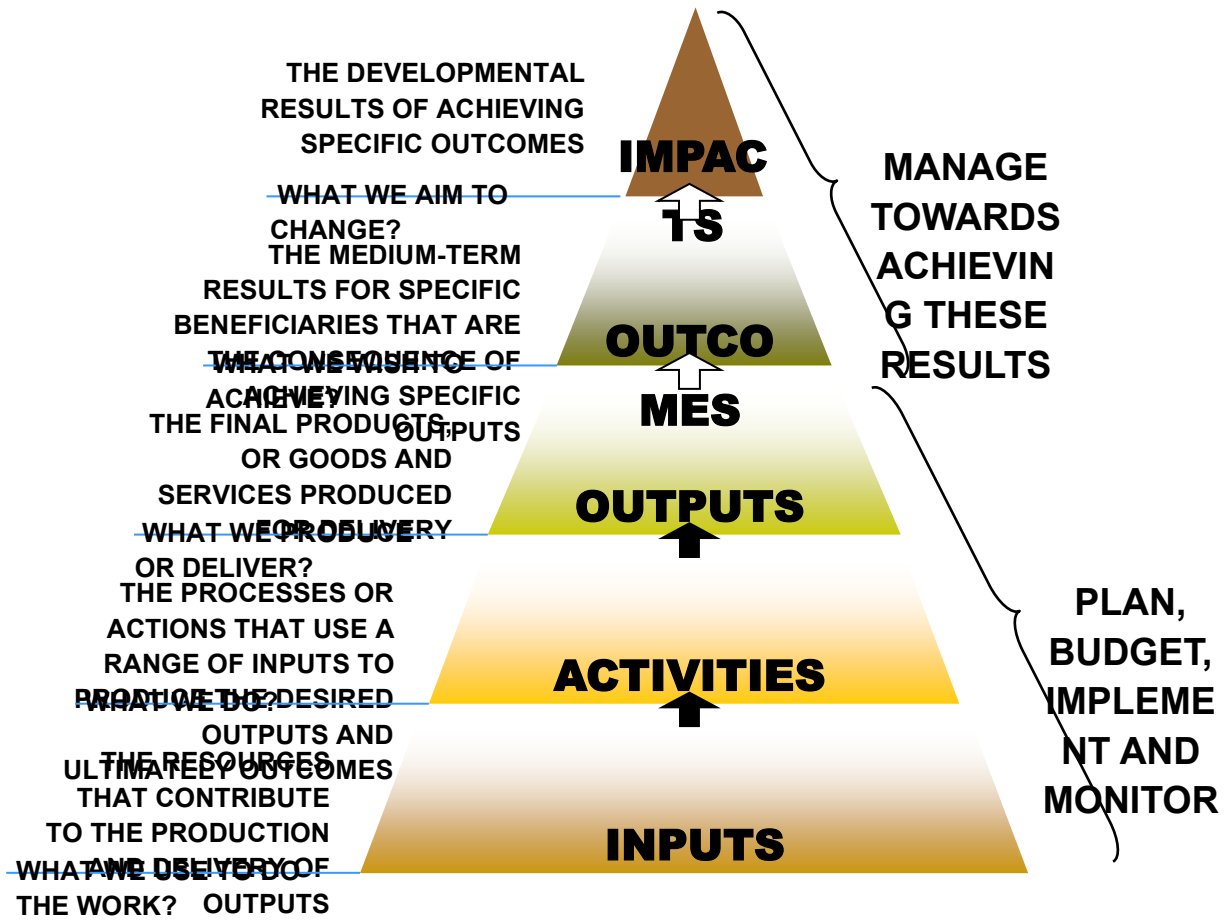
**Table 28.2 IDP Goals Objectives and Strategies**

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

**Schedule attachment**

The 2026/27 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  
Cost containment policy  
Virements policy  
SCM policy  
Petty cash policy  
Assets Management policy  
Indigent Policy*

## 2.4 OVERVIEW OF BUDGET ASSUMPTIONS

- The 2026/27 budget assumes the following:
  - CPI inflation rate forecast 3.4% for 2026/27 and 3.3% and 3.2% respectively for the outer two years.
  - Tariffs have been increased by 20% household consumers however the increase in industrial tariffs is 20%. With further engagements to be had with the business chamber in order 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 4.75%
  - 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**

DC23 Uthukela - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	###	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>R thousand</b>	<b>1</b>										
<b>Revenue</b>											
<b>Exchange Revenue</b>											
Service charges - Electricity	2	-	-	-	-	-	-	-	-	-	-
Service charges - Water	2	213,421	277,686	260,786	308,162	296,601	296,601	186,403	324,072	389,941	469,025
Service charges - Waste Water Management	2	15,970	17,931	19,596	21,643	21,757	21,757	13,945	25,101	30,121	36,145
Service charges - Waste Management	2	-	-	-	-	-	-	-	-	-	-
Sale of Goods and Rendering of Services	2	1,652	838	597	554	2,335	2,335	1,924	573	592	611
Agency services	2	-	-	-	-	-	-	-	-	-	-
Interest	2	-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables	2	50,572	64,276	71,605	74,157	74,157	74,157	48,560	75,317	77,802	80,292
Interest earned from Current and Non Current Assets	2	5,958	8,557	6,613	6,163	5,643	5,643	3,734	5,791	5,983	6,174
Dividends	2	-	-	-	-	-	-	-	-	-	-
Rent on Land	2	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets	2	-	-	-	-	-	-	-	-	-	-
Licence and permits	2	-	-	-	-	-	-	-	-	-	-
Special rating levies	2	-	-	-	-	-	-	-	-	-	-
Construction Contract Revenue	2	-	-	-	-	-	-	-	-	-	-
Development Charges	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	702	276	3,223	1,069	1,333	1,333	1,253	1,378	1,424	1,469
<b>Non-Exchange Revenue</b>											
Property rates	2	-	-	-	-	-	-	-	-	-	-
Surcharges and Taxes	2	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	2	63	125	394	511	465	465	289	422	436	450
Licences or permits	2	-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational	2	545,552	586,406	650,924	665,135	649,030	649,030	639,021	693,461	728,470	746,658
Interest	2	-	-	-	-	-	-	-	-	-	-
Fuel Levy	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	-	-	-	-	-	-	-	-	-	-
Gains on disposal of Fixed and Intangible Assets	2	-	5,832	-	-	-	-	-	-	-	-
Other Gains	2	-	-	-	-	-	-	-	-	-	-
Discontinued Operations	2	-	8,000	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>833,890</b>	<b>969,927</b>	<b>1,013,739</b>	<b>1,077,393</b>	<b>1,051,321</b>	<b>1,051,321</b>	<b>895,127</b>	<b>1,126,115</b>	<b>1,234,768</b>	<b>1,340,824</b>
<b>Expenditure</b>											
Employee related costs	2	349,172	361,224	404,820	406,233	406,224	406,224	274,577	415,519	415,519	415,519
Remuneration of councillors	2	6,389	6,154	6,284	6,219	9,746	9,746	7,100	8,409	8,409	8,409
Bulk purchases - electricity	2	-	-	-	-	-	-	-	-	-	-
Inventory consumed	2,8	44,877	97,299	106,642	68,790	58,490	58,490	12,277	69,231	71,238	72,878
Debt impairment	2,3	180,240	237,174	(59,329)	83,782	114,310	114,310	-	93,631	96,721	99,816
Depreciation, amortisation and impairment	2	87,352	96,484	89,413	83,303	91,917	91,917	60,593	93,980	97,081	100,188
Interest, Dividends and Rent on Land	2	8,614	16,352	19,234	6,721	6,721	6,721	110	6,950	7,179	7,409
Contracted services	2	194,098	176,785	247,369	124,962	153,429	153,429	63,326	104,659	106,185	99,738
Transfers and subsidies	2	3,120	3,285	-	3,600	2,000	2,000	1,350	2,000	-	-
Irrecoverable debts written off	2	-	3,124	260,435	83,782	-	-	-	93,631	96,721	99,816
Operational costs	2	222,658	212,504	254,130	187,100	181,869	181,869	45,343	193,216	202,031	216,029
Disposal of Fixed and Intangible Assets	2	1,519	-	2,749	-	-	-	15	-	-	-
Other Losses	2	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>1,098,039</b>	<b>1,200,384</b>	<b>1,331,747</b>	<b>1,054,493</b>	<b>1,024,706</b>	<b>1,024,706</b>	<b>464,690</b>	<b>1,081,225</b>	<b>1,101,083</b>	<b>1,119,800</b>
<b>Surplus/(Deficit)</b>		<b>(264,149)</b>	<b>(230,457)</b>	<b>(318,009)</b>	<b>22,900</b>	<b>26,615</b>	<b>26,615</b>	<b>430,437</b>	<b>44,890</b>	<b>133,685</b>	<b>221,024</b>
Transfers and subsidies - capital (monetary allocations)	6	244,868	291,328	267,242	311,791	355,016	355,016	(47,321)	222,036	247,744	255,914
Transfers and subsidies - capital (in-kind)	6	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(19,280)</b>	<b>60,871</b>	<b>(50,767)</b>	<b>334,691</b>	<b>381,632</b>	<b>381,632</b>	<b>383,116</b>	<b>266,926</b>	<b>381,429</b>	<b>476,938</b>
Income Tax		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after income tax</b>		<b>(19,280)</b>	<b>60,871</b>	<b>(50,767)</b>	<b>334,691</b>	<b>381,632</b>	<b>381,632</b>	<b>383,116</b>	<b>266,926</b>	<b>381,429</b>	<b>476,938</b>
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>(19,280)</b>	<b>60,871</b>	<b>(50,767)</b>	<b>334,691</b>	<b>381,632</b>	<b>381,632</b>	<b>383,116</b>	<b>266,926</b>	<b>381,429</b>	<b>476,938</b>
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions	7	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>1</b>	<b>(19,280)</b>	<b>60,871</b>	<b>(50,767)</b>	<b>334,691</b>	<b>381,632</b>	<b>381,632</b>	<b>383,116</b>	<b>266,926</b>	<b>381,429</b>	<b>476,938</b>

**Figure 2 Breakdown of operating revenue over the 2026/27 MTREF**

The following graph is a breakdown of the operational revenue per main category for the 2026/27 financial year.

UTHUKELA DISTRICT MUNICIPALITY DRAFT BUDGET 2026/2027

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 29% 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 62% 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.

UC23 Uthukela - Supporting Table SA15 Investment particulars by maturity

Investments by Maturity	##	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate %	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)
Name of institution & investment ID	1	Yrs/Months										
<b>Parent municipality</b>												
First National Bank		12 months	Call Account Investment	yes	variable	8.1	0		30/06/2028	500 000	3 000	(503 00)
Absa Bank		12 months	Call Account Investment	yes	variable	8.9	0		30/06/2028	200 000	1 000	(201 00)
Investec Bank		12 months	Call Account Investment	yes	variable	7.75	0		30/06/2028	60 000	591	(60 59)
Standard Bank		12 months	Call Account Investment	yes	variable	8.4	0		30/06/2028	100 000	700	(100 70)
Nedbank		12 months	Call Account Investment	yes	variable	8.2	0		30/06/2028	55 497	500	(55 99)
<b>Municipality sub-total</b>										915 497		(921 28)
<b>Entities</b>												
<b>Entities sub-total</b>										-		-
<b>TOTAL INVESTMENTS AND INTEREST</b>	1									915 497		(921 28)

**Table 31– Collection Rate**

The applicable collection rate for this draft 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 R222 million.

**Table 32 – Capital Grants**

NAME OF GRANT	R'000		R'000	
	2025/26	2026/27	2027/28	2028/29
MUNICIPAL INFRASTRUCTURE GRANT	219 159	222 036	247 744	255 914
WATER SERVICES INFRASTRUCTURE GRANT	100 000	-	-	-
MUNICIPAL DISASTER RELIEF GRANT	30 000	-	-	-
<b>TOTAL OPERATIONAL GRANTS</b>	<b>349 159</b>	<b>222 036</b>	<b>247 744</b>	<b>255 914</b>

## Service Level Standards

<b>Province: DC23 - Schedule of Service Delivery Standards Table 2027</b>	
<b>Description</b>	
<b>Standard</b>	<b>Service Level</b>
<b>Solid Waste Removal</b>	
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
<b>Water Service</b>	
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

<b>Up to 5 service connection affected (number of hours)</b>	<b>8 Hours</b>
<b>Up to 20 service connection affected (number of hours)</b>	<b>day</b>
<b>Feeder pipe larger than 800mm (number of hours)</b>	<b>4 Hours</b>
<b>What is the average minimum water flow in your municipality?</b>	
<b>Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)</b>	<b>Yes</b>
<b>How long does it take to replace faulty water meters? (days)</b>	<b>2 days</b>
<b>Do you have a cathodic protection system in place that is operational at this stage? (Yes/No)</b>	<b>Yes</b>
<b>Electricity Service</b>	
<b>What is your electricity availability percentage on average per month?</b>	<b>N/A</b>
<b>Do your municipality have a ripple control in place that is operational? (Yes/No)</b>	<b>N/A</b>
<b>How much do you estimate is the cost saving in utilizing the ripple control system?</b>	<b>N/A</b>
<b>What is the frequency of meters being read? (per month, per year)</b>	<b>N/A</b>
<b>Are estimated consumption calculated at consumption over (two month's/three month's/longer period)</b>	<b>N/A</b>
<b>On average for how long does the municipality use estimates before reverting to actual readings? (months)</b>	<b>N/A</b>
<b>Duration before availability of electricity is restored in cases of breakages (immediately/one day/two days/longer)</b>	<b>N/A</b>
<b>Are accounts normally calculated on actual readings? (Yes/no)</b>	<b>N/A</b>
<b>Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)</b>	<b>N/A</b>
<b>How long does it take to replace faulty meters? (days)</b>	<b>N/A</b>
<b>Do you have a plan to prevent illegal connections and prevention of electricity theft? (Yes/No)</b>	<b>N/A</b>
<b>How effective is the action plan in curbing line losses? (Good/Bad)</b>	<b>N/A</b>
<b>How soon does the municipality provide a quotation to a customer upon a written request? (days)</b>	<b>N/A</b>
<b>How long does the municipality takes to provide electricity service where existing infrastructure can be used? (working days)</b>	<b>N/A</b>
<b>How long does the municipality takes to provide electricity service for low voltage users where network extension is not required? (working days)</b>	<b>N/A</b>
<b>How long does the municipality takes to provide electricity service for high voltage users where network extension is not required? (working days)</b>	<b>N/A</b>
<b>Sewerage Service</b>	
<b>Are your purification system effective enough to put water back into the system after purification?</b>	<b>Yes</b>
<b>To what extend do you subsidize your indigent consumers?</b>	<b>Yes</b>
<b>How long does it take to restore sewerage breakages on average</b>	

<b>Severe overflow? (hours)</b>	<b>2 Hours</b>
<b>Sewer blocked pipes: large pipes? (Hours)</b>	<b>2 Hours</b>
<b>Sewer blocked pipes: small pipes? (Hours)</b>	<b>2 Hours</b>
<b>Spillage clean-up? (hours)</b>	<b>2 Hours</b>
<b>Replacement of manhole covers. (Hours)</b>	<b>3 Hours</b>
<b>Road Infrastructure Services</b>	
<b>Time taken to repair a single pothole on a major road? (Hours)</b>	<b>N/A</b>
<b>Time taken to repair a single pothole on a minor road. (Hours)</b>	<b>N/A</b>
<b>Time taken to repair a road following an open trench service crossing? (Hours)</b>	<b>N/A</b>
<b>Time taken to repair walkways? (Hours)</b>	<b>N/A</b>
<b>Property valuations</b>	
<b>How long does it take on average from completion to the first account being issued? (one month/three months or longer)</b>	<b>N /A</b>
<b>Do you have any special rating properties? (Yes/No)</b>	<b>N /A</b>
<b>Financial Management</b>	
<b>Is there any change in the situation of unauthorised and wasteful expenditure over time? (Decrease/Increase)</b>	<b>Decrease</b>
<b>Are the financial statement outsourced? (Yes/No)</b>	<b>No</b>
<b>Are there Council adopted business process structuring the flow and management of documentation feeding to Trial Balance?</b>	<b>Yes</b>
<b>How long does it take for an Tax/Invoice to be paid from the date it has been received?</b>	<b>within 30 Days</b>
<b>Is there advance planning from SCM unit linking all departmental plans quarterly and annually including for the next two to three years procurement plans?</b>	<b>Yes</b>
<b>Administration</b>	
<b>Reaction time on enquiries and requests?</b>	
<b>Time to respond to a verbal customer enquiry or request?</b>	<b>Immediately</b>
<b>Time to respond to a written customer enquiry or request?</b>	<b>2 Days</b>
<b>Time to resolve a customer enquiry or request?</b>	<b>24 Hours</b>
<b>What percentage of calls are not answered?</b>	<b>N/A</b>
<b>How long does it take to respond to voice mails?</b>	<b>N/A</b>
<b>Does the municipality have control over locked enquiries?</b>	<b>No</b>
<b>Is there a reduction in the number of complaints or not?</b>	<b>Yes</b>
<b>How long does in take to open an account to a new customer? (</b>	<b>Less than 20 minutes</b>

<b>How many times does SCM Unit, CFO's Unit and Technical unit sit to review and resolve SCM process delays other than normal monthly management meetings?</b>	<b>Once Every Month</b>
<b>Community safety and licensing services</b>	
<b>How long does it take to register a vehicle? (minutes)</b>	<b>N/A</b>
<b>How long does it take to renew a vehicle license? (minutes)</b>	<b>N/A</b>
<b>How long does it take to issue a duplicate registration certificate vehicle? (minutes)</b>	<b>N/A</b>
<b>How long does it take to de-register a vehicle? (minutes)</b>	<b>N/A</b>
<b>How long does it take to renew a drivers license? (minutes)</b>	<b>N/A</b>
<b>What is the average reaction time of the fire service to an incident? (minutes)</b>	<b>N/A</b>
<b>What is the average reaction time of the ambulance service to an incident in the urban area? (minutes)</b>	<b>N/A</b>
<b>What is the average reaction time of the ambulance service to an incident in the rural area? (minutes)</b>	<b>N/A</b>
<b>Economic development</b>	
<b>How many economic development projects does the municipality drive?</b>	<b>-</b>
<b>How many economic development programme are deemed to be catalytic in creating an enabling environment to unlock key economic growth projects?</b>	<b>-</b>
<b>What percentage of the projects have created sustainable job security?</b>	
<b>Does the municipality have any incentive plans in place to create an conducive environment for economic development? (Yes/No)</b>	<b>Yes</b>
<b>Other Service delivery and communication</b>	
<b>Is a information package handed to the new customer? (Yes/No)</b>	<b>Yes</b>
<b>Does the municipality have training or information sessions to inform the community? (Yes/No)</b>	<b>Yes</b>
<b>Are customers treated in a professional and humanly manner? (Yes/No)</b>	<b>Yes</b>

## 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 2026/27 MTREF and will be directly aligned and informed by the 2026/27 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 draft annual budget for 2026/27 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**                            **27 March 2026**