

EDUMBE LOCAL MUNICIPALITY – KZN 261

NARATIVE ORIGINAL BUDGET REPORT 2026/27- 2028/29



MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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Annual Budget Format (Schedule A)

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Details on the contents of each of the above sections are provided in the Schedules to the Municipal Budget and Reporting Regulations, as published in Part 1 of 2 Government Gazette No.32141 dated 17 April 2009

TABLING FINAL ANNUALLY BUDGET FOR 2026 TO 2027
MTREF FINANCIAL YEAR

PART 1

1.1. MAYOR'S REPORT / SPEECH

Mayor CLLR Makhabela to deliver his speech during Council meeting on 27 May 2026 at Council Chamber.

MAYORAL BUDGET SPEECH BY MAYOR CLLR M.S. MKHABELA DURING COUNCIL MEETING ON Wednesday, 27 May 2026 IN éDUMBE MUNICIPAL COUNCIL CHAMBER

Madam Speaker,
Honourable Deputy Mayor,
Member of the Executive Committee,
MPAC Chairperson,
Councillors,
Amakhosi Asendlunkulu,
Acting Municipal Manager,
Senior Managers, all municipal officials present here and
Community Members
I greet you.

Madam Speaker, it is a pleasure and admiration to table this Final budget for 2026/27 which is the first of fiscal year in our term of office as this council since November 2021. It has been a short time, challenging but great journey we have marched together of changing our people's lives to be better.

Madam Speaker, it is an obligatory mandate that the Mayor of municipality must coordinate the budget processes for preparing the annual budget and reviewing the Municipality's Integrated Development Plan and all budget- related policies. That intends to ensure that tabled budget and IDP's revisions and budget – related policies are equally consistent and credible.

Madam Speaker, the Municipal financial position is solely dependent on grants. The revenue collection remained a serious challenge since we came into office in , however there are slightly improvements due to revenue enhancement strategies especial on electricity collection.

Hon. Speaker, in preparation of the Final operational expenditure budget reflection was assumed to the current and changing economic climate conditions also cost containments regulations appropriate to the local government sphere.

The Final budget for 2026/27 with outyears is as follows:

	Year - 2027	Year - 2028	Year - 2029
TOTAL REVENUE (excluding capital transfers and contributions)	- 255 365 000.00	- 261 018 000.00	- 278 228 000.00
TOTAL EXPENDITURE	225 914 000.00	230 892 000.00	234 252 ,000.00
Surplus/(Deficit)	- 29 451 000.00	- 30 126 000.00	- 39 976 000.00

Madam Speaker, this Council through previous years' final budgets has successful achieve various projects which enhances infrastructure development and socio-economic issues in our communities. Furthermore, it has continuously committed to render reasonable and impartial service delivery to all of eDumbe Citizens. I which to Thanks official who prepare our budget as it was deficit on a final budget in out years but now, we have surplus.

Honourable Speaker, please allow me to take this opportunity together with the Council to thank the people of eDumbe unreservedly for affording us the opportunity to lead the municipality for a period of five years .I also wish to extend my gratitude thanks to the management and staff of eDumbe for their magnitude support to Council and helping us in bringing change to the people of eDumbe.

As I conclude Madam speaker,I hereby table before the Council the 2026/27 Final annual budget for eDumbe Municipality for adoption by the Council.

I thank you!!!
Nginyabonga

1.2 Resolution

éDumbe Municipality

10 Hoog Street
Private Bag X308
PAULPIETERSBURG 3180



☎ : (034) 995 1650
Fax : (034) 995 1192
edumbekz261@mweb.co.za

ALL CORRESPONDENCE TO BE ADDRESSED TO THE MUNICIPAL MANAGER

EXTRACT

Extract from the Minutes of the Special Council Meeting held on the 27 May 2026 in the Council Chamber, Paulpietersburg.

EDCO TABLING OF FINAL BUDGET FOR 2026/2027 TO 2028/29 **MTREF FINANCIAL YEAR**

PURPOSE

The purpose of the item is to submit the Original MTREF Budget for 2026/27 to 2028/29 Financial Year in terms of section 16 (1) of the Local Government: Municipal Finance Management Act no. 56 of 2003.

BACKGROUND

Mfma sec.16.

- (1) The council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year.
- (2) In order for a municipality to comply with subsection (1). the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.

Mfma sec 24.

- (l) The municipal council must at least 30 days before the start of the budget year consider approval of the annual budget
 - (2). An annual budget
 - (a) must be approved before the start of the budget year.
 - (b) is approved by the adoption by the council of a resolution referred to in section

17(3)(a)(i); and

(c) must be approved together with the adoption of resolutions as may be necessary-

(i) imposing any municipal tax for the budget year;

(ii) setting any municipal tariffs for the budget year;

(iii) approving measurable performance objectives for revenue from each

(iv) approving any changes to the municipality's integrated development

(v) approving any changes to the municipality's budget-related policies. source and for each vote in the budget; plan; and

(3) The accounting officer of a municipality must submit the approved annual budget to the National Treasury and the relevant provincial treasury.

DISCUSSION

Executive Summary

The application of sound financial management principles for the compilation of eDumbe Local Municipality 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.

National Treasury's MFMA Circular No. 132 and Provincial Treasury Circular with reference: PT/MF 07 of 2025/26 were used to guide the compilation of the 2026/27 – 2028/29 MTREF. The mSCOA Regulations was also considered when the Final budget was compiled, and the budget complies with the mSCOA requirements and version 7.1 as recently published by Treasury.

The main challenges experienced during the compilation of the 2026/27 MTREF has not changed from the previous year's challenges which were experienced by the municipality when the budget was compiled. The challenges can be summarized as follows:

- The ongoing difficulties in the national, provincial and local economy.
- Aging and poorly maintained roads and electricity infrastructure.

- The increased cost of bulk electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no longer be affordable.
- Salary increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies.
- Most of the rural settlements are small thus making service delivery costly, this effect is compounded by the aspect that only 35% of the municipality's population lives in an urban area while 65% lives in the rural hinterland of the municipality. The spatial development pattern of the municipality will have to be addressed.
- The municipality has also experienced the challenge due to the cutting of the expenditure by National and Provincial government. All grants were affected by cost cutting measures implemented by the government.

Legislative framework

The 2026/27 Final budget is prepared in accordance with the Local Government; Municipal Finance Management Act, 2003 and the Municipal Budget and Reporting Regulations issued by the Minister in terms of Section 168(1) of the Act. In terms of these regulations a multi-year budget spanning over three (3) years is prepared. It needs to be noted that the figures for 2026/27 to 2028/29 are indicative in terms of the Medium-Term Revenue Expenditure Framework.

The budget comprises of two categories:

- (a) Operational Budget
- (b) Capital Budget

The focus area where eDumbe Municipality is rendering service to community includes the following:

- Electricity Supply
- Municipal Roads and Solid Waste Removal
- Cemeteries
- Firefighting and Public Safety Services

Linkages between the budget, the IDP and political priorities

Firstly, the budget timetable and the IDP process plan are aligned through an integrated time schedule.

Secondly, the IDP is prepared, and the projects are included in the budget with each project properly reference per IDP reference number.

Moreover, the financial plan comprising the total budget, among other items, is included in the IDP.

Finally, the implementation of electricity and solid waste projects and other assigned functions through the Structures Act constitutes compliance with National, Provincial and Local development goals to eradicate backlogs of the past.

Total Operating Revenue and Total Operating Expenditure

	Year - 2027	Year - 2028	Year - 2029
TOTAL REVENUE (excluding capital transfers and contributions)	- 255 365 000.00	- 261 018 000.00	- 278 228 000.00
TOTAL EXPENDITURE	225 914 000.00	230 892 000.00	234 252 ,000.00
<i>Surplus/(Deficit)</i>	<i>- 29 451 000.00</i>	<i>- 30 126 000.00</i>	<i>- 39 976 000.00</i>

Operating Revenue Framework

The expenditure required to address these challenges will inevitably always exceed available funding hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues. The municipality has a huge task to implement the revenue enhancement strategy because the municipality has a huge backlog on infrastructure which must be addressed.

Cash flow has become a huge challenge in a municipality due to the non-payment by customers. One of the challenges which cause the customers not to pay is the current economy status within the area which has affected the market, and some businesses are struggling to cope with the situation.

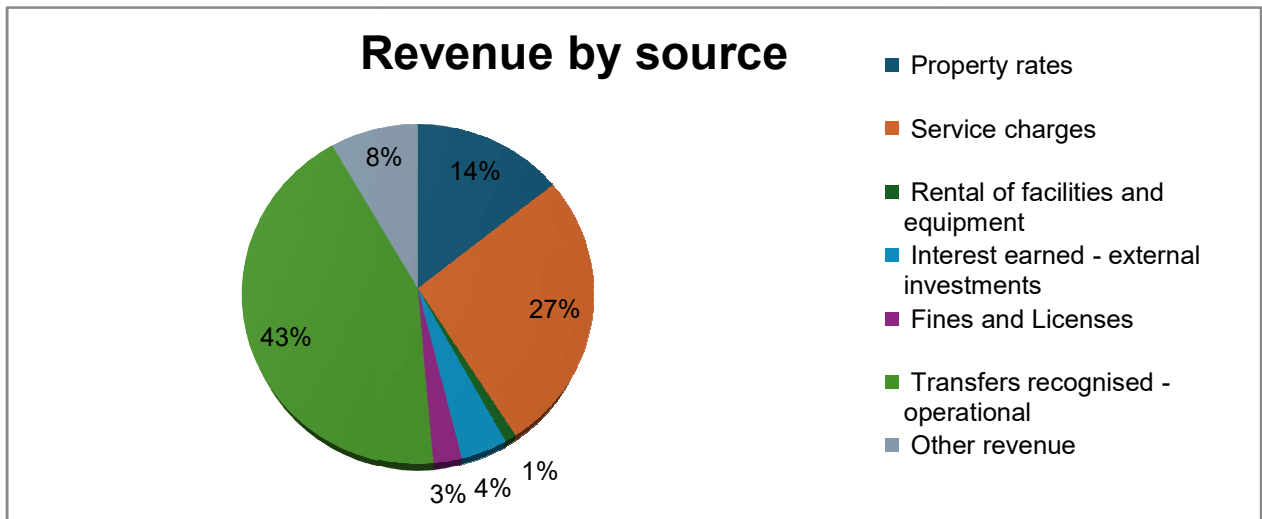
The municipality's revenue strategy is built around the following key components:

- Efficient revenue management and electricity tariff increases as approved by the National Electricity Regulator of South Africa (NERSA);

- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- The municipality's Indigent Policy and rendering of free basic services; and Tariff policies of the municipality.

The format prescribed by National Treasury has been used to prepare the above schedule and the operating statement has excluded the capital transfers to allow the user to see whether the operating activities of municipality results to the deficit or surplus.

The revenue as per chart is as follows:



Sale of Electricity and Impact of Tariff Increases

NERSA approved an average increase to Eskom on bulk electricity by 9.01%. The municipality has obtained NERSA approval for the electricity tariff increase at 12.5%:

- Approximately 3 new shops to be connected upon the completion of phase 2 of the shopping centre in town amongst other Debonairs Pizza will start its operation in June 2026.

2026/27 Electricity Tariff Application

- eDumbe local Municipality is hereby applying for the following tariff application increase for the 2026/27 financial year.

-

- **Domestic: Prepaid and Conventional** **c/kwh**

- Block 1. 0 – 50 kWh 223.58
- Block 2. 51 – 350 kWh 280.15
- Block 3. 351 – 600 kWh 390.92
- Block 4: > 600 kWh 352.76

- *Conventional metering, fixed monthly charge of R 506.77 per month

-

- **Commercial prepaid** **c/kwh**

- Energy Charge. 417.79

-

- **Commercial: Conventional** **c/kwh**

- Energy Charge. R 372.18

- *Conventional metering, fix monthly charge of R1574.34 per month

- **Industrial:**

- Energy Charge. R 221.78 c/kWh
- Demand Charge. R 474.98 kva
- Basic Charge. R 9 314.16 per month

Operating Transfers and Grant Receipts

The National Treasury has allocated grants to the municipality through DORA which will assist on the provision of the basic services. The schedule of grants received is as follows:

Details	Final Budget 2026/27	Outer Year 1 2027/28	Outer Year 2 2028/29
GRANTS & SUBSIDIES			
National Government			
Equitable Share	101 507 000	100 634 000	108 041 000
Finance Management Grant	3 000 000	3 100 000	3 100 000
Municipal Infrastructure Grant	30 958 000	23 612 000	24 238 000
Integrated National Electrification	8 140 000	10 452 000	10 924 000
Public Works Integrated Grant	1 507 000	-	-
	154 430 000	137 798 000	146 303 000
Provincial Government			
Provincialisation of Libraries	2 238 000	2 142 000	2 142 000
Community Library Services	1 491 000	1 648 000	1 648 000
Total Receipts from Provincial Gov	3 729 000	3 790 000	3 790 000
Total Grants & Subsidies	158 220 000	141 588 000	150 093 000

Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process. The first R10 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA). In addition to this rebate, a further R110 000 reduction on the market value of a property will be granted in terms of eDumbe Local Municipality's proposed Final Property Rates Policy to be implemented in 2026/27 to address the value of the properties for indigent household considering the RDP House value.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance.

The proposed property rates tariff for 2026/27 financial year has been calculated in compliance with the MPRA regulations which stipulate the ratios of tariffs per category. It must be noted that the previous year's tariffs were not complying with the MPRA regulations when it comes to ratios per category.

The revenue forgone amounted to R1334 121.14

based on the R110 000 reduction amount on all residential properties.

Tariffs are as follow:

Property Category	Budget 2026/27	Rebate	Budget 2027/28	Rebate
Residential	0.00786		0.01238	
Business, Commercial	0.02226	10%	0.02532	10%
Industrial business	0.02491		0.02908	
Agricultural	0.00198		0.00229	
Public Service Purposes	0.05820		0.03480	
Public Service Infrastructure	0.00196		0.00614	
Vacant Land	0.02860		0.03640	
Place of Public Worship	Exempted 100%			
Municipal properties				
Communal Land				
Public Benefit Organisation Properties, and Non-Profit Organisation Properties				

The municipality will be charging interest on overdue accounts in 2026/27 financial year for all services at the rate of 0.5 % on 30 days account in arrears, because of incorrect or missing customers Data and challenges on sending of statements

Waste Removal and Impact of Tariff Increases

The increase 4.3% in the waste removal tariff is proposed from 1 July 2026. The following table compares current and proposed amounts payable from 1 July 2025

Waste removal proposed tariffs	2025/26	2026/27
	excl. VAT	excl. VAT
1. Domestic removal - Refuse	R 163.73	R169.79
2. Business removal - Refuse		
1 - 2 Bins	R449.05	R465.66
3 - 4 Bins	R 674.19	R699.13
5 - 6 Bins	R 725.95	R752.81
More than 6 Bins	R 1040.20	R1078.69

EXPENDITURE SECTION

Operating Expenditure Framework

The eDumbe Local Municipality expenditure framework for the 2026/27 budget and MTREF is informed by the following:

- The asset renewal strategy and the repairs and maintenance plan;
- 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 program is 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.

Employee Related Cost

The employee related cost comprises of 46.3% of the operating budget and 31% of the total budget inclusive of Capital budget excluding the councillor's remunerations. The employee costs percentage is above the threshold/ acceptable norm as per National Treasury Circular 71 which indicates that the acceptable norm for the Employee related cost must be 25% to 40%.

The increase on salaries for employees has been projected at 4.75% as per Circular no. 04/2026 issued by South African Local Government Bargaining Council.

Also included on the employee related costs is the provision for travel allowances for all managers at R6 500 per month. The managers will therefore not be eligible to use municipal vehicles as they will be having the travel allowances.

Remuneration for Councillors

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative 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 municipal budget. It must also be noted that the position of the Mayor, Deputy Mayor, Speaker and EXCO Member are full time which had an impact on the allowances of the councillors.

Bulk Purchases

Bulk purchases are directly informed by the purchase of electricity from Eskom. The guideline for the tariffs charges increases approved by NERSA for municipalities at 9.01% considering the approval made by NERSA for Eskom increases on electricity. Tariffs will be increased to 12.5% as approved by NERSA on sale of electricity.

Contracted services

The contracted services include the provision of the grass cutting service to the municipal properties and the security services to all municipal buildings as per the service level agreement that the municipality entered.

Description	Budget Year 2026/27	Outer Year 1 2027/28	Outer Year 2 2028/29
Security Services	9 080 000	9,379,640	9,679,788
Grass Cutting	1,900,000	1,962,700	2,025,506
	10 980 000	11 342 340	11 705 294

Repairs and maintenance of assets

This has become a challenge when it comes to the disclosure of the amount to be spent on the repairs and maintenance of the assets. This is because the repairs and maintenance portion include the portion of salaries of employees which are involved on the repairs and maintenance. The repairs and maintenance budgeted for 2026/27 financial year per item is as follows excluding the salaries portion.

Description R thousand	2026/27 Medium Term Revenue & Expenditure Framework		
	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Electricity Infrastructure	2 500 000	2 583 000	2 665 000
Operations & Maintenance	2 252 000	2 326 000	2 401 000
Building Maintenance	1 100 000	1 136 000	1 173 000
Vehicles	1 500 000	1 550 000	1 599 000
	7 352 000	7 595 000	7 838 000

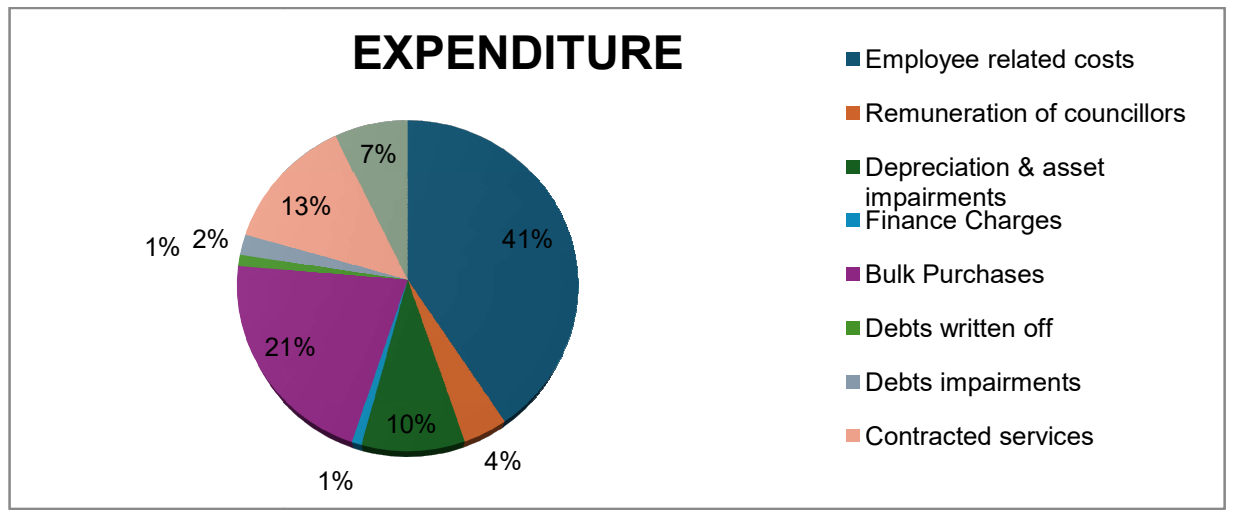
Free Basic Services: Basic Social Services Package

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 eDumbe Local Municipality's Indigent Policy. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement). The municipality is currently providing the free basic electricity to rural household and the municipality pay Eskom for the provision of the free basic electricity since the license holder is Eskom.

Depreciation

This is a non-cash item budgeted for as per the stipulation of the new accounting standards and is funded from backlog depreciation. The depreciation and impairment of assets has been budgeted at R 21 891 533.04 for 2026/27 financial year.

The following table/ chart give a breakdown of the main expenditure categories for the 2026/27 financial year.



✓ Capital Budget

The capital budget is funded by the grants which will be transferred to the municipality by National Treasury as per DORA allocation gazette for 2026 and transfer from operations. A capital grant consists of following:

- Municipal Infrastructure Grants (MIG)
- Electrification Grants (INEP)
- Own funding

Capital expenditure.

The following tables provide a breakdown of budgeted capital expenditure funded by grants and own funding:

MIG PROJECTS

Program/ Project Description	WARD	Total Project Estimate
Gulez Pedestrian Bridge	4	6,533,418.93
Lubenjane Pedestrian Bridge	5	4,000,000.00
Lubenjani Community Hall	6	5,000,000.00
Hlungwana Bridge	9	5,000,000.00
Top slice 5%		1,106,581.07
eDumbe Sportfield	3	9,318,000.00
TOTAL		<u>30,958,000.00</u>

INEP PROJECTS

Program/ Project Description	WARD	Total Project Estimate
KwaLembe	9	2,890,000.00
Eskhaleni	3	5,250,000.00
TOTAL		<u>8,140,000.00</u>

OWN FUNDING

Program/ Project Description	WARD	Total Project Estimate
Motor Vehicles	Transport	4025000
Equipment and Furniture	Equipment	1000000
Computers		220000
TOTAL		<u>5,245,000.00</u>

RECOMMENDED COUNCIL RESOLUTIONS

1. The Mayor of eDumbe Local Municipality, acting in terms of section 16 (2) of the Municipal Finance Management Act, (Act 56 of 2003) hereby table the final Budget and Budget related policies to a council meeting. The council resolved.
 - 1.1. That the Final budget and Medium-Term Revenue and Expenditure Framework (MTREF) for the three-year period commencing in 2026/27 financial year be approved.
 - 1.2. To approved final budget of the operational and Capital budget for the outer years 2026/27 and 2027/28
 - 1.3. To Approved final budget that provision was made for a general increase of 4.75% on Employee Related Costs and provision for the Upper limits for Remuneration and allowances for Councillors, implementation being subject to the confirmation by the SALGBC for employees and approval by MEC for Co-operative Governance and Traditional Affairs for councillors.
 - 1.4. To Approved that the mSCOA Regulations and Integrated Development Plan was observed and considered in the compilation of the budget version 7.1
 - 1.5. Those copies of the budget are submitted to National Treasury, DPLG, DTLGA and Provincial Treasury as per the requirements of the MFMA.
 - 1.6. To approve of the Electricity Theft By-law and Budget related policies.
 - 1.7. To approve the budget funding (grants) and the proposed tariff charges.
 - 1.8. To approve the reviewed tariffs as per the MFMA Budget Circular and NERSA guidelines for electricity tariffs.
 - 1.9. To approve of eDumbe Service Delivery Standards.
 - 1.10. To take note table and approve comments by Provincial Treasury on Final budget assessment report.

1.11. Budget Related policies:

- ❖ Various Policies approved by Council underpin governance and the financial function of the municipality and are relevant to the budget process. The purpose of this section of the Budget Report is to indicate the key policies. In this regard and to seek review by Council of any amendment and new policies that are align to current situation.

The following policies were approved:

- ❖ Cash, Banking Investment Management Policy
- ❖ Credit Control Policy
- ❖ Customer care, credit, debt collection policy
- ❖ Debt Impairment Policy
- ❖ Debt-Incentive-Scheme Policy
- ❖ Indigent Policy
- ❖ Indigent support Procedure Policy
- ❖ Petty Cash Policy
- ❖ Property Rates Policy
- ❖ SCM Policy
- ❖ Tariff Policy
- ❖ Virement Policy
- ❖ Cost containment Policy
- ❖ Leave Policy
- ❖ Outdoor advertising Policy
- ❖ Risk management Policy
- ❖ Overtime Policy
- ❖ Recruitment and Selection Policy
- ❖ Training and Development Policy
- ❖ EPWP Policy
- ❖ Consultancy Policy
- ❖ Procurement of Infrastructural Projects

1.11.1. That the tabled Final budget for the year 2026/27& indicative figures for the 2 projected outer years be adopted by Council as set out in the following schedules:

1.11.1.1.	Table A1	Budget Summary
1.11.1.2.	Table A2	Budgeted Financial Performance (By Standard Classification)
1.11.1.3.	Table A3	Budgeted Financial Performance (By Municipal Vote)
1.11.1.4.	Table A4	Budgeted Financial Performance (Revenue & Expenditure)
1.11.1.5.	Table A5	Budgeted Capital Expenditure
1.11.1.6.	Table A6	Budgeted Financial Position
1.11.1.7.	Table A7	Budgeted Cash Flows
1.11.1.8.	Table A8	Cash Backed Reserves

- 1.11.1.9. Table A9 Asset Management
- 1.11.1.10. Table A10 Basic Service Delivery Measurement
- 1.11.1.11. Supporting documents from SA1 – SA37

FOR CONSIDERATION

Attachments: Yes

1. Schedule A budget document (A1 – A10)
2. Supporting Schedule (SA1 – SA37)
3. mSCOA compliant Budget version 7.1
4. Cash, Banking Investment Management Policy
5. Credit Control Policy
6. Customer care, credit, debt collection policy
7. Debt Impairment Policy
8. Debt-Incentive-Scheme Policy
9. Indigent Policy
10. Indigent support Procedure Policy
11. Petty Cash Policy
12. Property Rates Policy
13. SCM Policy
14. Tariff Policy
15. Performance Management System Policy
16. Performance Framework
17. Virement Policy
18. Cost containment Policy
19. Leave Policy
20. Outdoor advertising By-Law
21. Risk Management Policy
22. Risk Management Strategy
23. Overtime Policy
24. Recruitment and Selection Policy
25. Training and Development Policy
26. EPWP Policy
27. Consultancy Policy
28. Procurement of Infrastructural Projects
29. Fleet Policy
30. ICT Policies
31. Records Management Policy
32. SNT Policy

1.3 Executive Summary:

The application of sound financial management principles for the compilation of eDumbe Local Municipality 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.

National Treasury's MFMA Circular No. 107 and 108 were used to guide the compilation of the 2026/2027 – 2028/29 MTREF. The mSCOA Regulations was also taken into account when the original budget was compiled, and the budget complies with the mSCOA requirements.

The main challenges experienced during the compilation of the 2024/2025 MTREF has not changed from the previous year's challenges which were experienced by the municipality when the budget was previously compiled. The challenges can be summarized as follows:

- The ongoing difficulties in the national and local economy.
- Aging and poorly maintained roads and electricity infrastructure.
- The increased cost of bulk electricity (due to tariff increases from Eskom), which is placing upward pressure on service tariffs to residents. Continuous high tariff increases are not sustainable - as there will be point where services will no longer be affordable.
- Wage increases for municipal staff that continue to exceed consumer inflation, as well as the need to fill critical vacancies.
- Most of the rural settlements are small thus making service delivery costly, this effect is compounded by the aspect that only 35% of the municipality's population lives in an urban area while 65% lives in the rural hinterland of the municipality. The spatial development pattern of the municipality will have to be addressed.
- Income levels in eDumbe tend to be quite low with 69% of the population earning less than R1200 a month. The traditional and rural areas are the most poverty stricken.
- The municipality has also experienced the challenge due to the cutting of the expenditure by National and Provincial government. All grants were affected but cut costing measures implemented by the government.

KZN261 eDumbe - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	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
Revenue											
Exchange Revenue											
Service charges - Electricity	2	28,544	33,769	45,014	64,621	57,823	57,823	33,528	65,038	71,902	79,092
Service charges - Water	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Management	2	2,766	2,715	3,133	4,067	2,975	2,975	2,559	3,085	1,601	1,652
Sale of Goods and Rendering of Services	2	146	169	160	284	294	294	75	305	315	325
Agency services	2	-	-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables	2	5,369	5,478	5,668	6,828	6,928	6,928	3,344	7,184	7,421	7,659
Interest earned from Current and Non Current Assets	2	1,022	1,725	1,046	3,240	3,239	3,239	560	3,359	3,470	3,581
Dividends	2	-	-	-	-	-	-	-	-	-	-
Rent on Land	2	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets	2	1,619	1,559	1,740	1,667	2,543	2,543	1,196	2,637	2,724	2,811
Licence and permits	2	394	254	334	804	804	804	195	834	861	889
Special rating levies	2	-	-	-	-	-	-	-	-	-	-
Construction Contract Revenue	2	-	-	-	-	-	-	-	-	-	-
Development Charges	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	(6,029)	1,810	(475)	10,306	12,306	12,306	2,369	15,748	16,268	16,788
Non-Exchange Revenue											
Property rates	2	28,832	32,664	34,087	35,964	35,964	35,964	22,656	36,483	37,683	38,889
Surcharges and Taxes	2	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	2	2,386	2,451	2,446	3,553	4,053	4,053	956	4,203	4,341	4,480
Licences or permits	2	791	733	837	1,367	1,367	1,367	623	1,418	1,464	1,511
Transfer and subsidies - Operational	2	112,519	187,033	115,277	112,000	125,450	125,450	87,749	109,743	107,463	114,870
Interest	2	3,291	3,964	4,799	4,138	5,138	5,138	2,979	5,328	5,504	5,680
Fuel Levy	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	-	-	-	-	-	-	-	-	-	-
Gains on disposal of Fixed and Intangible Assets	2	-	-	-	-	-	-	-	-	-	-
Other Gains	2	8	34	(14)	-	-	-	65	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		181,657	274,356	214,051	248,838	258,884	258,884	158,856	255,365	261,018	278,228
Expenditure											
Employee related costs	2	78,812	86,000	87,335	89,224	86,960	86,960	59,644	91,985	94,990	98,001
Remuneration of councillors	2	8,081	8,644	8,902	9,283	8,800	8,800	6,201	9,125	9,426	9,728
Bulk purchases - electricity	2	35,590	42,660	48,447	50,716	44,101	44,101	31,902	48,075	49,661	51,250
Inventory consumed	2,8	(6)	-	-	-	-	-	-	-	-	-
Debt impairment	2,3	1,667	3,151	2,188	4,411	4,411	4,411	-	4,574	4,725	4,876
Depreciation, amortisation and impairment	2	16,362	27,006	19,065	20,506	20,506	20,506	8,917	21,265	21,967	22,670
Interest, Dividends and Rent on Land	2	1,527	1,697	1,845	1,562	1,962	1,962	829	2,035	2,102	2,169
Contracted services	2	26,124	27,211	31,475	29,091	27,123	27,123	20,804	30,289	29,739	30,691
Transfers and subsidies	2	-	-	-	-	-	-	-	-	-	-
Irrecoverable debts written off	2	7,902	25,495	25,989	4,282	2,391	2,391	2,031	2,480	2,562	2,644
Operational costs	2	19,491	16,552	18,674	16,981	16,623	16,623	13,401	16,087	15,720	16,223
Disposal of Fixed and Intangible Assets	2	-	-	-	-	-	-	-	-	-	-
Other Losses	2	-	-	-	-	-	-	-	-	-	-
Total Expenditure		195,551	238,417	243,920	226,057	212,878	212,878	143,729	225,914	230,892	238,252
Surplus/(Deficit)		(13,894)	35,939	(29,869)	22,781	46,006	46,006	15,126	29,451	30,126	39,976
Transfers and subsidies - capital (monetary allocations)	6	40,905	19,385	20,507	21,420	21,420	21,420	19,068	39,098	34,064	35,162
Transfers and subsidies - capital (in-kind)	6	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		27,011	55,324	(9,362)	44,201	67,426	67,426	34,194	68,549	64,190	75,138
Income Tax		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		27,011	55,324	(9,362)	44,201	67,426	67,426	34,194	68,549	64,190	75,138
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		27,011	55,324	(9,362)	44,201	67,426	67,426	34,194	68,549	64,190	75,138
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1	27,011	55,324	(9,362)	44,201	67,426	67,426	34,194	68,549	64,190	75,138

KZN261 eDumbe - Table A6 Budgeted Financial Position

Description	Ref	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											
ASSETS											
Current assets											
Cash and cash equivalents	1	21,024	2,209	5,867	43,926	96,282	96,282	14,487	36,386	80,577	92,520
Short term Investments	2	-	-	-	-	-	-	-	-	-	-
Trade and other receivables from exchange transactions	3	16,242	25,639	15,657	21,186	10,350	10,350	25,849	39,626	8,449	8,410
Receivables from non-exchange transactions	3	(9,573)	(16,341)	163	132	847	847	9,664	15,743	2,403	2,290
Current portion of non-current receivables	4	-	-	-	-	-	-	-	-	-	-
Inventory	5	57	91	77	354	431	431	142	251	253	255
VAT Receivable	6	107,140	107,609	115,712	(4,056)	(6,481)	(6,481)	117,880	113,202	(5,216)	(5,376)
Other current assets	7	577	309	190	-	-	-	173	-	-	-
Total current assets		135,468	119,516	137,665	61,541	101,428	101,428	168,196	205,209	86,466	98,099
Non current assets											
Investments	8	-	-	-	-	-	-	-	-	-	-
Investment property	9	20,119	21,042	21,330	21,004	21,330	21,330	21,330	21,330	21,330	21,330
Property, plant and equipment	10	371,140	430,177	437,788	384,849	435,074	435,074	445,381	454,012	450,095	450,547
Biological assets	11	-	-	-	-	-	-	-	-	-	-
Living resources	12	-	-	-	-	-	-	-	-	-	-
Heritage assets	13	-	-	-	154	147	147	-	147	147	147
Intangible assets	14	4	3	27	214	231	231	107	647	667	688
Trade and other receivables from exchange transactions	15	-	-	-	-	-	-	-	-	-	-
Non-current receivables from non-exchange transactions	15	-	-	-	-	-	-	-	-	-	-
Other non-current assets	16	-	-	-	-	-	-	-	-	-	-
Total non current assets		391,264	451,222	459,145	406,221	456,782	456,782	466,818	476,136	472,239	472,712
TOTAL ASSETS		526,732	570,738	596,810	467,762	558,210	558,210	635,014	681,345	558,705	570,811
LIABILITIES											
Current liabilities											
Bank overdraft	17	-	-	-	-	-	-	-	-	-	-
Financial liabilities	18	-	-	-	-	-	-	-	-	-	-
Consumer deposits	19	240	250	253	408	253	253	253	253	253	253
Trade and other payables from exchange transactions	20	23,363	23,931	33,148	438	43,389	43,389	27,225	44,780	43,489	43,556
Trade and other payables from non-exchange transactions	21	19,644	4,614	13,992	1,207	-	-	22,647	4,038	-	-
Provision	22	32,659	36,634	37,309	34,096	16,009	16,009	34,701	16,009	16,009	16,009
VAT Payable	23	102,787	107,630	119,794	2,188	10,709	10,709	125,009	129,659	14,341	15,431
Other current liabilities	24	-	-	-	-	1,200	1,200	-	1,200	1,200	1,200
Total current liabilities		178,692	173,059	204,496	38,337	71,560	71,560	209,836	195,939	75,291	76,448
Non current liabilities											
Financial liabilities	25	-	-	-	-	-	-	-	-	-	-
Provision	26	-	-	-	-	-	-	-	-	-	-
Long term portion of trade payables	27	-	-	-	-	-	-	-	-	-	-
Other non-current liabilities	28	391	391	391	-	12,862	12,862	391	12,862	12,862	12,862
Total non current liabilities		391	391	391	-	12,862	12,862	391	12,862	12,862	12,862
TOTAL LIABILITIES		179,083	173,450	204,887	38,337	84,422	84,422	210,226	208,801	88,153	89,310
NET ASSETS		347,649	397,288	391,924	429,425	473,788	473,788	424,787	472,544	470,552	481,501
COMMUNITY WEALTH/EQUITY											
Accumulated surplus/(deficit)	29	1,534,148	1,772,500	448,027	429,465	473,728	473,728	272,209	472,443	470,452	481,400
Reserves and funds	30	100	100	100	-	100	100	100	100	100	100
Other	31	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	32	1,534,248	1,772,600	448,127	429,465	473,828	473,828	272,310	472,544	470,552	481,501

Vote Description	Ref	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										
Capital expenditure - Vote											
Multi-year expenditure, to be appropriated	2										
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance and Admin		-	-	-	-	-	-	-	-	-	-
Vote 3 - Internal Audit		-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		-	-	-	-	-	-	-	-	-	-
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 7 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 8 - Health		-	-	-	-	-	-	-	-	-	-
Vote 9 - Planning & Development		-	-	-	-	-	-	-	-	-	-
Vote 10 - Road Transport		-	-	-	-	-	-	-	-	-	-
Vote 11 - Energy Sources		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - Waste Management		-	-	-	-	-	-	-	-	-	-
Vote 14 - Other		-	-	-	-	-	-	-	-	-	-
Vote 15 - Finance and Admin2		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Executive & Council		-	-	-	-	-	-	-	-	-	-
Vote 2 - Finance and Admin		1,321	(81,288)	541,616	846	846	846	541,086	5,220	5,440	5,661
Vote 3 - Internal Audit		-	-	-	-	-	-	-	-	-	-
Vote 4 - Community and Social Services		386	-	-	-	-	-	-	-	-	-
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-	-	-	-
Vote 6 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 7 - Housing		-	-	-	-	-	-	-	-	-	-
Vote 8 - Health		8,962	11,388	(14,906)	-	-	-	(20,557)	-	-	-
Vote 9 - Planning & Development		55,710	30,692	30,631	17,297	17,297	17,297	27,631	-	29,621	30,576
Vote 10 - Road Transport		(17,115)	-	-	-	-	-	-	-	-	-
Vote 11 - Energy Sources		6,694	68,968	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - Waste Management		-	-	-	-	-	-	-	-	-	-
Vote 14 - Other		-	-	-	-	-	-	-	-	-	-
Vote 15 - Finance and Admin2		-	-	-	-	-	-	-	33,036	-	-
Capital single-year expenditure sub-total		55,958	29,760	557,341	18,143	18,143	18,143	548,159	38,256	35,061	36,237
Total Capital Expenditure - Vote		55,958	29,760	557,341	18,143	18,143	18,143	548,159	38,256	35,061	36,237
Capital Expenditure - Functional											
Governance and administration		1,321	(81,288)	541,616	846	846	846	541,086	5,220	5,440	5,661
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		1,321	(81,288)	541,616	846	846	846	541,086	5,220	5,440	5,661
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		(16,729)	-	-	-	-	-	-	-	-	-
Community and social services		386	-	-	-	-	-	-	-	-	-
Sport and recreation		(17,115)	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		62,404	99,660	30,631	17,297	17,297	17,297	27,631	33,036	29,621	30,576
Planning and development		55,710	30,692	30,631	17,297	17,297	17,297	27,631	33,036	29,621	30,576
Road transport		6,694	68,968	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		8,962	11,388	(14,906)	-	-	-	(20,557)	-	-	-
Energy sources		8,962	11,388	(14,906)	-	-	-	(20,557)	-	-	-
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	55,958	29,760	557,341	18,143	18,143	18,143	548,159	38,256	35,061	36,237
Funded by:											
National Government		37,707	42,596	15,725	17,297	17,297	17,297	7,074	33,036	29,621	30,576
Provincial Government		10,502	68,452	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat/ Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	48,208	111,048	15,725	17,297	17,297	17,297	7,074	33,036	29,621	30,576
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		7,750	(81,288)	-	846	846	846	541,086	5,220	5,440	5,661
Total Capital Funding	7	55,958	29,760	15,725	18,143	18,143	18,143	548,159	38,256	35,061	36,237

KZN261 eDumbe - Table A7 Budgeted Cash Flows

Description	Ref	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											
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		–	–	–	26,404	34,813	34,813	24,216	24,591	39,061	40,311
Service charges		–	–	–	58,185	75,452	75,452	20,974	57,437	94,475	103,096
Other revenue		–	–	–	30,080	33,386	33,386	77,937	34,321	35,490	36,632
Transfers and Subsidies - Operational	1	–	–	46,413	112,395	125,945	125,945	85,965	109,743	107,463	114,870
Transfers and Subsidies - Capital	1	–	–	12,607	21,420	21,420	21,420	19,000	39,098	34,064	35,162
Interest		–	–	–	627	827	827	10,007	858	886	914
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		(173,398)	(435,899)	(179,913)	(211,221)	(196,120)	(196,120)	(166,126)	(207,536)	(212,381)	(219,145)
Finance charges		–	–	–	–	–	–	–	–	–	–
Transfers and Subsidies	1	–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) OPERATING ACTIVITIES		(173,398)	(435,899)	(120,893)	37,890	95,723	95,723	71,973	58,511	99,058	111,841
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		–	–	–	9,123	9,123	9,123	–	12,960	13,388	13,816
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		–	–	–	–	–	–	–	–	–	–
Payments											
Capital assets		–	–	–	(20,864)	(20,864)	(20,864)	–	(43,454)	(40,321)	(41,672)
Retention (Capital)		–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) INVESTING ACTIVITIES		–	–	–	(11,742)	(11,742)	(11,742)	–	(30,494)	(26,933)	(27,856)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–	–	–	–
Payments											
Repayment of borrowing		–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	–	–	–	–	–	–	–	–	–
NET INCREASE/ (DECREASE) IN CASH HELD		(173,398)	(435,899)	(120,893)	26,149	83,981	83,981	71,973	28,017	72,126	83,985
Cash/cash equivalents at the year begin:	2	(4,000)	(4,000)	2,208	11,144	5,867	5,867	5,867	5,867	33,884	106,010
Cash/cash equivalents at the year end:	2	(177,398)	(439,899)	(118,685)	37,293	89,849	89,849	77,840	33,884	106,010	189,995

KZN261 eDumbe - Table A9 Asset Management

Description	Ref	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
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	355,358	373,586	553,989	11,464	11,464	11,464	29,533	34,421	35,576
Roads Infrastructure		(26,920)	45,343	26,284	7,704	7,704	7,704	13,507	20,532	21,077
Storm water Infrastructure										
Electrical Infrastructure										
Water Supply Infrastructure		95,082	109,087	(17,112)				7,078	9,089	9,499
Sanitation Infrastructure										
Solid Waste Infrastructure										
Rail Infrastructure										
Coastal Infrastructure										
Information and Communication Infrastructure										
Infrastructure		68,162	154,430	9,171	7,704	7,704	7,704	20,586	29,621	30,576
Community Facilities		171,687	157,313	176,905				4,348		
Sport and Recreation Facilities		(12,334)	(818)		3,119	3,119	3,119			
Community Assets		159,353	156,495	176,905	3,119	3,119	3,119	4,348		
Heritage Assets										
Revenue Generating										
Non-revenue Generating										
Investment properties										
Operational Buildings										
Housing										
Other Assets										
Biological or Cultivated Assets										
Servitudes										
Licences and Rights		(76)	(109)	258	204	204	204			
Intangible Assets		(76)	(109)	258	204	204	204			
Computer Equipment										
Furniture and Office Equipment		10,192	17,807		218	218	218	1,000	1,100	1,200
Machinery and Equipment		10,197	10,197							
Transport Assets		8,538	8,538	350,683	221	221	221	3,600	3,700	3,800
Land		98,992	26,228	16,972						
Zoo's, Marine and Non-biological Animals										
Mature										
Immature										
Living Resources										
Total Renewal of Existing Assets	2	6,807	6,807	55	6,679	6,679	6,679	620	640	661
Roads Infrastructure		2,701	2,701							
Storm water Infrastructure										
Electrical Infrastructure										
Water Supply Infrastructure										
Sanitation Infrastructure										
Solid Waste Infrastructure										
Rail Infrastructure										
Coastal Infrastructure										
Information and Communication Infrastructure										
Infrastructure		2,701	2,701							
Community Facilities		4,106	4,106		2,339	2,339	2,339			
Sport and Recreation Facilities					4,135	4,135	4,135			
Community Assets		4,106	4,106		6,475	6,475	6,475			
Heritage Assets										
Revenue Generating										
Non-revenue Generating										
Investment properties										
Operational Buildings										
Housing										
Other Assets										
Biological or Cultivated Assets										
Servitudes										
Licences and Rights				55	204	204	204	620	640	661
Intangible Assets				55	204	204	204	620	640	661
Computer Equipment										
Furniture and Office Equipment										
Machinery and Equipment										
Transport Assets										
Land										
Zoo's, Marine and Non-biological Animals										
Mature										
Immature										
Living Resources										

Total Upgrading of Existing Assets	6	71,727	83,259	3,297	-	-	-	8,103	-	-
Roads Infrastructure		11,235	11,235	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		22,259	22,259	3,297	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		33,494	33,494	3,297	-	-	-	-	-	-
Community Facilities		2,775	2,775	-	-	-	-	-	-	-
Sport and Recreation Facilities		35,458	46,990	-	-	-	-	8,103	-	-
Community Assets		38,233	49,765	-	-	-	-	8,103	-	-
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		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	433,892	463,651	557,341	18,143	18,143	18,143	38,256	35,061	36,237
Roads Infrastructure		(12,984)	59,280	26,284	7,704	7,704	7,704	13,507	20,532	21,077
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		117,341	131,346	(13,816)	-	-	-	7,078	9,089	9,499
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		104,357	190,625	12,468	7,704	7,704	7,704	20,586	29,621	30,576
Community Facilities		178,568	164,194	176,905	2,339	2,339	2,339	4,348	-	-
Sport and Recreation Facilities		23,124	46,172	-	7,254	7,254	7,254	8,103	-	-
Community Assets		201,692	210,365	176,905	9,593	9,593	9,593	12,450	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		(76)	(109)	313	408	408	408	620	640	661
Intangible Assets		(76)	(109)	313	408	408	408	620	640	661
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		10,192	17,807	-	218	218	218	1,000	1,100	1,200
Machinery and Equipment		10,197	10,197	-	-	-	-	-	-	-
Transport Assets		8,538	8,538	350,683	221	221	221	3,600	3,700	3,800
Land		98,992	26,228	16,972	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class		433,892	463,651	557,341	18,143	18,143	18,143	38,256	35,061	36,237

ASSET REGISTER SUMMARY - PPE (WDV)	5	198,543	147,453	121,748	388,924	433,721	433,721	437,336	436,855	436,855
<i>Roads Infrastructure</i>		(85,547)	(52,633)	(52,633)	—	249,103	249,103	249,103	249,103	249,103
<i>Storm water Infrastructure</i>		97	97	97	—	—	—	—	—	—
<i>Electrical Infrastructure</i>		(7,029)	(7,029)	(7,029)	—	—	—	—	—	—
<i>Water Supply Infrastructure</i>		—	—	—	—	—	—	—	—	—
<i>Sanitation Infrastructure</i>		—	—	—	—	—	—	—	—	—
<i>Solid Waste Infrastructure</i>		10,197	10,197	10,197	—	—	—	—	—	—
<i>Rail Infrastructure</i>		—	—	—	—	—	—	—	—	—
<i>Coastal Infrastructure</i>		12,255	12,255	(366,039)	—	—	—	—	—	—
<i>Information and Communication Infrastructure</i>		—	—	—	—	—	—	—	—	—
Infrastructure		(70,027)	(37,113)	(415,408)	—	249,103	249,103	249,103	249,103	249,103
Community Assets		(32,730)	81,356	132,128	—	119,236	119,236	119,236	119,236	119,236
Heritage Assets		—	—	—	154	147	147	147	147	147
Investment properties		20,119	21,042	21,330	21,004	21,330	21,330	21,330	21,330	21,330
Other Assets		130,813	(36,392)	(77,012)	387,416	19,924	19,924	19,924	19,924	19,924
Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—
Intangible Assets		4	3	27	214	231	231	647	667	667
Computer Equipment		(7,379)	(7,412)	(15,963)	204	1,284	1,284	1,080	1,080	1,080
Furniture and Office Equipment		8,334	15,949	15,949	218	1,232	1,232	2,014	2,114	2,114
Machinery and Equipment		—	—	—	(20,506)	(19,501)	(19,501)	(20,260)	(20,962)	(20,962)
Transport Assets		8,538	8,538	359,221	221	5,506	5,506	8,886	8,986	8,986
Land		140,871	101,482	101,477	—	35,230	35,230	35,230	35,230	35,230
Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—	—	—	—
Living Resources		—	—	—	—	—	—	—	—	—
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	198,543	147,453	121,748	388,924	433,721	433,721	437,336	436,855	436,855
EXPENDITURE OTHER ITEMS		23,855	31,609	32,468	27,361	30,167	30,167	28,879	29,832	30,787
Depreciation	7	17,517	24,199	21,526	20,506	20,506	20,506	21,265	21,967	22,670
Repairs and Maintenance by Asset Class	3	6,338	7,410	10,942	6,854	9,661	9,661	7,614	7,865	8,117
<i>Roads Infrastructure</i>		4,481	3,824	3,421	3,486	4,795	4,795	2,252	2,326	2,401
<i>Storm water Infrastructure</i>		—	—	—	—	—	—	—	—	—
<i>Electrical Infrastructure</i>		1,040	2,303	6,585	1,821	3,322	3,322	2,500	2,583	2,665
<i>Water Supply Infrastructure</i>		—	—	—	—	—	—	—	—	—
<i>Sanitation Infrastructure</i>		—	—	—	—	—	—	—	—	—
<i>Solid Waste Infrastructure</i>		—	—	—	—	—	—	—	—	—
<i>Rail Infrastructure</i>		—	—	—	—	—	—	—	—	—
<i>Coastal Infrastructure</i>		—	—	—	—	—	—	—	—	—
<i>Information and Communication Infrastructure</i>		200	271	517	440	43	43	262	271	280
Infrastructure		5,721	6,398	10,524	5,747	8,161	8,161	5,014	5,180	5,345
<i>Community Facilities</i>		—	—	—	—	—	—	—	—	—
<i>Sport and Recreation Facilities</i>		—	—	—	—	—	—	—	—	—
Community Assets		—	—	—	—	—	—	—	—	—
Heritage Assets		—	—	—	—	—	—	—	—	—
<i>Revenue Generating</i>		—	—	—	—	—	—	—	—	—
<i>Non-revenue Generating</i>		—	—	—	—	—	—	—	—	—
Investment properties		—	—	—	—	—	—	—	—	—
<i>Operational Buildings</i>		485	786	335	1,008	1,400	1,400	1,100	1,136	1,173
<i>Housing</i>		—	—	—	—	—	—	—	—	—
Other Assets		485	786	335	1,008	1,400	1,400	1,100	1,136	1,173
Biological or Cultivated Assets		—	—	—	—	—	—	—	—	—
<i>Servitudes</i>		—	—	—	—	—	—	—	—	—
<i>Licences and Rights</i>		—	—	—	—	—	—	—	—	—
Intangible Assets		—	—	—	—	—	—	—	—	—
Computer Equipment		—	—	—	—	—	—	—	—	—
Furniture and Office Equipment		—	—	—	—	—	—	—	—	—
Machinery and Equipment		—	—	—	—	—	—	1,500	1,550	1,599
Transport Assets		132	226	84	100	100	100	—	—	—
Land		—	—	—	—	—	—	—	—	—
Zoo's, Marine and Non-biological Animals		—	—	—	—	—	—	—	—	—
<i>Mature</i>		—	—	—	—	—	—	—	—	—
<i>Immature</i>		—	—	—	—	—	—	—	—	—
Living Resources		—	—	—	—	—	—	—	—	—
TOTAL EXPENDITURE OTHER ITEMS		23,855	31,609	32,468	27,361	30,167	30,167	28,879	29,832	30,787
<i>Renewal and upgrading of Existing Assets as % of total capex</i>		18.1%	19.4%	0.6%	36.8%	36.8%	36.8%	22.8%	1.8%	1.8%
<i>Renewal and upgrading of Existing Assets as % of deprec</i>		448.3%	372.2%	15.6%	32.6%	32.6%	32.6%	41.0%	2.9%	2.9%
<i>R&M as a % of PPE & Investment Property</i>		3.2%	5.0%	9.0%	1.8%	2.2%	2.2%	1.7%	1.8%	1.9%
<i>Renewal and upgrading and R&M as a % of PPE and Investment Property</i>		42.7%	66.1%	11.7%	3.5%	3.8%	3.8%	3.7%	2.0%	2.0%

2.1 Overview of annual budget process

The municipality officials and management and Councillors had strategic meetings in Durban on March 2026 to plan on how they are budget should be used and made some priorities base on what we have on a budget. Honourable Mayor Cllr S Mkhabela shows the vision of eDumbe Local Municipality and give a direction to what a goal can be achieved on next financial year. . The last quarter of the financial year the budget was prepared according to the timeline as are approved by Council.

The Local Government is judged through basic service delivery. The following activities were affected.

- *Capital Projects- the electrification projects will resume in 2026/27 budget year after it was suspended by department because of issues with connections. The allocation of R8.1 million by DORA for electrification were grant to eDumbe Municipality.*
- *Revenue Collection – On revenue enhancement strategy and Credit control, debt management policy to be implemented as per Council approval trying to collect as much as we can since our outstanding debtors and appointed of Data cleansing and debt collector's.*
- *Strategic Planning for the upcoming financial year*
- *Preparation of Budget and SDBIP of the Municipality*

None the less, this IDP forms the basis for all activities of the municipality. It will inform Council decisions, municipal planning, performance management and the achievement of the strategic objectives.

The Auditor General finding's for eDumbe Local Municipality, suggest that there has to be a commitment from the Council and Management in order for us to move from Unqualified Audit opinion to clean audit

2.2 Overview of alignment of annual budget with Integrated Development Plan

Firstly, the budget timetable and the IDP process plan are aligned through an integrated time schedule. Secondly, the IDP is prepared, and the projects are included in the budget with each project properly reference per IDP reference number. Moreover, the financial plan comprising the total budget, among other items, is included in the IDP and Budget. Finally, the implementation of electricity and solid waste projects and other assigned functions through the structures Act constitutes compliance with National, Provincial and Local development goals to eradicate backlogs of the past. In terms of section 16 (1) of the Municipal Finance Management Act, the municipal council of a municipality must for each financial year approve an Final budget for the municipality before the start of that financial year. Section 16 (2) stipulates that for a municipality to comply with subsection (1), the mayor of the municipality must table the Final budget at a council meeting at 90 days before the start of the budget year.

2.3 Measurable performance objectives and indicators

The measures set for the Municipality at organizational level is captured in an organizational scorecard structured in terms of the preferred performance management model of the Municipality. The measures at departmental level are captured in the SDBIPs of the various Departments of the Municipality. By cascading performance measures from organizational to departmental level, both the IDP and the SDBIP, forms the link to individual performance management. This ensures that performance management at the various levels relate to one another, which is a requirement of the 2001 Municipal Planning and Performance Regulations. The MFMA specifically requires that the annual performance agreements of managers must be linked to the SDBIP of a municipality and the measurable performance objectives approved with the budget.

2.4 Overview of Budget –related policies

Various policies approved by Council underpin governance and the financial functioning of the municipality and are relevant to the budget process. The purpose of this section of the Budget Report is to indicate the key policies in this regard and to seek review by Council of any amendments and new policies that are align to current situation. The following policies are approved: Property Rates policy, Indigent Policy ,Virement Policy,Cash ,Banking and Investment Policy,Petty Cash Policy ,Credit Control policy ,Supply Chain Management Policy ,Debt impairment Policy,TariffsPolicy,Budget Policy Cash Banking and Investment Management Policy, Customer Care, Credit, Debt Collection Policy and By-law.,BudgetPolicy,Debt Impairment Policy,Debt Incentive Policy,Risk Management Policy,Anti Fraud and Corruption Policy,Whistle Blowing Policy,ConsultantsPolicy,Service Delivery Policy,Financial Misconduct Policy and Electricity Bylaw

2.5 Overview of Budget assumptions.

Whilst EDumbe has over years has been experiencing financial challenged it need to start maintaining a strong financial position through having sufficient reserves. Our reserves depleted long time as were financing long term contracts, capital and operational projects internally. The municipality is experiencing a service delivery backlogs and financial intervention is from National Treasury. Due to the rural nature of the municipality, we rely heavily on government grants as we have a low.

	Year - 2027	Year - 2028	Year - 2029
TOTAL REVENUE (excluding capital transfers and contributions)	- 255 365 000.00	- 261 018 000.00	- 278 228 000.00
TOTAL EXPENDITURE	225 914 000.00	230 892 000.00	234 252 ,000.00
Surplus/(Deficit)	- 29 451 000.00	- 30 126 000.00	- 39 976 000.00

2.6 Overview of Budget Funding.

In terms of section 16 (1) of the Municipal Finance Management Act, the municipal council of a municipality must for each financial year approve Final budget for the municipality 90 days before the start of that financial year. Section 16 (2) stipulates that in order for a municipality to comply with subsection (1), the mayor of the municipality must table the Final budget funded with a Revenue that are more than expenditure to have surplus to avoid the deficit at of the budget year. Also implemented the cost containment policy and Do marketing researcher before also to have Procurement plan in place. Furthermore, municipality will do asset disposal to finance the budget next financial year and Investment will be encouraged to finance our creditors and Revenue will do monthly disconnection on next financially year this will be monitored by Finance Portfolio Committee cut of electricity. The Municipality has appointed services provider for electricity around Paulpietersburg town to collect the electricity and implementation of revenue enhancement strategy and credit control, debt management policy.

2.7 Expenditure on allocation and grants programmer.

The eDumbe Local Municipality expenditure framework for the 2026/27 Final budget and MTREF is informed by the following: The asset renewal strategy and the repairs and maintenance plan; 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 program is 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.

2.8 Allocation and made by the Municipality.

The eDumbe Local Municipality expenditure framework for the 2026/2027 budget and MTREF is informed by the following: The asset renewal strategy and the repairs and maintenance plan; 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 program is 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.

2.9 Councillor and board member allowances and employee benefits.

The employee related cost comprises of 47% of the operating budget and 31% of the total budget inclusive of Capital budget excluding the councillor's remunerations. The employee costs percentage is above the threshold/ acceptable norm as per National Treasury Circular 71 which indicates that the acceptable norm for the Employee related cost must be 25% to 40%. The increase on salaries for employees has been projected at 4.75 % as per Circular no. 134 and 4/2026 issued by National Treasury as well as bargaining Council circular for increment of salaries. The employee cost has a provision of vacant posts to be filled during the next financial year. Also included on the employee related costs is the provision for travel allowances for all managers at R6 500 per month. The managers will therefore not be eligible to use municipal vehicles as they will be having the travel allowances.

Remuneration for Councillors

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative 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 municipal budget. It must also be noted that the position of the Mayor, Deputy Mayor and Speaker are full time which had an impact on the allowances of the councillors.

2.10 Monthly target for revenue, expenditure and cash flow.

Deduct cash and investment applications (defined) from cash balances.

Indicative of sufficient liquidity to meet average monthly operating payments.

Indicative of funded operational requirements.

Indicative of adherence to macro-economic targets (prior to 2003/04 revenue not available for high-capacity municipalities and later for other capacity classifications)

The percentage is based on assumption that Municipality will collect up to 65% on their operational revenue and it's on payment.

2.11 Annual budget and service delivery and budget implementation plans internal departments.

Performance management can be applied to various levels within any organization. The legislative framework provides for performance management at various levels in a municipality including organizational (sometimes also referred to as municipal, corporate or strategic) level, departmental (also referred to as services, operational or section/team level) and lastly, individual level. At organizational level the five-year IDP of a municipality forms the basis for performance management, whilst at operational level the annual SDBIP forms the basis. The IDP is a long-term plan and by its nature the performance measures associated with it will have a long-term focus, measuring whether a municipality is achieving its IDP objectives. A SDBIP (both for the municipality as a whole and that of a department) is more short-term in nature and the measures set in terms of the SDBIP, reviewing the progress made with implementing the current budget and achieving annual service delivery targets. To improve municipal financial viability and sound financial management, to promote effective Community Participation, To create conducive environment for sustainable economic growth and development and To ensure provision of basic services in a fair, equitable and sustainable manner.

2.12 Annual budget and service delivery agreement-municipal entities and other External mechanisms.

Not applicable to do eDumbe Local Municipality since we did not have an entity or an agreement.

2.13 Contracts having future budget implication.

Contracted services

Upon evaluating and analysing contracted services costs, containment is not properly enforced to decrease outsourced services. As this point of the compilation of the 2026/27 MTREF the outsourcing of services will rise compared to previous financial years where insourcing services resulted in positive cashflow. The contracted services include the provision of the grass cutting to the municipal properties and the security services to all municipal buildings as per the service level agreement that was appointed in the past period that will be running on the next couple of financial years. Contracted Services budget also includes Repairs and Maintenance where the municipality outsources the maintenance of assets due to scarcity of skill and limited resources.

Repairs and maintenance of assets

The budget for maintenance may be limited due to funding constraints, however the budget available is spread amongst asset classes that are Roads, Buildings, Vehicles and Computers. The repairs and maintenance budgeted for 2026/27 financial year per item is as follows.

2.14 Capital expenditure Details

The capital budget is funded by the grants which will be transferred to the municipality by National Treasury as per DORA allocation gazette and own Funding. A capital grant consists of following:

- Municipal Infrastructure Grants

- Integrated National Electrification Programme

- Own Funding.

Capital expenditure

The following table provides a breakdown of budgeted capital expenditure funded by grants:

Vote Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome
R thousand	1							
Capital expenditure - Vote								
Multi-year expenditure to be appropriated	2							
Vote 1 - Executive & Council		-	-	-	-	-	-	-
Vote 2 - Finance and Admin		-	-	-	-	-	-	-
Vote 3 - Internal Audit		-	-	-	-	-	-	-
Vote 4 - Community and Social Services		-	-	-	-	-	-	-
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-
Vote 6 - Public Safety		-	-	-	-	-	-	-
Vote 7 - Housing		-	-	-	-	-	-	-
Vote 8 - Health		-	-	-	-	-	-	-
Vote 9 - Planning & Development		-	-	-	-	-	-	-
Vote 10 - Road Transport		-	-	-	-	-	-	-
Vote 11 - Energy Sources		-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-
Vote 13 - Waste Management		-	-	-	-	-	-	-
Vote 14 - Other		-	-	-	-	-	-	-
Vote 15 - Finance and Admin2		-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2							
Vote 1 - Executive & Council		-	-	-	-	-	-	-
Vote 2 - Finance and Admin		1,321	(81,288)	541,616	846	846	846	541,086
Vote 3 - Internal Audit		-	-	-	-	-	-	-
Vote 4 - Community and Social Services		386	-	-	-	-	-	-
Vote 5 - [NAME OF VOTE 5]		-	-	-	-	-	-	-
Vote 6 - Public Safety		-	-	-	-	-	-	-
Vote 7 - Housing		-	-	-	-	-	-	-
Vote 8 - Health		8,962	11,388	(14,906)	-	-	-	(20,557)
Vote 9 - Planning & Development		55,710	30,692	30,631	17,297	17,297	17,297	27,631
Vote 10 - Road Transport		(17,115)	-	-	-	-	-	-
Vote 11 - Energy Sources		6,694	68,968	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-
Vote 13 - Waste Management		-	-	-	-	-	-	-
Vote 14 - Other		-	-	-	-	-	-	-
Vote 15 - Finance and Admin2		-	-	-	-	-	-	-
Capital single-year expenditure sub-total		55,958	29,760	557,341	18,143	18,143	18,143	548,159
Total Capital Expenditure - Vote		55,958	29,760	557,341	18,143	18,143	18,143	548,159
Capital Expenditure - Functional								
Governance and administration		1,321	(81,288)	541,616	846	846	846	541,086
Executive and council		-	-	-	-	-	-	-
Finance and administration		1,321	(81,288)	541,616	846	846	846	541,086
Internal audit		-	-	-	-	-	-	-
Community and public safety		(16,729)	-	-	-	-	-	-
Community and social services		386	-	-	-	-	-	-
Sport and recreation		(17,115)	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-
Economic and environmental services		62,404	99,660	30,631	17,297	17,297	17,297	27,631
Planning and development		55,710	30,692	30,631	17,297	17,297	17,297	27,631
Road transport		6,694	68,968	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-
Trading services		8,962	11,388	(14,906)	-	-	-	(20,557)
Energy sources		8,962	11,388	(14,906)	-	-	-	(20,557)
Water management		-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-

2.15 Legislation compliance status.

The 2026/27 budget is prepared in accordance with the Local Government; Municipal Finance Management Act, 2003 and the Municipal Budget and reporting regulations issued by the Minister in terms of Section 168(1) of the Act. In terms of these regulations a multi-year budget spanning over three (3) years is prepared. It needs to be noted that the figures for 2026/2027 and 2027/28 are indicative in terms of the medium-term expenditure framework. And take/n into account the circular of Treasury 134.

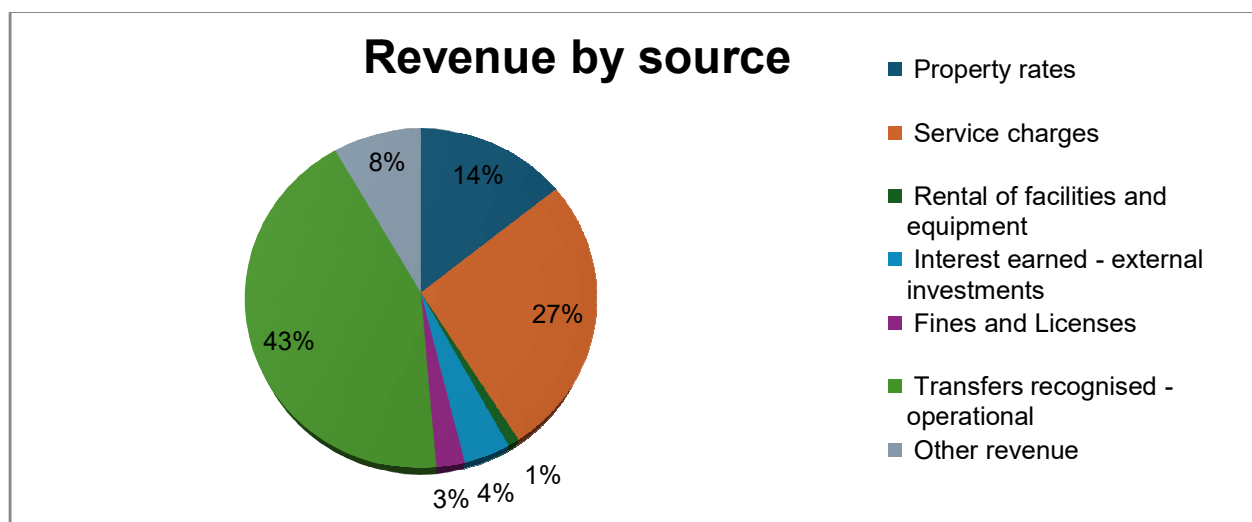
2.17 Other Supporting Documents

- ❖ Valuation Roll Recon
- ❖ eDumbe Municipality Policies and By Laws
- ❖ Municipal Manager Quality certification
- ❖ Municipal Manager Locking certification

Revenue

The purpose of the item is to submit the Final MTEF budget for 2026/27 financial year in terms of section 16 (1) of the Local Government: Municipal Finance Management Act no. 56 of 2003.

The revenue as per chart is as follows:



KZN261 eDumbe - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	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
Revenue											
Exchange Revenue											
Service charges - Electricity	2	28,544	33,769	45,014	64,621	57,823	57,823	33,528	65,038	71,902	79,092
Service charges - Water	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Management	2	2,766	2,715	3,133	4,067	2,975	2,975	2,559	3,085	1,601	1,652
Sale of Goods and Rendering of Services	2	146	169	160	284	294	294	75	305	315	325
Agency services	2	-	-	-	-	-	-	-	-	-	-
Interest	2	-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables	2	5,369	5,478	5,668	6,828	6,928	6,928	3,344	7,184	7,421	7,659
Interest earned from Current and Non Current Assets	2	1,022	1,725	1,046	3,240	3,239	3,239	560	3,359	3,470	3,581
Dividends	2	-	-	-	-	-	-	-	-	-	-
Rent on Land	2	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets	2	1,619	1,559	1,740	1,667	2,543	2,543	1,196	2,637	2,724	2,811
Licence and permits	2	394	254	334	804	804	804	195	834	861	889
Special rating levies	2	-	-	-	-	-	-	-	-	-	-
Construction Contract Revenue	2	-	-	-	-	-	-	-	-	-	-
Development Charges	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	(6,029)	1,810	(475)	10,306	12,306	12,306	2,369	15,748	16,268	16,788
Non-Exchange Revenue											
Property rates	2	28,832	32,664	34,087	35,964	35,964	35,964	22,656	36,483	37,683	38,889
Surcharges and Taxes	2	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	2	2,386	2,451	2,446	3,553	4,053	4,053	956	4,203	4,341	4,480
Licences or permits	2	791	733	837	1,367	1,367	1,367	623	1,418	1,464	1,511
Transfer and subsidies - Operational	2	112,519	187,033	115,277	112,000	125,450	125,450	87,749	109,743	107,463	114,870
Interest	2	3,291	3,964	4,799	4,138	5,138	5,138	2,979	5,328	5,504	5,680
Fuel Levy	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	-	-	-	-	-	-	-	-	-	-
Gains on disposal of Fixed and Intangible Assets	2	-	-	-	-	-	-	-	-	-	-
Other Gains	2	8	34	(14)	-	-	-	65	-	-	-
Discontinued Operations											
Total Revenue (excluding capital transfers and contributions)		181,657	274,356	214,051	248,838	258,884	258,884	158,856	255,365	261,018	278,228

1. Service charges – Electricity

The electricity is inflated by 12.5% as per approved NERSA tariff for the municipality and through revenue enhancement that is under development we expect to collect far more than break even.

The municipality will have two large power user connections that include Debonair and Department of agriculture which will increase the use of electricity usage.

The Municipality will continue to monitor the Trading Services (Electricity) performance closely during the 2026/27 financial year with the aim of improving the trading position. Furthermore, the municipality remains committed to complying with MFMA Circular No. 130 and will ensure that future tariff applications are supported by a comprehensive Cost of Supply (COS) study, submitted within the required NERSA timelines.

2. Service charges - Waste Water Management

Waste Management have been revised to align with the 3.7% inflationary increase guideline. The related revenue and expenditure for waste management services have also been updated and properly reflected in Table A2 for the 2026/27 MTREF period. We remain committed to implementing cost-reflective tariffs as recommended in MFMA Circular No. 58 and will continue to monitor the sustainability of this trading service, including making provision for future landfill rehabilitation costs.

3. Sale of Goods and Rendering of Services

The budget is based on anticipated revenue from planned increases in economic activity, including new business registrations, expanded market-related services, and improved billing and collection efforts that are expected to be implemented in the new financial year.

While current year performance to date has been slower than anticipated, management expects a significant recovery in the remaining months of 2025/26 and a stronger performance in 2026/27 due to targeted revenue enhancement initiatives currently underway.

The 3.7% increase aligns with the inflationary guideline in MFMA Circular No. 132 and represents a conservative, yet realistic projection based on the municipality's broader revenue enhancement strategy.

4. Interest earned from Receivables

The municipality has intensified implementation of its approved Credit Control and Debt Collection Policy. Interest is now systematically raised on all overdue accounts in accordance with the policy. Improved billing accuracy and follow-up processes are expected to result in higher collection of interest on outstanding debtors.

The municipality is confident that with the enhanced credit control measures currently being implemented, the budgeted amount of R7 184 **million** is achievable and will be closely monitored throughout the financial year.

5. Rental from Fixed Assets

The municipality applied the standard MFMA Circular No. 132 inflation rate of 3.7% for the 2026/27 Tabled Budget. The sale of land is not part of investment property but the owner occupied.

Rental income is currently generated mainly from a few formal leases:

- Mondi LTD
- IEC (Independent Electoral Commission)
- Zululand District Municipality

Without new lease agreements or additional properties being leased out, there is no material upside to project significant growth. There is a property that was lease out that will be taken back to the lease agreement.

6. Licence and permits.

The Licence and Permits revenue were previously not split between non-exchange and exchange revenue. This classification has now been correctly applied, resulting in adjustments to the relevant figures.

The total budgeted amount for Licence and Permits is R2,251,000, of which R1,418,000 has been classified as non-exchange revenue. The remaining balance of R834,000 is classified as exchange revenue.

7. Operational Revenue

The sale of property (Land) for about R9 million which was transacted couple of years ago it's' income is probable in 2026/27 as the sale must be closed. On top of the above mentioned the municipality will have 00 to dispose assets related to councilor's and obsoletes assets since the financial year has local elections upcoming. Therefore, the increase may not be in line with the circular no. 132 based on the facts mentioned above. The result of closer in sale of land, the property rate will start.

8. Property rates

The increase of rates is not in line with the circular 134 for the municipality to comply with circular (c/01/02/2026) of MPRA that limit the municipality from overcharging customers. The collection may vary from the expected due to minor changes on property values that maybe effected in supplementary valuation roll.

9. Fines, penalties and forfeits

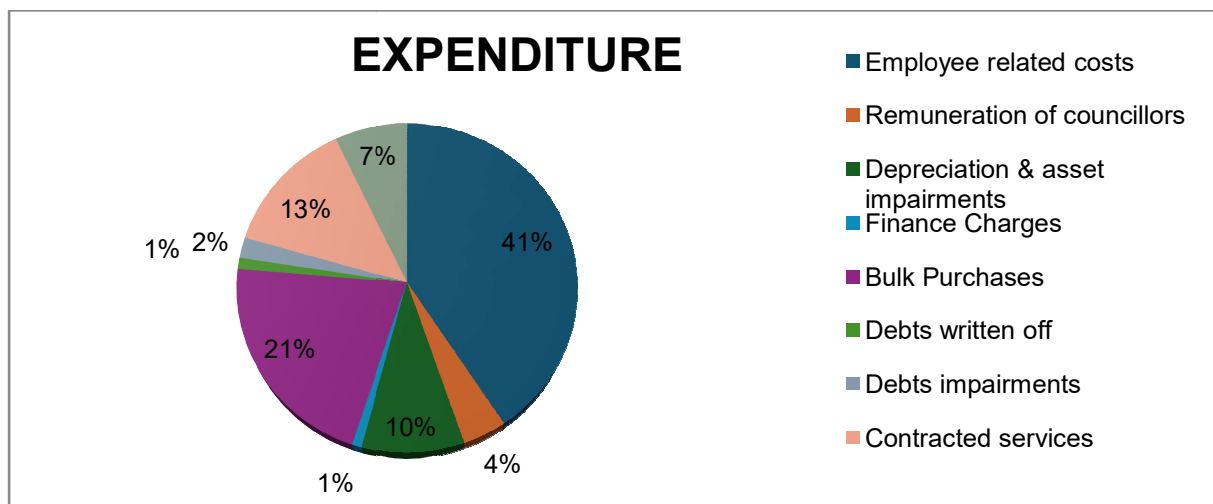
The inflation of 3.7% were effected in line with the circular, the figure dominated by traffic fines of which most of collection rely on Department of justice on issuing warrant of arrest. Billing is expected to rise since N2 is under construction, so Paulpietersburg may be alternative routes for Mpumalanga travellers.

10. Transfers and subsidies:

The amount that will be received from Dora in this financial year from Equitable Share (EQS) is an amount of R103 millions, Finance Management Grant (FMG) an amount R3 million was not increase during this period remain as previous years, Art and Culture and Community Grant with an amount R 3 729 000 also increase this financial year 2026/27 Final budget.

EXPENDITURE

The following table/ chart give a breakdown of the main expenditure categories for the 2026/27 financial year.



Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure		
		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
Expenditure											
Employee related costs	2	78,812	86,000	87,335	89,224	86,960	86,960	59,644	91,985	94,990	98,001
Remuneration of councillors	2	8,081	8,644	8,902	9,283	8,800	8,800	6,201	9,125	9,426	9,728
Bulk purchases - electricity	2	35,590	42,660	48,447	50,716	44,101	44,101	31,902	48,075	49,661	51,250
Inventory consumed	2.8	(6)	-	-	-	-	-	-	-	-	-
Debt impairment	2.3	1,667	3,151	2,188	4,411	4,411	4,411	-	4,574	4,725	4,876
Depreciation, amortisation and impairment	2	16,362	27,006	19,065	20,506	20,506	20,506	8,917	21,265	21,967	22,670
Interest, Dividends and Rent on Land	2	1,527	1,697	1,845	1,562	1,962	1,962	829	2,035	2,102	2,169
Contracted services	2	26,124	27,211	31,475	29,091	27,123	27,123	20,804	30,289	29,739	30,691
Transfers and subsidies	2	-	-	-	-	-	-	-	-	-	-
Irrecoverable debts written off	2	7,902	25,495	25,989	4,282	2,391	2,391	2,031	2,480	2,562	2,644
Operational costs	2	19,491	16,552	18,674	16,981	16,623	16,623	13,401	16,087	15,720	16,223
Disposal of Fixed and Intangible Assets	2	-	-	-	-	-	-	-	-	-	-
Other Losses	2	-	-	-	-	-	-	-	-	-	-
Total Expenditure		195,551	238,417	243,920	226,057	212,878	212,878	143,729	225,914	230,892	238,252

1. Employee related costs

The increase on salaries for employees has been projected at 4.75% as per Circular no. 134 issued by National Treasury as well as bargaining Council circular no.6/2024 for increment of salaries. The employee cost has a provision of vacant posts to be filled during the next financial year. Furthermore, the employee costs have inflated by R900 000 because of Sec 56 and 57 upper limit government gazette no 54505 that has to be taken into account.

2. Remuneration for councillors

The upper limit for councillors is accommodated by 3.7% increase in reference to government gazette no.54179 and also taking into account the Treasury input on the next council to consider high councillors' position to be part time. The cost associated with the remuneration of councillor's is determined by the Minister of Co-operative 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 municipal budget. It must also be noted that the position of the Mayor and Speaker are full time which had an impact on the allowances of the councillors.

3. Bulk Purchases-Electricity

The Bulk Purchases as increased to 9.01% as per National Energy Regulator of South Africa (NERSA) approved Eskom tariffs for the Municipality.

4. Debt Impairment

The municipality have budgeted an amount of R4 574 000 For 2026/27. Considering that the municipality had high number of debtors sitting at more than 180 Days in different categories. The amnesty that was introduced as part of the of revenue collection strategy seems to have positive response and doesn't motivate an increase in impairment.

5. Depreciation

The expense of asset losing value were increase by 3.7% in line with the circular 134, however, the municipality consider disposing all obsolete and unused asset that will decrease the assets that contribute more to depreciation, amortisation, and impairment of which it is expected that the latter to decrease as well.

6. Interest

Provincial Treasury (PT) urge municipality to revisit Guid used however we did consult Rohaan (PT) in this regard and confirm that the Guid is correct and maybe the municipality may revisit the report / calculation of finance cost as of Actuarial valuation reports at the year end to get future cost so that the municipality may not overstate interest. Interest is increased by 3.7% as per circular 134. Amongst finance cost as a result of actuarial valuations for long services and medical aid, part of interest consists of interest on overdue account.

7. Contracted Services

The municipality has increased contracted services with about 11.4% that is not complying with circular 134 and is far above inflation rate. Firstly, amongst security services that has impact on high outsourced services, the municipality has also increased cost of grass cutting as we are striving to follow the slogan "MOST BEAUTIFUL PART OF KZN" as clean municipality the cost also rise.

Secondly, the use of consultant still inevitable as the municipality rely on outsourcing skills because of absence of asset unit to compile FAR and it's hard to establish the unit since the employee related cost will rise as we above the norm. Vat, Electricity vending, Valuation roll and AFS consultants are outsourced services.

Lastly, the maintenance of assets is also the major expenditure in contracted services that consists of maintenance of Electricity, Roads. Equipment and vehicles. This costs is outsourced since the municipality do not have enough capacity to in source such services, therefore the increase may not inline with circular 134 to inflate by 3.7% as portion of maintenance should be reach 8% of asset. It is imperative for municipality to improve in maintenance to keep most of the asset in good condition.

9. Irrecoverable debts written off.

The municipality is developing the new revenue enhancement strategy to address high rising debtors of which it is probable write off to fall during the financial year, yet the increase is in line with circular 134.

10. Operational costs

Inflation rates affect almost all operational costs but the municipality still willing to do better in cost containment so cost cutting measures should be in place to minimise expenditure incurred. Operational costs were not increased as per circular 134 due cost cutting measures.

11. 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 eDumbe Local Municipality's Indigent Policy. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement). The municipality is currently providing the free basic electricity to rural household and the municipality pay Eskom for the provision of the free basic electricity since the license holder is Eskom.

The budgeted amount for FBE has been included on the bulk purchases for electricity. And we have indigent policy for eDumbe Municipality.

General inflation outlook and its impact on the municipal activities

1.4.1 *There are five key factors that have been taken into consideration in the compilation of the 2026/27 MTREF:*

- *National Government macro-economic targets;*
- *The general inflationary outlook and the impact on eDumbe Municipality residents and businesses;*
- *The impact of municipal cost drivers;*
- *The increase in prices for bulk electricity and*
- *The increase in the cost of remuneration. Employee related costs comprise 41 per cent of total operating expenditure in the 2025/2026 MTREF.*

1.4.2 Interest rates for borrowing and investment of funds

The MFMA specifies that borrowing can only be utilized to fund capital or refinancing of borrowing in certain conditions. The eDumbe Municipality engages in a number of financing arrangements to appointed Services providers to outsourced monies for the eDumbe Municipal in order to face a backlog in terms of Service Delivery issues and minimize its interest rate costs and risk. There is no borrowing during 2026/27 financial year.

1.4.3 Collection rate for revenue services

It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term, having considered this it is prudent to assume that tariff increases will be modest going forward.

The rate of revenue collection is currently not expressed as a percentage of annual billings. Cash flow is assumed to be a challenge for eDumbe Municipality billings, plus an increased collection of arrear debt from the revised credit control and debt collection policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

1.4.4 Overview on cost containment

The purpose of this policy is to prescribe cost containment measures for EDumbe Local Municipality in line with MFMA Circular No. 82. Section 62(1)(a) of the Municipal Finance Management Act No. 56 of 2003 (MFMA) stipulates that the accounting officer of a municipality is responsible for managing the financial administration of a municipality and must for this purpose take all reasonable steps to ensure that the resources of the municipality are used effectively, efficiently, and economically. In terms of the legal framework, the elected councils and accounting officers are required to institute appropriate measures to ensure that the limited resources and public funds are appropriately utilised to ensure value for money is achieved.