



SCHEDULE A: AN ANNUAL BUDGET AND
SUPPORTING DOCUMENTATION OF THE
HARRY GWALA DISTRICT MUNICIPALITY

BUDGET & TREASURY

2627 MTREF

DRAFT BUDGET

ANNUAL BUDGET OF
HARRY GWALA
DISTRICT
MUNICIPALITY

2026/2027 TO 2028/2029
MEDIUM-TERM REVENUE AND EXPENDITURE
FRAMEWORK BUDGET

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Annexure B: SDBIP Summary

Abbreviations and Acronyms

AMR	Automated Meter Reading	kWh	kilowatt
ASGISA	Accelerated and Shared Growth Initiative	l	litre
BPC	Budget Planning Committee	LED	Local Economic Development
CBD	Central Business District	MEC	Member of the Executive Committee
CFO	Chief Financial Officer	MFMA	Municipal Financial Management Act Programme
CM	District Manager	MIG	Municipal Infrastructure Grant
CPI	Consumer Price Index	MMC	Member of Mayoral Committee
CRRF	Capital Replacement Reserve Fund	MPRA	Municipal Properties Rates Act
DBSA	Development Bank of South Africa	MSA	Municipal Systems Act
DoRA	Division of Revenue Act	MTEF	Medium-term Expenditure Framework
DWA	Department of Water Affairs	MTREF	Medium-term Revenue and Expenditure Framework
EE	Employment Equity	NERSA	National District Regulator South Africa
EEDSM	Energy Efficiency Demand Side Management	NGO	Non-Governmental organisations
EM	Executive Mayor	NKPIs	National Key Performance Indicators
FBS	Free basic services	OHS	Occupational Health and Safety
GAMAP	Generally Accepted Municipal Accounting Practice	OP	Operational Plan
GDP	Gross domestic product	PBO	Public Benefit Organisations
GDS	Gauteng Growth and Development Strategy	PHC	Provincial Health Care
GFS	Government Financial Statistics	PMS	Performance Management System
GRAP	General Recognised Accounting Practice	PPE	Property Plant and Equipment
HR	Human Resources	PPP	Public Private Partnership
HGDM	Harry Gwala District Municipality	PTIS	Public Transport Infrastructure System
IDP	Integrated Development Strategy	RG	Restructuring Grant
IT	Information Technology	RSC	Regional Services Council
kl	Kilolitre	SALGA	South African Local Government Association
km	Kilometre	SAPS	South African Police Service
KPA	Key Performance Area	SDBIP	Service Delivery Budget Implementation Plan
KPI	Key Performance Indicator	SMME	Small Micro and Medium Enterprises

1 Part 1 – Annual Budget

1.1 MAYOR’S REPORT

PURPOSE

To table to Council the 2026/27 Medium Term Revenue and Expenditure Framework Draft budget for noting.

BACKGROUND

In terms of section 16 (1) of the Municipal Finance Management Act the Council of a Municipality must for each financial year approve an annual budget for the Municipality before the start of that financial year.

DISCUSSION:

In order for a Municipality to comply with section (i) section 16 (2) prescribes that 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.

In terms of section 17 of the MFMA;

An annual budget of a Municipality must set out realistically anticipated revenue for the budget year and appropriate expenditure for the budget year under the different votes of the Municipality.

BUDGET SUMMARY:

The 2026/2027 Municipality with Municipal entity **Consolidate** Total Revenue is R 1 070million, broken down as follows:

- | | |
|---|-----------|
| • Government Grants and Subsidies – Capital | R 328, 8m |
| • Government Grants and Subsidies – Operational | R 607m |
| • Own Revenue | R 134, 1m |

Allocated as follows;

- | | |
|----------------------|-----------|
| • Operational budget | R 870, 6m |
| • Capital budget | R 329, 1m |

The 2026/2027 **Municipality only** Total Revenue is R 1 045million, 1m broken down as follows;

- Government Grants and Subsidies – Capital R 584m
- Government Grants and Subsidies – Operational R 328, 8m
- Own Revenue R 132, 6m

Allocated as follows;

- Operational budget R 845, 2m
- Capital budget R 325, 6m

The actual revenue is R1 070million, however due to R23million for transfers and subsidies paid over to Harry Gwala Development Agency as revenue on their side this result on overstating the revenue by R23million on the consolidated budget. The revenue amount is supposed to be eliminated against the expenditure on parent books on consolidated however this is not happening due to system challenges.

The staff salaries budget for the consolidated has been budgeted at R323, 2m, representing 37% of the operational budget. Councilor’s allowances have been budgeted at R8, 4m. Board members have been budgeted at R 331 840.

Local government equitable share

The equitable share for 2026/2027 financial year as gazetted from the Division of Revenue Bill is as follows:

- ✓ Equitable share R 548 684 000

For 2026/27 Draft Budget capital projects for parent amounting to R 325 696 601 and consolidated is R 329 348 915 (Exclusive of VAT) have been planned under the following categories;

PROJECT TYPE	AMOUNT
Water	R 256 781 293
Sanitation	R 28 889 038
Other Assets	R 40 026 270
TOTAL	R 325 696 601

The municipality has prepared its infrastructure budget with the guidance of MIG formula for allocating this funding to local municipalities.

Budget or breakdown allocation per local Municipality is as follows:

Umzimkhulu	R	96 143 213	35%	Has a huge Backlogs and high population
NDZ	R	64 048 616	20%	Huge Backlogs since demarcation
Ubuhlebezwe	R	12 938 855	4%	Few Backlogs
Kokstad	R	112 539 647	30%	Few Backlogs & Kempsdale Dam
Internal	R	40 026 270	12%	No Backlogs

Local Economic Development and Tourism

The Harry Gwala District Municipality has developed a number of local development related strategies and plans that seek to enhance its economic growth. These plans and strategies were circulated to all councilors. The Harry Gwala District Municipality has allocated R 23m towards LED projects in 2026/27 and a total of R50, 5million in the MTREF in line with this National priority. We are hopeful that our partners, the first and second sphere of Government, in economic development will support in this Endeavour. We also intend to attract private sector investment to our district through the strengthening of our Harry Gwala Development Agency (HGDA). The Board of directors is now in place. To further strengthen the administrative capacity of the Agency, the HGDM LED unit was seconded to be part of the HGDA.

Promoting efficient revenue and expenditure management in local government

The minister said municipalities, just like national and provincial governments, needed to closely examine their budgets to ensure they are using their available resources to maximize service delivery, and this was centered on both, Cost-effective spending, and Revenue collection.

Looking at this budget it will be noticed that we were very conservative on the expenditure, but we will also explore all possible means to recover as much potential revenue as we could collect.

While we have to focus on our mandate and uplifting skills related to our mandate, but we cannot overlook the development of youth towards scarce skills in our area as they have a negative impact on the quality of life for our people. Without supporting and building of these skills like health and education, we cannot fully claim to have contributed to sustainable communities.

Harry Gwala Municipality is committed in developing community and youth residing within the district in the above mentioned skills. A number of projects have been budgeted for in the special programmes unit to ensure that the special groups existing in the Harry Gwala community are sufficiently catered for.

In relation to the above stated points, the Local Government Budgets and Expenditure Review, published by the National Treasury in September 2011, highlights 5 important considerations:

Revenue management – To ensure the collection of revenues, the municipality should maintain accurate billing systems; timeously send out accounts to residents and strive to collect as much revenues owed as we can.

Collecting outstanding debts – This requires political commitment, sufficient administrative capacity, and pricing policies that ensure that bills are accurate and affordable, especially for poor households. In this regard, Harry Gwala Municipality has recently completed a data cleansing exercise and is reviewing its Indigent Policy.

Pricing services correctly – The full cost of services should be reflected in the price charged to residents who can afford to pay. Many municipalities offer overly generous subsidies and rebates that result in services being run at a loss, resulting in funds being diverted away from other priorities. This is a major area in which should pull our socks. Running services at a loss affects the extension of services to other areas and impact negatively on operations and maintenance.

Under spending on repairs and maintenance – Often seen as a way to reduce spending in the short-term, under spending on maintenance can shorten the life of assets, increase long-term maintenance and refurbishment costs, and cause a deterioration in the reliability of services. This lack of Operations and maintenance also causes uprising by communities due to inadequate supply of services and the questing of democracy.

Spending on non-priorities – Many municipalities spend significant amounts on non-priority items including unnecessary travel, luxury furnishings, excessive catering and unwarranted public relations projects. Consultants are often used to perform routine tasks. Major attempts would be made to reduce use of consultants. A number of capacity building programmes have been undertaken to improve the capacity which has to result to improved quality of work.

Funding local government -The functions performed by local government rely largely on self-financing. The minister noted that Substantial progress has been made in overcoming the service disparities of the past through transfers from the national fiscus, but large backlogs remain. The major need is to provide municipal infrastructure to poor households and, increasingly, to pay for the institutional and governance needs of poor municipalities. This situation requires us to put more emphasis on job creation and economic development in order to create more opportunities for self-income.

Other strategies documents to be linked with the budget are:

- Integrated Development Plan (IDP)
- Budget
- Strategic Development Budget Implementation Plan (SDBIP)
- Performance Management System (PMS)
- Policies and By-Laws

1.2 COUNCIL RESOLUTIONS

On 24 March 2026 the Council of Harry Gwala District Municipality met in the Harry Gwala District Municipality council chamber to consider the draft budget of the municipality for the financial year 2026/27. The Council notes the following resolutions:

1. The Council, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) notes:

1.1. The draft budget of the municipality for the financial year 2026/27 and the multi-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 18;

1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19;

1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 21; and

1.1.4. Multi-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table A5.

1.1.5. Consolidated budget schedules A1 to A10.

1.1.6 Noting the budget of the Harry Gwala Development Agency (Municipal Entity) as presented in Supporting in Table 31.

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; and

1.2.5. Basic service delivery measurement as contained in Table A10.

2. The Council, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) notes:

2.1. The tariffs for the supply of water – Refer to the tariffs policy in Annexure B

2.2. The tariffs for sanitation services – refer to the tariffs policy in Annexure B

3. The Council, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) notes 10 percent increase in tariffs and for other services, as set out in tariffs policy.

4. The council, acting in terms of section 24 of the Municipal Finance Management Act, notes the draft budget related policies as discussed above.

5. To give proper effect to the municipality's annual budget, the Council notes:

5.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from water and sanitation to ensure that all capital reserves and provisions, and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations.

5.2. That the Municipal Manager be authorised to sign all necessary agreements and documents to give effect to the budget.

1.3 EXECUTIVE SUMMARY

The application of sound financial management principles for the compilation of the Harry Gwala District 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.

District business and service delivery priorities were reviewed as part of this year's planning and budget process. Where appropriate, funds were transferred from low- to high-priority programmes so as to maintain sound financial stewardship. A critical review was also undertaken of expenditures on noncore and 'nice to have' items and stern control measures expenditures such as telephone, internet usage, printing, workshops, accommodation, and catering.

The district has embarked on implementing a range of revenue collection strategies to optimize the collection of debt owed by consumers. Furthermore, the District has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead the government.

National Treasury's MFMA Circular No. 51, 54, 58, 59, 66, 70, 72, 74, 75, 79, 80, 85, 86, 93, 94, 98, 99, 112, 115 and 122, 123, 126, 128, 129, 132 and 134 were used to guide the compilation of the 2026/27 MTREF.

The main challenges experienced during the compilation of the 2026/27 MTREF can be summarised as follows:

- The ongoing difficulties in the national and local economy.
- Aging and poorly maintained water and sanitation infrastructure.
- The need to reprioritize 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 water (due to tariff increases from Umngeni and 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 and the need to fill critical vacancies.

The following budget principles and guidelines directly informed the compilation of the 2026/27 MTREF:

- The 2025/2026 Adjustments Budget priorities and targets, as well as the base line allocations contained in that Adjustments Budget were adopted as the upper limits for the new baselines for the 2026/27 annual budget.
- Intermediate service level standards were used to inform the measurable objectives, targets and backlog eradication goals.
- Tariff increases should be affordable and should generally not exceed inflation as measured by the CPI, except where there are price increases in the inputs of services that are beyond the control of the municipality, for instance the cost of bulk water and the operational cost of District expense for the water pumps. In addition, tariffs need to remain or move towards being cost reflective and should take into account the need to address infrastructure backlogs.
- There will be no budget allocated to national and provincial funded projects unless the necessary grants to the municipality are reflected in the national and provincial budget and have been gazetted as required by the annual Division of Revenue Act.

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

Table 2 below presents a consolidated overview of the 2026/27 budget.

Table 1 Consolidated Overview of the 2026/27 MTREF

R thousand	Adjustments Budget 2025/2026	Budget Year 2026/27	Budget Year + 1 2027/28	Budget Year +2 2028/29
Total Operating Revenue	R 723 562 194	R 741 220 498	R 781 473 186	R 805 535 166
Total Operating Expenditure	R 890 420 685	R 870 646 634	R 905 713 793	R 936 095 613
(Surplus)/ Deficit for the year	R -166 858 491	R -129 426 136	R -124 240 607	R - 130 560 447
Total Capital Expenditure	R 331 597 210	R 329 348 915	R383 718 534	R 383 591 807

Total operating revenue for the consolidated municipality has increased by 2% per cent or R17, 6million for the 2026/27 financial year when compared to the 2025/2026 Adjustments Budget. For the two outer years, operational revenue increased by 5 % and 3 %, equating to a total revenue growth of R40, 2million and R24million respectively over the MTREF when compared to the 2026/27 financial year.

Total operating expenditure for the 2026/27 financial year has been appropriated at R870, 6million. When compared to the 2025/2026 Adjustments Budget, operational expenditure has increased by 2% per cent in the 2026/27 budget. The operating deficit for 2026/27 decreased from R166, 8million in 2025/2026 financial year to R 128, 5million in 2026/27 and decreased for the outer years respectively by R124, 2million and increased R130, 5million. The non- cash item in 2026/27 financial year is at R 192, 5m. The amount for depreciation in 2026/27 financial year is at R114, 8m, irrecoverable debts written off is at R44, 8million and provision for bad debts is R32, 7million.

The capital budget of R329, 3million (Excl VAT) for 2026/27 is 1% per cent less when compared to the 2025/2026 Adjustment Budget. The decrease is due to grants reduction gazetted for the 2026/27 financial year and this is going to have a negative impact on the service delivery and water and sanitation backlogs will increase in the district. The capital budget is largely funded from the Government Grants and Subsidies in the MTREF.

Table 3 Parent Overview of the 2026/27 MTREF

R thousand	Adjustments Budget 2025/2026	Budget Year 2026/27	Budget Year + 1 2027/28	Budget Year +2 2028/29
Total Operating Revenue	R 699 100 594	R 716 704 818	R 754 407 489	R 778 922 498
Total Operating Expenditure	R 865 959 424	R 845 280 294	R 879 510 360	R 909 106 070
(Surplus)/ Deficit for the year	R – 166 858 491	R -129 426 136	R -124 240 607	R -130 560 447
Total Capital Expenditure	R 326 575 210	R 325 696 601	R 379 945 692	R 378 049 728

Total operating revenue for the parent municipality has increased by 3% per cent or R17, 6million for the 2026/27 financial year when compared to the 2025/2026 Adjustments Budget. For the two outer years, operational revenue increased by 5 % per cent and 3 per cent respectively, equating to a total revenue growth of R37, 7million and R24, 5million respectively over the MTREF when compared to the 2026/27 financial year.

Total operating expenditure for the 2026/27 financial year has been appropriated at R845, 2million. When compared to the 2025/2026 Adjustments Budget, operational expenditure has increased by 2% per cent in the 2026/27 budget. The operating deficit for 2026/27 decreased from R166, 8million in 2026/2027 financial year to R 129, 4million in 2026/27 and increased for the outer years respectively by R124, 2million and R130, 5million. The non- cash item in 2026/27 financial year is at R 180, 9m. The amount for depreciation in 2026/27 financial year is at R114m and provision for irrecoverable debt written off is at R44, 8million and provision for bad debts of R32, 7million.

The capital budget of R325, 6million (Excl VAT) for 2026/27 is 0% per cent less when compared to the 2026/2027 Adjustment Budget. The decrease is due to decrease on grants that is gazzetted for the 2026/27 financial year and this is going to have a bad impact on the service delivery and water and sanitation backlogs will be impacted in the district. The capital budget is largely funded from the Government Grants and Subsidies in the MTREF.

1.4 OPERATING REVENUE FRAMEWORK

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

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

- National Treasury's guidelines and macroeconomic policy;
- Growth in the District and continued economic development;
- Efficient revenue management, which aims to ensure a 95 per cent annual collection rate for water and sanitation service charges in the MTREF;
- Achievement in the long term 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 district.

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

DC43 Harry Gwala - Table A4 Consolidated 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
Revenue										
Exchange Revenue										
Service charges - Electricity	-	-	-	-	-	-	-	-	-	-
Service charges - Water	64 525	59 302	63 688	68 071	73 110	73 110	47 527	77 497	82 146	87 075
Service charges - Waste Water Management	13 149	13 256	12 845	13 518	13 529	13 529	8 861	14 341	15 202	16 114
Sale of Goods and Rendering of Services	741	178	141	791	146	146	75	159	169	179
Interest earned from Receivables	14 117	16 536	14 599	16 055	12 757	12 757	8 456	13 523	14 334	15 194
Interest earned from Current and Non Current Assets	10 858	21 988	28 012	26 043	26 043	26 043	15 868	27 572	29 185	30 889
Operational Revenue	810	1 241	678	706	647	647	541	686	727	771
Non-Exchange Revenue										
Fines, penalties and forfeits	-	478	786	1 643	340	340	170	354	368	383
Transfer and subsidies - Operational	452 460	477 532	534 708	596 989	596 989	596 989	417 013	607 089	639 342	654 931
Gains on disposal of Fixed and Intangible Assets	-	-	-	-	-	-	474	-	-	-
Other Gains	3 755	1 374	785	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	560 414	591 885	656 242	723 815	723 562	723 562	498 985	741 220	781 473	805 535

Table 3 Percentage growth in revenue by main revenue source

DC43 Harry Gwala - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description	Current Year 2025/26		2026/27 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2026/27	%	Budget Year +1 2027/28	%	Budget Year +2 2028/29	%
Revenue								
Exchange Revenue								
Service charges - Electricity	-	-	-	-	-	-	-	-
Service charges - Water	73 110	10%	77 497	10%	82 146	11%	87 075	11%
Service charges - Waste Water Management	13 529	2%	14 341	2%	15 202	2%	16 114	2%
Sale of Goods and Rendering of Services	146	0%	159	0%	169	0%	179	0%
Interest earned from Receivables	12 757	2%	13 523	2%	14 334	2%	15 194	2%
Interest earned from Current and Non Current Assets	26 043	4%	27 572	4%	29 185	4%	30 889	4%
Operational Revenue	647	0%	686	0%	727	0%	771	0%
Non-Exchange Revenue								
Fines, penalties and forfeits	340	0%	354	0%	368	0%	383	0%
Transfer and subsidies - Operational	596 989	83%	607 089	82%	639 342	82%	654 931	81%
Gains on disposal of Fixed and Intangible Assets	-	-	-	-	-	-	-	-
Other Gains	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	723 562	100%	741 220	100%	781 473	100%	805 535	100%

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

Revenue generated from services charges forms a small percentage of the revenue basket for the district. Service charges revenue water and sanitation comprises a mere 12% of the total revenue mix. In the 2026/27 financial year, revenue from service charges totaled R91, 8m or 10% per cent. This increases to R97, 3m, and then R103, 1m in the respective financial years of the MTREF. A notable trend is the constant pattern in the total percentage revenue generated from services charges which averaging 12, 5% in the MTREF. The above table excludes revenue foregone arising from discounts and rebates associated with the tariff policies of the Municipality. Details in this regard are contained in Table 64 MBRR SA1.

Operating grants and transfers total R607m in the 2026/27 financial year and increase to R639, 3m 2027/28 and R654, 9m in 2027/28 financial year. The above operating grants figures is including R23 million which is the transfer from the district to the Development Agency. Operating grants and transfers excluding transfer to Development Agency total R584m in the 2026/27 financial year and increase to R613, 8m 2027/28 and R629, 9m in 2028/29 financial year. Note that the year-on-year growth on the operational grants for the 2026/27 financial year is 2% percent and then increased to 5 % and 2 % percent in the two outer years. The following table gives a breakdown of the various operating grants and subsidies allocated to the municipality over the medium term, however due to R23million transfer to Harry Gwala Development Agency this results on overstating the operating grants and transfers by R23 million in 2026/27 financial year and R 25m in the outer years.

Table 4 Operating Transfers and Grant Receipts

DC43 Harry Gwala - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

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
R thousand									
Operating transfers and grants:									
Monetary Allocations									
Balance unspent at beginning of the year	17 490	26 969	31 456	-	-	-	-	-	-
Current year receipts	(8 802)	(9 414)	(8 158)	(53 118)	(53 118)	(53 118)	(35 405)	(35 887)	(37 218)
Repayment of grants	-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue	(9 593)	3 653	(18 224)	(106 236)	(106 236)	(106 236)	(70 810)	(71 774)	(74 435)
Conditions still to be met - transferred to liabilities	18 281	13 901	41 521	53 118	53 118	53 118	35 405	35 887	37 218
Provincial Government:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
District Municipality:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Other grant providers:									
Balance unspent at beginning of the year	0	0	0	(314)	(314)	(314)	(314)	(314)	(314)
Current year receipts	-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue	0	0	0	(314)	(314)	(314)	(314)	(314)	(314)
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
Total operating transfers and grants revenue	(9 593)	3 653	(18 224)	(106 550)	(106 550)	(106 550)	(71 124)	(72 088)	(74 749)
Total operating transfers and grants - CTBM	18 281	13 901	41 521	53 118	53 118	53 118	35 405	35 887	37 218
Capital transfers and grants:									
Monetary Allocations									
Balance unspent at beginning of the year	(17 490)	(48 145)	(41 956)	-	-	-	-	-	-
Current year receipts	(316 011)	(326 130)	(317 842)	(293 458)	(293 458)	(293 458)	(328 867)	(389 426)	(373 731)
Conditions met - transferred to revenue	(618 856)	(706 594)	(654 776)	(586 916)	(586 916)	(586 916)	(657 734)	(778 852)	(747 463)
Conditions still to be met - transferred to liabilities	285 355	332 319	294 979	293 458	293 458	293 458	328 867	389 426	373 731
Provincial Government:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
District Municipality:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Other grant providers:									
Balance unspent at beginning of the year	-	-	-	(1 169)	(1 169)	(1 169)	(1 169)	(1 169)	(1 169)
Current year receipts	-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue	-	-	-	(1 169)	(1 169)	(1 169)	(1 169)	(1 169)	(1 169)
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
Total capital transfers and grants revenue	(618 856)	(706 594)	(654 776)	(588 086)	(588 086)	(588 086)	(658 903)	(780 021)	(748 632)
Total capital transfers and grants - CTBM	285 355	332 319	294 979	293 458	293 458	293 458	328 867	389 426	373 731
TOTAL TRANSFERS AND GRANTS REVENUE	(628 449)	(702 941)	(673 000)	(694 635)	(694 635)	(694 635)	(730 027)	(852 109)	(823 381)
TOTAL TRANSFERS AND GRANTS - CTBM	303 636	346 221	336 500	346 576	346 576	346 576	364 272	425 313	410 949

TARIFFS: 2026/2027 FINANCIAL YEAR

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 district.

The National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. However, excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The percentage increases of Umngeni-Thukela Water bulk tariffs proposed 9, 5% increase for 2026/27 financial year, and it is more than the mentioned inflation target of 3, 4%. Given that these tariff increases are determined by external agencies, the impact they have on the municipality's rates and in these tariffs are largely outside the control of the district. Discounting the impact of these price increases in lower consumer tariffs will erode the district's future financial position and viability.

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 utilised for the calculation of the CPI consist of items such as food, petrol, and medical services, whereas the cost drivers of a municipality are informed by items such as the cost of remuneration, bulk purchases of water, petrol, diesel, chemicals etc. The current challenge facing the district 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 district has undertaken the tariff setting process relating to service charges as follows.

Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with District, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

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

In addition, National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective.

Better maintenance of infrastructure, new construction of Bulwer dam and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability. Umngeni-Thukela Water has proposed to increase its bulk tariffs by a higher than the CPIX increase from 1 July 2026, which increases the district's water input cost tremendously.

A tariff increases of 10 per cent from 1 July 2026 for water is proposed. This is based on input cost of 9, 5% increase in the cost of bulk water (Umngeni-Thukela Water), the cost of other inputs increasing by also 10 per cent and a surplus generated on the water service of a minimum 12 per cent. In addition, 6 kℓ water per 30-day period will again be granted free of charge to indigent households. The proposed increase of 10 per cent by the municipality is not cost reflective and unable to cover all inputs since Harry Gwala municipality is in rural and most of the community are indigent and others are unable to pay because of affordability.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

- Sale of Water and Impact of Tariff Increases

South Africa faces similar challenges with regard to water supply as it did with District, since demand growth outstrips supply. Consequently, National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

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

In addition, National Treasury has urged all municipalities to ensure that water tariff structures are cost reflective by 2026.

Better maintenance of infrastructure, new construction of Bulwer dam and cost-reflective tariffs will ensure that the supply challenges are managed in future to ensure sustainability. Umngeni Water has increased its bulk tariffs by a higher than the CPIX increase from 1 July 2026, which increases the district’s water input cost tremendously.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

Table 5 Proposed Water Tariffs

Residential

Consumption in KL	2026/2027	2026/27	Increase
0-6 INDIGENT	R0.00	R0.00	R0.00
07- 20	R 12.89	R 14.18	R 1.29
21- 40	R 13.65	R 15.02	R 1.37
41-100	R 25.00	R 27.50	R 2.50
101- 200	R 41.48	R 45.63	R 4.15
201+	R 47.21	R 51.93	R 4.72
Unmetered flat rate per month	R Interim	R Interim	R -

Commercial & Industrial

Commercial & Industrial			
Consumption Increments in R per KL	2026/2027	2026/27	Increase
0-100	R 18.61	R 20.47	R 1.86
101- 200	R 25.00	R 27.50	R 2.50
201-300	R 41.51	R 45.66	R 4.15
301-400	R 44.35	R 48.79	R 4.44
401-500	R 47.21	R 51.93	R 4.72
500+	R 50.08	R 55.09	R 5.01

Consumption Increments in R per KL	Public Service & Government Institutions				Agricultural				Increase
	2026/2027	2026/27	2026/2027	2026/27	2026/2027	2026/27	2026/2027	2026/27	
0-100	R 18.61	R 20.47	R 18.61	R 20.47	R 18.61	R 20.47	R 18.61	R 20.47	R 1.86
101-200	R 25.00	R 27.50	R 25.00	R 27.50	R 25.00	R 27.50	R 25.00	R 27.50	R 2.50
201-300	R 41.51	R 45.66	R 41.51	R 45.66	R 41.51	R 45.66	R 41.51	R 45.66	R 4.15
301-400	R 44.35	R 48.79	R 44.35	R 48.79	R 44.35	R 48.79	R 44.35	R 48.79	R 4.44
401-500	R 47.21	R 51.93	R 47.21	R 51.93	R 47.21	R 51.93	R 47.21	R 51.93	R 4.72
500+	R 50.08	R 55.09	R 50.08	R 55.09	R 50.08	R 55.09	R 50.08	R 55.09	R 5.01

Education institution
Geriatric Institutions, Religious organisations, NPO & recreational facilities.

Road tanker Delivery	Static tank hire per day			
	2026/2027	2026/27	Increase/Decrease	2026/27
Road Tanker Delivery of Water				
2500 l	R 550.00	R 605.00	R 55.00	R 314.86
5000 l	R 1 100.00	R 1 210.00	R 110.00	R 787.13
7500 l	R 1 650.00	R 1 850.00	R 200.00	R 1 101.98
10 000 l	R 2 200.00	R 2 420.00	R 220.00	R 1 574.28
Del. Charge	R 572.44	R 629.68	R 57.24	R 629.68
				R 28.62
				R 71.56
				R 100.18
				R 143.12
				R 57.24

single dwelling-house.

water charges

Disconnection and

Reconnection

Increase

2026/27

2026/27

new water meter

Increase

2026/2027

2026/27

The following table shows the impact of the proposed increases in water tariffs on the water charges

The following table shows the impact of the proposed increases in water tariffs on the water charges for a single dwelling-house:

Misc. water related tariffs given in pipe diameter	Deposit per meter			New water meter			Disconnection and Reconnection		
	2026/2027	2026/27	Increase	2026/2027	2026/27	Increase	2026/2027	2026/27	Increase
	R 2 146.72	R 2361.39	R 214.67	R 2 432.97	R 2 676.27	R 243.30	R 1 144.91	R 1 259.40	R 114.49
R 2 862.07	R 3148.28	R 286.21	R 3 005.51	R 3 306.06	R 300.55	R 2 146.72	R 2 361.39	R 214.67	
R 4 293.49	R 4722.84	R 430.35	R 5 009.05	R 5 509.36	R 500.31	R 2 862.32	R 3 148.55	R 286.23	
R 6 068.11	R 6674.92	R 606.81	R 7 585.14	R 8 343.65	R 758.51	R 3 577.89	R 3 935.68	R 357.79	

Table 6 Comparison between current water charges and increases (Domestic)

Domestic (Metered)			
Consumption Increments in R per Kl	2026/2027	2026/27	Increase
INDIGENT 0-6	R 0.00	R 0.00	R 0.00
0-6	R 12.89	R 14.18	R 1.29
7-20	R 13.65	R 15.02	R 1.37
21-40	R 25.00	R 27.50	R 2.50
41-100	R 41.48	R 45.63	R 4.15
101-200	R 47.21	R 51.93	R 4.72
201 +	R 12.89	R 14.18	R 1.29

The tariff structure of the 2026/27 financial year has been changed. The tariff structure is designed to charge higher levels of consumption a higher rate, steadily increasing to a rate of R50.94 per kiloliter for consumption in excess of 201kl per 30-day period. In 2026/2027 financial year not all domestic consumers will benefit the free 6kl, only the indigent domestic consumers will receive free basic services. Demand notice fee to consumers of R143.09, borehole flat rate of R238.47 and raw water flat rate of R5.74 have been added on the tariff structure.

Sanitation and Impact of Tariff Increases

A tariff increases of 10 per cent for sanitation from 1 July 2026 is proposed. This is based on the input cost assumptions related to water. It should be noted that District costs contributes approximately 20 per cent of wastewater treatment input costs, therefore the CPI increase of 3, 4 is less than 10 per cent for sanitation tariffs. The following factors also contribute to the proposed tariff increase:

Sanitation charges are calculated according to the percentage water discharged as indicated in the table below.

The total revenue expected to be generated from rendering this service amounts to R91, 8million for the 2026/27 financial year.

The following table compares the current and proposed tariffs:

Table 7 Comparison between current sanitation charges and increases

Conservancy tank clearance on site			Septic tank clearance on site			Disposal into municipal reticulation system			
Static sanitation system given per load	2026/20	2026/27	Increase	2026/202	2026/27	Increase	2026/2027	2026/27	Increase
Per load	R 601.11	R 661.22	R 60.11	R1 860.53	R 2046.58	R 186.05	R601.11	R661.22	R60.11
Transport per km	R 18.61	R 20.47	R 1.86	R 18.61	R 20.47	R1.86	-	-	-

New connections

Disconnect/Reconnection IRO credit control

Misc. sanitation related tariffs given in service pipe diameter	2026/2027	2026/27	Increase	2026/2027	2026/27	Increase
Up to 600 mm	R 5 724.63	R 6 297.09	R 572.46	R 1 431.16	R 1 574.28	R 143.12
600 mm -1200 mm	R 7 155.80	R 7 871.38	R 715.58	R 2 146.72	R 2 361.39	R 214.67
1200 mm +	R 10 018.09	R 11 019.90	R 1 001.81	R 2 862.32	R 3 148.55	R 713.77

The following table shows the impact of the proposed increases in sanitation tariffs on the sanitation charges for a single dwelling-house:

Table 8 Comparison between current sanitation charges and increases, single dwelling- houses

Misc. sanitation related tariffs given in service pipe diameter	2026/2027	2026/27	Increase	New connection sanitation	2026/2027	2026/27	Increase
Disconnection/re connection Up to 600 mm	R 1 144.91	R 1 259.40	R 114.49	New Connections Up to 600 mm	R5 724.63	R6 297.09	R 572.46
Up to 1 200 mm	R2 146.72	R2 361.39	R 214.67	Up to 1 200 mm	R 7 155.80	R 7 871.38	R 715.58
1 200 mm +	R2 862.32	R3 148.55	R 286.23	1 200 mm +	R 10 018.09	R 11 019.90	R 1 001.81

Sanitation costs given in terms of water consumption	2026/2027	2026/27	Increase
Water borne systems. 0-200 KI	R10.01	R11.01	R1.00
201 KI +	R12.91	R14.20	R1.29
Shayamoya, Bhongweni and Fairview 0-200 KI			
200 KI +			
Unmetered / flat rate per month	INTERIM	INTERIM	INTERIM

Overall impact of tariff increases on households.

Property development costs, I.R.O water and sanitation delivery reticulation given in number of sub-divisions Per Sub-Division Clearance Certificate	2026/2027	2026/27	Increase
1 Site	R 16 601.44	R 18 261.58	R 1 660.14
2-5 Sites	R 10 018.11	R 11 019.92	R 1 001.81
6-10 Sites	R 5 724.63	R 6 297.09	R 572.46
11-20 + Sites	R 3 434.77	R 3 778.25	R 343.48
Clearance certificate	R 265.02	R 291.52	R 26.50

Demand Notice to Customers	R 143.09	R157.40	R14.31
Borehole Flat Rate	R238.47	R262.32	R23.85
Raw water Flat Rate	R5.74	R6.31	R0.57
Prepaid meter pad replacement	R857.58	R943.34	R85.76
Purchase, installation and connection of a prepaid meter for businesses	R8 095.57	R8 905.13	R809.56
Purchase, installation and connection of a prepaid meter for domestic	R7 319.26	R 8 051.19	R731.93

Application and renewal of conducting a business within the municipality.

					2026/2027	2026/27	Increase
Application for COA for food premise and COC for funeral parlour / Government mortuary					R2 215.00	R2 436.50	R221.50
Vending Food					R 296.40	R 326.04	R 29.64
Escort agencies, night clubs, massage parlours and adult clubs					R 4 575.40	R 5 032.94	R 457.54
Issuing of a duplicate Certificate					R 1 162.90	R 1 279.19	R116.29
Amendment of COA and COC.					R 162.90	R 179.19	R 16.29
Amendment of a condition on the endorsement to an					R 211.00	R 232.10	R 21.10

issued COC and COA.							
Re-inspection of a food premises for the removal of a prohibition					R 1 464.00	R 1 610.40	R 146.40
Issuing of an export certificate for foodstuffs.					R 1 464.00	R 1 610.40	R 146.40
Sampling and analysis boreholes intended for human consumption.					R 2 464.00	R 2 710.40	R246.40
Sampling and analysis of a communal swimming pool					R 580.00	R 638.00	R 58.00
Issuing of a permit for a service to remove human excrement.					R 1 895.00	R 2 084.50	R189.50
Issuing of destruction of food certificates.					R 920.00	R 1 012.00	R 92.00
Issuing of destruction of food certificates.					R 920.00	R 984.50	R64.50
Disposal of rotten food into the municipal disposal system. Per each load					R 895.00	R 984.50	R89.50
Issuing of a permit for the conducting of an offensive trade					R 1 238.00	R 1 361.80	R123.80
Issuing a permit for conducting hairdressing, beauty and/or cosmetology service					R 895.00	R 984.50	R 89.50
Issuing a permit to conduct an accommodation establishment					R 1 512.00	R 1 663.20	R151.20
Issuing of a permit to conduct a health establishment for					R 3 763.00	R 4 139.30	R376.30

medical and surgical purposes.							
Issuing of a permit to conduct a childcare service					R 895.00	R 984.50	R 89.50
Issuing a permit for the keeping of poultry					R 895.00	R 984.50	R 89.50
Issuing a health certificate for a school.					R 500.00	R 550.00	R 50.00
Issuing a health certificate for a health establishment					R 1 450.00	R 1 595.00	R145.00
Issuing a health certificate for a childcare centre					R 625.00	R 687.50	R 62.50
Penalty for late payments shall be calculated at 10% of the application					%		
						%	%

The following table shows the overall expected impact of the tariff increases on a large and small household, as well as an indigent household receiving free basic services.

Note that in all instances the overall impact of the tariff increases on household's bills has been kept at an average of 10 per cent, with the same increase for indigent households.

Table 9 MBRR Table SA14 – Household bills

DC43 Harry Gwala - Supporting Table SA14 Household bills

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 % incr.	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Rand/cent										
Monthly Account for Household - 'Middle Income Range'										
Rates and services charges:										
Property rates										
Electricity: Basic levy										
Electricity: Consumption										
Water: Basic levy										
Water: Consumption										
Sanitation										
Refuse removal										
Other										
sub-total										
VAT on Services										
Total large household bill:										
% Increase/-decrease										
Monthly Account for Household - 'Affordable Range'										
Rates and services charges:										
Property rates										
Electricity: Basic levy										
Electricity: Consumption										
Water: Basic levy										
Water: Consumption										
Sanitation										
Refuse removal										
Other										
sub-total										
VAT on Services										
Total small household bill:										
% Increase/-decrease										
Monthly Account for Household - 'Indigent Household receiving free basic services'										
Rates and services charges:										
Property rates										
Electricity: Basic levy										
Electricity: Consumption										
Water: Basic levy										
Water: Consumption										
Sanitation										
Refuse removal										
Other										
sub-total										
VAT on Services										
Total small household bill:										
% increase/-decrease										

1.5 OPERATING EXPENDITURE FRAMEWORK

Harry Gwala District Municipality's expenditure framework for the 2026/27 budget and MTREF is informed by the following:

1. The asset renewal strategy and the repairs and maintenance plan;
2. Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;
3. Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;
4. The capital programme is aligned to the asset renewal strategy and backlog eradication plan;
5. Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
6. Strict adherence to the principle of no project plans no budget. If there is no business plan no funding allocation can be made.

The following table is a high level summary of the 2026/2027 budget and MTREF (classified per main type of operating expenditure):

Table 10 Summary of operating expenditure by standard classification item

DC43 Harry Gwala - Table A4 Consolidated 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
Expenditure										
Employee related costs	244 161	254 727	261 114	291 721	310 807	310 807	181 170	323 261	336 115	349 456
Remuneration of councillors	6 988	6 932	7 581	8 059	8 101	8 101	5 240	8 426	8 763	9 113
Bulk purchases - electricity	-	-	-	-	-	-	-	-	-	-
Inventory consumed	33 421	33 598	58 827	39 635	46 030	46 030	31 507	39 696	41 007	42 320
Debt Impairment	(1 202)	10 796	2 907	31 530	31 530	31 530	-	32 791	33 873	34 957
Depreciation, amortisation and impairment	92 787	236 930	116 317	107 788	107 788	107 788	69 681	114 839	118 634	122 437
Interest, Dividends and Rent on Land	113	2	-	54	54	54	-	56	58	61
Contracted services	134 263	122 694	169 115	173 856	204 025	204 025	113 399	164 407	172 301	177 831
Transfers and subsidies	15 290	-	-	23 360	23 360	23 360	14 000	23 374	25 889	25 405
Irrecoverable debts written off	-	-	16 809	42 327	42 340	42 340	8 903	44 880	46 362	47 845
Operational costs	69 121	74 283	88 821	100 844	116 385	116 385	65 052	114 262	117 904	121 710
Disposal of Fixed and Intangible Assets	2 875	1 190	-	-	-	-	1 067	4 654	4 807	4 961
Other Losses	-	-	-	-	-	-	-	-	-	-
Total Expenditure	597 818	741 152	711 491	819 174	890 421	890 421	490 019	870 647	905 714	936 096

The consolidated budgeted allocation for employee-related costs for the 2026/2027 financial year totals R323, 2m, which equals 37% per cent of the total operating expenditure. Harry Gwala District Municipality have factored an increase of 4 per cent for the 2026/2027 financial year. An annual increase of 4 per cent has been included in the next 2027/2028 MTREF. The increase of 4 per cent in the 2026/2027 financial year is equal to the CPI of 3, 4 per cent when we are rounding off. The increase is

due to also new posts that are prioritized and the municipality is in the process of employing shift workers as a strategy to reduce overtime.

The salary negotiations for 2026/27 as per negotiations and circular the average CPI percentage for the period 1 February 2025 until 31 January 2026 is less than 4 per cent, it will be deemed to be 4 per cent, and if the average CPI percentage for this period is higher than 7 per cent, it will be deemed to be 7 per cent. As part of the district's cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards and cost containment measures have been put in place and the cost containment policy is reviewed and will be approved together with the budget. The municipality has the strategy on improving collection as per MFMA circular 99 wage bill.

As part of the planning assumptions and interventions all vacancies were originally removed from the budget and a reporting and was compiled by the Corporate Services Department relating to the prioritization of critical vacancies within the Municipality. The outcome of this exercise was the inclusion of the critical and strategically important vacancies. In addition, expenditure against overtime was significantly reduced, with provisions against this budget item only being provided for emergency services and other critical functions.

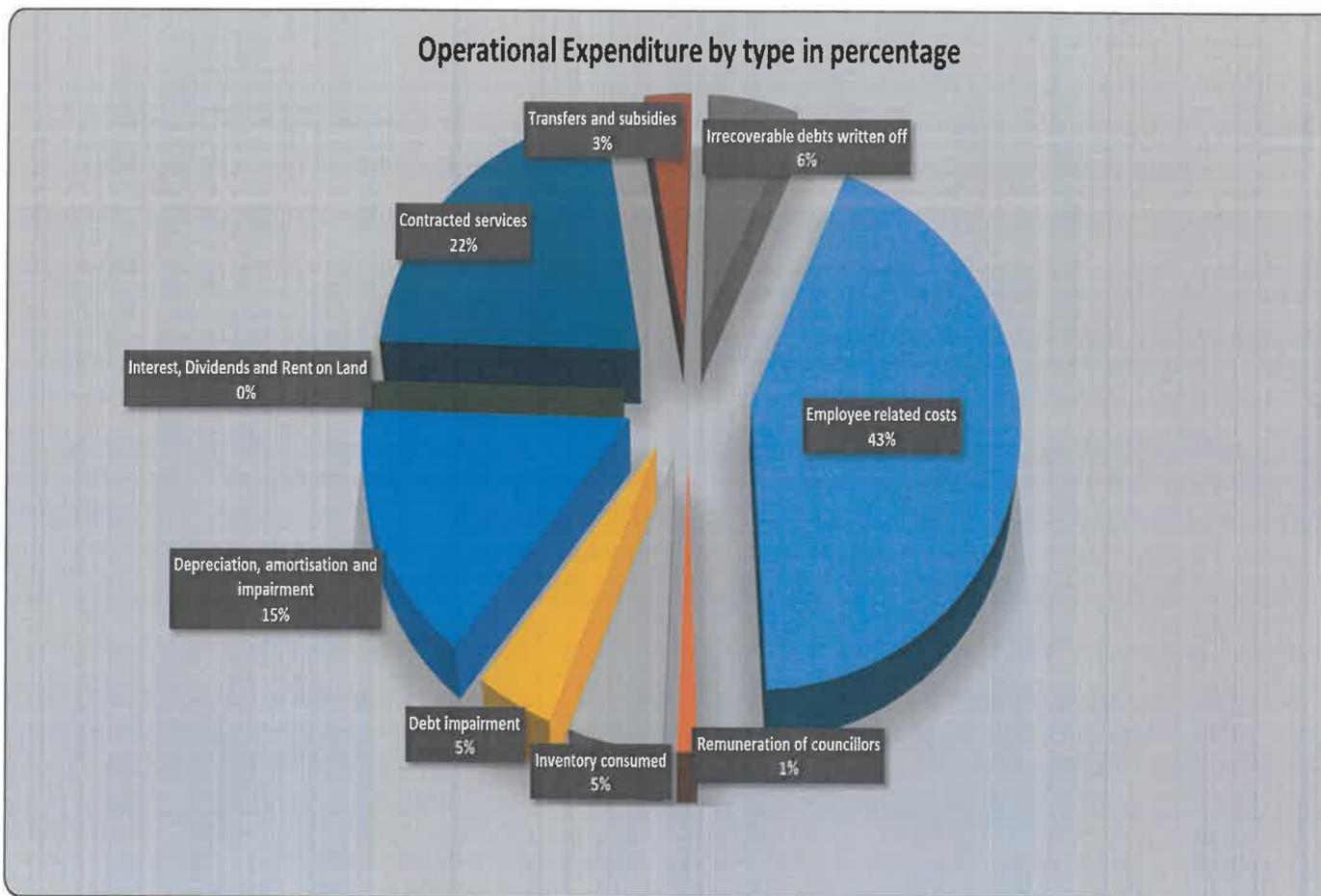
1. **The cost associated with the remuneration of councilors** is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.
2. **The provision of debt impairment** was determined based on an annual collection rate of 92 per cent and the Debt Write-off Policy of the Municipality. The previous financial year collection rate was 88 per cent. For the 2026/2027 financial year this amount equates to R32, 7m and for outer years R33, 8m, and R34, 9million respectively. While this expenditure is considered to be a non-cash flow item, it informed the total cost associated with rendering the services of the municipality, as well as the municipality's realistically anticipated revenues.
3. **Provision for depreciation and asset impairment** has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. Budget appropriations in this regard total R114, 8m for the 2026/2027 financial and equates to 13% per cent of the total operating expenditure. Depreciation for the budget year represents an increase from the 2025/2026 original budgets due to a number of projects or assets that are still on work in progress.
4. **Bulk purchases** are directly informed by the purchase of water from Umngeni-Uthukela Water in the Ubuhlebezwe area. The annual price increases of 10% has been factored into the budget appropriations and directly inform the revenue provisions as per CPI. The expenditures include distribution losses. The increase of bulk water purchases is due to increase in umngeni and Ugu District Municipality.

5. **Contracted services** have been identified as a cost saving area for the Municipality. As part of the compilation of the 2026/2027 MTREF this group of expenditure was critically evaluated, and operational efficiencies were enforced. In the 2026/2027 financial year, this group of expenditure totals R164, 4million showing a huge decrease of 19% from 2026/2027 due to increase in Maintenance and Infrastructure verification of assets funded by MIG under contracted Services R18, 7million, clearly demonstrating that the municipality is committed to comply with cost containment measures since the increase is funded by grant.

For the 2027/28 and 2028/29 financial year growth has increased to 5% per cent and increase to 3 per cent. As part of the process of identifying further cost efficiencies, a business process reengineering project will commence in the 2026/2027 financial year to identify alternative practices and procedures, including building in-house capacity for certain activities that are currently being contracted out. The outcome of this exercise will be factored into the next budget cycle, and it is envisaged that additional cost savings will be implemented. Further details relating to contracted services can be seen in Table 64 MBRR SA1.

6. **Other expenditure** comprises of various line items relating to the daily operations of the municipality. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved. The expenditure increased by 2% per cent from the adjusted budget for 2025/26 and increased in the 2026/2027 by 3 per cent and 2027/28 financial years by 3 per cent, indicating that significant cost savings. Further details relating to contracted services and other expenditure can be seen in Table MBRR SA1.

Figure 1 Main operational expenditure categories for the 2026/2027 financial year



Priority given to repairs and maintenance.

Aligned to the priority being given to preserving and maintaining the district’s current infrastructure, the 2026/2027 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the district. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services. Considering these cost drivers, the following table is a consolidation of all the expenditures associated with repairs and maintenance:

Table 11 Operational repairs and maintenance

DC43 Harry Gwala - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

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										
Repairs and Maintenance by Expenditure Item										
Employee related costs										
Inventory Consumed (Project Maintenance)	3 055	-	-							
Contracted Services	49 412	43 781	40 466	45 192	47 246	47 246	30 299	30 805	31 822	32 8
Operational Costs										
Total Repairs and Maintenance Expenditure	52 468	43 781	40 466	45 192	47 246	47 246	30 299	30 805	31 822	32 8

During the compilation of the 2026/2027 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the district infrastructure and historic deferred maintenance. To this end, repairs and maintenance was substantially increased in the 2025/26 financial year original budget to Adjustments budget, from R47, 2million to R30, 2million for the 2026/2027 financial year repairs and maintenance increased to R 30, 8m funded by Equitable share and there is a budget of R18, 7million funded by Municipal Infrastructure Grant, therefore the maintenance for 2026/2027 amount to R49, 5million. Notwithstanding this decrease excluding funding from MIG as part of the 2026/2027 MTREF this strategic imperative remains a priority as can be seen by the budget appropriations over the MTREF. The total allocation for 2026/2027 equates to R49, 5million including MIG repairs and maintenance showing a decrease of 2per cent in relation to the Adjustment Budget and grows at 3% per cent in the MTREF. In relation to the total operating expenditure, repairs and maintenance comprises of 4 per cent for 2026/2027 and 4 per cent for the respective financial years of the MTREF.

The table below provides a breakdown of the repairs and maintenance in relation to asset class:

Table 12 Repairs and maintenance per asset class

DC43 Harry Gwala - Table A9 Consolidated Asset Management

Description	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
CAPITAL EXPENDITURE									
Total Capital Expenditure	290 905	269 118	309 604	322 312	361 074	361 074	299 430	323 141	338 779
<i>Roads Infrastructure</i>	1 242	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	207 548	208 921	236 539	271 856	297 886	297 886	265 754	267 379	215 451
<i>Sanitation Infrastructure</i>	66 405	44 534	64 965	28 279	36 993	36 993	4 174	27 550	46 419
<i>Solid Waste Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-
Infrastructure	275 195	253 455	301 504	300 135	334 879	334 879	269 928	294 928	261 870
Community Facilities	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Community Assets	-	-	-	-	-	-	-	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-
Revenue Generating	-	-	-	-	-	-	-	-	-
Non-revenue Generating	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	1 138	-	-	4 250	3 080	3 080	7 224	11 390	59 638
Housing	-	-	-	2 000	1 200	1 200	3 551	-	-
Other Assets	1 138	-	-	6 250	4 280	4 280	10 775	11 390	59 638
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Serviludes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	270	-	796	1 475	1 475	505	534	566
Intangible Assets	-	270	-	796	1 475	1 475	505	534	566
Computer Equipment	1 412	410	943	2 000	1 400	1 400	1 679	1 780	1 887
Furniture and Office Equipment	1 387	1 293	2 306	4 980	7 901	7 901	4 924	4 843	4 572
Machinery and Equipment	7 376	7 430	1 306	2 668	5 100	5 100	3 724	2 887	3 060
Transport Assets	4 396	6 259	3 543	5 483	6 039	6 039	7 895	6 779	7 186
Land	-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-
Mature	-	-	-	-	-	-	-	-	-
Immature	-	-	-	-	-	-	-	-	-
Living Resources	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	290 905	269 118	309 604	322 312	361 074	361 074	299 430	323 141	338 779

For the 2026/2027 financial year R30, 8million of total repairs and maintenance will be spent on infrastructure assets. This signifies the implementation of the municipality's plans of maintaining its infrastructure levels high to ensure uninterrupted service delivery.

Table A9 reveals a decreasing trend in the percentage of Repairs & Maintenance as a percentage of Property, Plant & Equipment. This is due to a higher rate of monetary increase in the PPE balances as compared to the monetary increases in the Repairs & Maintenance budget.

The challenge noted above of a higher increase in the capital budget than the repairs & maintenance budget is mainly attributable to a higher grant funded infrastructural spending than the increase in own revenue sources that fund the repairs and maintenance budget.

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 district Indigent Policy. The target is to register 5 000 or more indigent households during the 2026/2027

financial year, a process reviewed annually. 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 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 provides a breakdown of budgeted capital expenditure by vote:

Table 13 2026/2027 Medium-term capital budget per vote

DC43 Harry Gwala - Table A5 Consolidated Budgeted Capital Expenditure by vote, functional classification and funding

Vote Description	2021/22	2022/23	2023/24	Current Year 2024/25				2025/26 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousand										
Capital expenditure - Vote										
Multi-year expenditure to be appropriated										
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	-	275	-	-	-	-	-	2 279	2 416	2 561
Vote 04 - Summary Corporate Services	8 310	7 727	4 385	9 480	14 822	14 822	7 341	10 374	9 937	10 533
Vote 05 - Summary Social Services & Development Planning	47	408	986	5 640	1 513	1 513	-	6 651	4 651	4 930
Vote 06 - Summary Infrastructure Services	30 970	47 306	78 007	122 732	112 769	112 769	57 002	96 104	146 895	246 457
Vote 07 - Summary Water Services	251 578	213 402	226 226	184 460	230 270	230 270	121 934	180 970	159 712	73 736
Capital multi-year expenditure sub-total	290 905	269 118	309 604	322 312	359 374	359 374	186 277	296 378	322 611	338 217
Single-year expenditure to be appropriated										
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	-	-	-	-	-	-	-	-	-	-
Vote 04 - Summary Corporate Services	-	-	-	-	1 700	1 700	-	500	530	562
Vote 05 - Summary Social Services & Development Planning	-	-	-	-	-	-	-	-	-	-
Vote 06 - Summary Infrastructure Services	-	-	-	-	-	-	-	2 551	-	-
Vote 07 - Summary Water Services	-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total	-	-	-	-	1 700	1 700	-	3 051	530	562
Total Capital Expenditure - Vote	290 905	269 118	309 604	322 312	361 074	361 074	186 277	299 430	323 141	338 779

For 2026/2027 an amount of R281, 6million has been appropriated for the development of infrastructure which represents 94% of the total capital budget. In the outer years this amount totals R305, 7million, 94% and R320, 3million, 95% respectively for each of the financial years. These expenditures are exclusive of VAT.

Total new assets represent R259, 6million of the total capital budget while asset renewal equates to R20, 2million. Further detail relating to asset classes and proposed capital expenditure is contained in Table MBRR A9 (Asset Management). In addition to the MBRR Tables SA34a, b, c provides a detailed breakdown of the capital programme relating to new asset construction, capital asset renewal as well as operational repairs and maintenance by asset class. Refer to table MBRR SA36 for the detailed listing of the capital projects.

The following graph provides a breakdown of the capital budget to be spent on infrastructure related projects over the MTREF.



Future operational cost of new infrastructure

The future operational costs and revenues associated with the capital programme have been included in Table MBRR SA35. This table shows that future operational costs associated with the capital programme totals R155 million in 2025/26 and to R145, 6million by 2026/2027. This associated to the operational expenditure and is expected to increase to R155, 2million 2028/2029 It needs to be noted that as part of the 2026/2027 MTREF, this expenditure has been factored into the two outer years of the operational budget.

1.7 ANNUAL BUDGET TABLES – CONSOLIDATED BUDGET

The following 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 2026/2027 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 14 MBRR Table A1 - Budget Summary

DCO Harry Gwala - Table A1 Consolidated Budget Summary										
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	Budget Year +1	Budget Year +2
R thousands										
Financial Performance										
Property rates	-	-	-	81,589	86,839	86,839	58,279	91,838	97,348	103,959
Service charges	77,674	72,558	76,530	26,043	26,043	26,043	25,888	27,572	29,185	30,869
Investment revenue	10,858	21,988	28,072	536,369	536,369	536,369	417,073	607,089	833,342	854,331
Transfer and subsidies - Operational	452,460	477,532	534,708	13,891	13,891	13,891	3,786	14,722	15,538	16,527
Other own revenue	19,422	19,887	16,389	723,815	723,562	723,562	498,876	741,220	781,473	805,535
Total Revenue (excluding capital transfers and contributions)	580,414	591,865	656,242	723,815	723,562	723,562	498,876	741,220	781,473	805,535
Total Expenditure	597,818	741,552	711,491	819,174	890,421	890,421	518,758	870,847	965,714	938,056
Employee costs	244,361	254,727	261,114	231,721	310,807	310,807	191,170	323,261	338,115	343,416
Remuneration of councillors	6,588	6,302	7,591	8,053	8,101	8,101	5,240	8,428	8,763	9,113
Depreciation, amortisation and impairment	32,787	236,300	116,317	107,788	107,788	107,788	89,508	114,833	118,634	122,437
Interest, Dividends and Rent on Land	113	2	-	54	54	54	54	56	58	61
Inventory consumed and bulk purchases	33,421	33,538	58,827	33,635	46,030	46,030	33,738	33,858	41,007	42,320
Transfers and subsidies	15,250	-	-	23,360	23,360	23,360	14,000	23,374	25,889	25,405
Other expenditure	205,058	208,983	287,652	348,958	394,280	394,280	195,102	360,994	375,247	387,304
Surplus/(Deficit)	(17,403)	(149,267)	(55,249)	(195,360)	(166,858)	(166,858)	(19,882)	(129,428)	(184,241)	(130,521)
Transfers and subsidies - capital (monetary)	283,338	332,319	317,633	233,458	233,458	233,458	174,484	328,867	389,426	373,731
Transfers and subsidies - capital (in-kind)	3,888	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Municipality	287,226	332,319	317,633	233,458	233,458	233,458	174,484	328,867	389,426	373,731
Capital expenditure & funds sources	283,118	309,604	343,075	302,060	331,597	331,597	189,539	323,349	383,719	383,532
Capital expenditure	251,309	298,048	276,005	280,147	255,511	255,511	185,890	286,128	308,791	332,976
Borrowing	17,809	11,555	73,070	41,912	76,086	76,086	23,749	43,223	44,328	50,616
Internally generated funds	283,118	309,604	343,075	302,060	331,597	331,597	189,539	323,349	383,719	383,532
Financial position										
Total current assets	194,402	243,572	308,794	219,492	250,110	250,110	32,524	286,547	297,469	309,214
Total non current assets	2,830,917	2,961,939	3,184,936	3,446,443	3,444,538	3,444,538	39,024	3,708,037	4,007,710	4,309,334
Total current liabilities	151,572	135,087	187,589	121,261	132,338	132,338	(24,265)	226,914	228,514	228,114
Total non current liabilities	101	101	101	-	-	-	-	-	-	-
Community wealth/Equity	2,941,963	3,282,782	3,305,231	3,534,683	3,539,376	3,539,376	196,727	3,746,346	4,081,527	4,405,719
Cash flows										
Net cash from (used) operating	1,524,477	1,810,099	1,491,140	367,947	304,039	304,039	1,401,857	317,992	410,354	398,647
Net cash from (used) investing	(283,718)	(309,804)	(350,933)	(346,012)	(375,549)	(375,549)	(184,884)	(328,192)	(382,640)	(382,932)
Net cash from (used) financing	-	(434)	(15)	(1,837)	(1,837)	(1,837)	(975)	(1,837)	(1,837)	(1,837)
Cash/other equivalents at the year end	1,305,586	1,824,702	1,390,002	183,662	223,121	223,121	1,215,814	220,880	246,784	259,028
Cash/other equivalents reconciliation										
Cash and investments available	1,305,586	1,824,702	1,390,002	183,662	223,121	223,121	1,215,814	220,880	246,784	259,028
Application of cash and investments	(646,212)	(208,917)	(100,028)	65,945	184,838	184,838	81,980	192,150	188,044	185,850
Balance - surplus (shortfall)	1,951,798	1,833,619	1,490,030	117,737	58,423	58,423	1,133,805	28,730	58,740	63,178
Asset management										
Asset register summary (MVA)	2,209,283	2,357,654	2,562,534	2,806,919	2,788,089	2,788,089	-	3,043,530	3,351,262	3,652,887
Depreciation	93,083	236,330	116,317	107,788	107,788	107,788	114,833	118,634	122,437	
Renewal and Upgrading of Existing Assets	11,853	19,503	38,005	41,526	35,888	35,888	80,865	160,290	130,166	
Repairs and Maintenance	52,469	43,781	40,466	45,152	47,245	47,245	30,805	31,822	32,840	
Free services										
Cost of Free Basic Services provided	1,775	1,828	3,315	(768)	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Household water minimum service level										
Water	-	-	-	88	88	88	-	88	88	88
Sanitation/sewage	-	-	-	-	-	-	-	-	-	-
Energy	-	-	-	-	-	-	-	-	-	-
Refuse	-	-	-	-	-	-	-	-	-	-

Explanatory notes to MBRR Table A1 - Budget Summary

Table A1 is a budget summary and provides a concise overview of the Harry Gwala district municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).

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.

A financial management reform emphasizes 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:

1. The operating surplus/deficit (after Total Expenditure) is positive over the MTREF Capital expenditure is balanced by capital funding sources, of which transfers recognised is reflected on the Financial Performance Budget.
2. Internally generated funds are financed from a combination of the current operating surplus and VAT refunds on Conditional Grants. The amount is incorporated in the Net cash from operating 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.

The Cash backing/surplus reconciliation shows that in previous financial years the municipality was not paying much attention to managing this aspect of its finances, and consequently many of its obligations are not cash-backed. This places the municipality in a very vulnerable financial position, as the recent slow-down in revenue collections highlighted. Consequently, Council has taken a deliberate decision to ensure adequate cash-backing for all material obligations in accordance with the recently adopted Funding and Reserves Policy. This cannot be achieved in one financial year.

But over the MTREF there is progressive improvement in the level of cash-backing of obligations. It is anticipated that the goal of having all obligations cash-back will be achieved by 2026/2027 financial year.

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 poor. The section of Free Services shows that the amount spent on Free Basic Services and the revenue cost of free services provided by the municipality continues to increase. In addition, the municipality continues to make progress in addressing service delivery backlogs. It is anticipated that by 2026/2027 the water backlog will have been very nearly eliminated.

Table 15 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

DC43 Harry Gwala - Table A2 Consolidated 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
R thousand									
Revenue - Functional									
<i>Governance and administration</i>	449 558	490 123	523 673	551 433	549 438	549 438	578 951	610 006	626 743
Executive and council	-	-	-	-	-	-	-	-	-
Finance and administration	449 558	490 123	523 673	551 433	549 438	549 438	578 951	610 006	626 743
Internal audit	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>	32	42	38	18	84	84	89	94	100
Community and social services	32	42	38	18	84	84	89	94	100
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	3 888	-	24 064	23 000	23 000	23 000	23 000	25 500	25 000
Planning and development	3 888	-	24 064	23 000	23 000	23 000	23 000	25 500	25 000
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	394 162	434 040	426 160	442 822	444 498	444 498	468 047	535 299	527 424
Energy sources	-	-	-	-	-	-	-	-	-
Water management	381 035	420 226	412 843	426 870	430 633	430 633	453 351	519 721	510 911
Waste water management	13 126	13 814	13 317	15 952	13 865	13 865	14 697	15 578	16 513
Waste management	-	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	847 640	924 204	973 935	1 017 273	1 017 020	1 017 020	1 070 087	1 170 899	1 179 267
Expenditure - Functional									
<i>Governance and administration</i>	284 782	282 513	268 495	308 803	359 882	359 882	358 232	371 039	384 120
Executive and council	29 054	30 252	35 024	52 195	53 471	53 471	47 983	49 713	51 482
Finance and administration	244 498	243 702	225 155	246 716	295 425	296 425	299 764	310 429	321 313
Internal audit	11 230	8 559	8 316	9 892	9 986	9 986	10 485	10 897	11 325
<i>Community and public safety</i>	17 993	19 285	18 204	22 765	20 654	20 654	20 193	20 983	21 802
Community and social services	17 993	19 285	18 204	22 765	20 654	20 654	20 193	20 983	21 802
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	152 099	294 606	200 808	217 958	220 252	220 252	208 120	219 387	225 468
Planning and development	152 099	294 606	200 808	217 958	220 252	220 252	208 120	219 387	225 468
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	179 556	193 055	245 367	269 549	289 533	289 533	283 999	294 197	304 593
Energy sources	-	-	-	-	-	-	-	-	-
Water management	177 046	192 868	245 183	260 256	280 387	280 387	274 317	284 191	294 262
Waste water management	2 509	187	185	9 292	9 146	9 146	9 681	10 006	10 331
Waste management	-	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	100	100	100	104	108	112
Total Expenditure - Functional	634 430	789 459	732 875	819 174	890 421	890 421	870 647	905 714	936 096
Surplus/(Deficit) for the year	213 210	134 745	241 060	198 099	126 600	126 600	199 441	265 185	243 171

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

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.

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.

Note that as a general principle the revenues for the Trading Services should exceed their expenditures. The table highlights that this is the case for District, Water and Wastewater functions, but not the Waste management function. As already noted above, the municipality will be undertaking a detailed study of this function to explore ways of improving efficiencies and provide a basis for re-evaluating the function’s tariff structure.

Other functions show a deficit between revenue and expenditure are being financed from equitable share and other revenue sources reflected under the Budget and Treasury vote.

Table 16 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

DC43 Harry Gwala - Table A3 Consolidated 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 Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year 2028/29
R thousand									
Revenue by Vote									
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	449 162	489 676	523 056	549 507	547 435	547 435	576 861	607 832	624 4
Vote 04 - Summary Corporate Services	372	418	393	410	410	410	435	461	4
Vote 05 - Summary Social Services & Development Planning	32	42	38	24 479	24 545	24 545	24 605	27 160	26 7
Vote 06 - Summary Infrastructure Services	308 606	348 937	361 419	350 081	350 081	350 081	367 966	429 212	414 9
Vote 07 - Summary Water Services	89 467	85 131	89 029	92 795	94 548	94 548	100 221	106 234	112 6
Vote 15 - Other	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	847 640	924 204	973 935	1 017 273	1 017 020	1 017 020	1 070 087	1 170 899	1 179 2
Expenditure by Vote to be appropriated									
Vote 01 - Summary Council	18 112	15 581	17 788	20 567	21 741	21 741	23 633	24 496	25 3
Vote 02 - Summary Municipal Manager	22 172	23 229	27 120	31 264	31 513	31 513	32 251	33 442	34 6
Vote 03 - Summary Budget And Treasury Office	94 176	97 677	69 768	64 749	76 727	76 727	76 942	79 837	82 9
Vote 04 - Summary Corporate Services	90 554	93 168	106 598	110 299	130 947	130 947	141 503	146 405	151 3
Vote 05 - Summary Social Services & Development Planning	50 486	56 417	55 654	97 924	98 040	98 040	102 806	108 198	110 5
Vote 06 - Summary Infrastructure Services	122 016	257 942	162 332	165 408	165 843	165 843	151 334	158 855	164 1
Vote 07 - Summary Water Services	236 914	245 444	293 615	328 964	365 610	365 610	342 177	354 481	367 0
Vote 15 - Other	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	634 430	789 459	732 875	819 174	890 421	890 421	870 647	905 714	936 0
Surplus/(Deficit) for the year	213 210	134 745	241 060	198 099	126 600	126 600	199 441	265 185	243 1

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 organizational structure of Harry Gwala Municipality. This means it is possible to present the operating surplus or deficit of a vote. The following table is an analysis of the surplus or deficit for water trading services.

Table 17 Surplus/ (Deficit) calculations for the trading services

DC43 Harry Gwala - Table A3 Consolidated 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 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									
Revenue by Vote									
Vote 06 - Summary Infrastructure Services	308 606	348 937	361 419	350 081	350 081	350 081	367 966	429 212	414 972
Vote 07 - Summary Water Services	89 467	85 131	89 029	92 795	94 548	94 548	100 221	106 234	112 608
Vote 15 - Other	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	398 073	434 068	450 449	442 876	444 629	444 629	468 186	535 446	527 580
Expenditure by Vote to be appropriated									
Vote 06 - Summary Infrastructure Services	122 016	257 942	162 332	165 408	165 843	165 843	151 334	158 855	164 161
Vote 07 - Summary Water Services	236 914	245 444	293 615	328 964	365 610	365 610	342 177	354 481	367 027
Vote 15 - Other	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	358 930	503 386	455 947	494 371	531 452	531 452	493 511	513 336	531 187
Surplus/(Deficit) for the year	39 143	(69 318)	(5 499)	(51 495)	(86 823)	(86 823)	(25 325)	22 110	(3 607)

The municipality currently operates on a deficit in its trading services. This is largely attributable to higher percentage increase in the input cost as compared to the increase in tariffs. The municipality is currently reviewing the costing of the tariff structure with a view to recovering the cost of providing these services and also ensuring financial sustainability.

Table 18 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

DC43 Harry Gwala - Table A4 Consolidated 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 2028/29
R thousand										
Revenue										
Exchange Revenue										
Service charges - Electricity	-	-	-	-	-	-	-	-	-	-
Service charges - Water	64 525	59 302	63 688	66 071	73 110	73 110	47 527	77 497	82 146	87 0
Service charges - Waste Water Management	13 149	13 256	12 845	13 518	13 529	13 529	8 861	14 341	15 202	16 1
Service charges - Waste Management	-	-	-	-	-	-	-	-	-	-
Sale of Goods and Rendering of Services	741	178	141	791	146	146	75	159	169	1
Agency services	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables	14 117	16 536	14 599	16 055	12 757	12 757	8 456	13 523	14 334	15 1
Interest earned from Current and Non Current Assets	10 858	21 988	28 012	26 043	26 043	26 043	15 868	27 572	29 185	30 8
Dividends	-	-	-	-	-	-	-	-	-	-
Development Charges	-	-	-	-	-	-	-	-	-	-
Operational Revenue	810	1 241	678	706	647	647	541	686	727	7
Non-Exchange Revenue										
Property rates	-	-	-	-	-	-	-	-	-	-
Surcharges and Taxes	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	-	478	786	1 643	340	340	170	354	368	3
Licences or permits	-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational	452 460	477 532	534 706	596 989	596 989	596 989	417 013	607 069	639 342	654 9
Interest	-	-	-	-	-	-	-	-	-	-
Fuel Levy	-	-	-	-	-	-	-	-	-	-
Operational Revenue	-	-	-	-	-	-	-	-	-	-
Gains on disposal of Fixed and Intangible Assets	-	-	-	-	-	-	474	-	-	-
Other Gains	3 755	1 374	785	-	-	-	-	-	-	-
Discontinued Operations	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	560 414	591 885	656 242	723 815	723 562	723 562	498 985	741 220	781 473	805 5
Expenditure										
Employee related costs	244 161	254 727	261 114	291 721	310 807	310 807	161 170	323 261	336 115	349 4
Remuneration of councillors	6 988	6 932	7 581	8 059	8 101	8 101	5 240	8 426	8 763	9 1
Bulk purchases - electricity	-	-	-	-	-	-	-	-	-	-
Inventory consumed	33 421	33 596	58 827	39 635	46 030	46 030	31 507	39 686	41 007	42 3
Debt impairment	(1 202)	10 796	2 907	31 530	31 530	31 530	-	32 791	33 673	34 9
Depreciation, amortisation and impairment	92 787	236 930	116 317	107 788	107 788	107 788	69 881	114 839	118 634	122 4
Interest, Dividends and Rent on Land	113	2	-	54	54	54	54	56	58	6
Contracted services	134 263	122 694	159 115	173 866	204 025	204 025	113 399	164 407	172 301	177 8
Transfers and subsidies	15 280	-	-	23 360	23 360	23 360	14 000	23 374	25 889	26 4
Irrecoverable debts written off	-	-	16 809	42 327	42 340	42 340	9 903	44 880	46 362	47 8
Operational costs	69 121	74 283	88 821	100 844	116 385	116 385	65 052	114 262	117 904	121 7
Disposal of Fixed and Intangible Assets	2 875	1 190	-	-	-	-	1 067	4 654	4 807	4 9
Other Losses	-	-	-	-	-	-	-	-	-	-
Total Expenditure	597 818	741 152	711 491	819 174	890 421	890 421	490 019	870 647	905 714	936 0
Surplus/(Deficit)	(37 403)	(149 267)	(55 249)	(95 360)	(166 858)	(166 858)	8 965	(129 426)	(124 241)	(130 5)
Transfers and subsidies - capital (monetary allocations)	283 338	332 319	317 693	293 458	293 458	293 458	174 464	328 867	389 426	373 7
Transfers and subsidies - capital (in-kind)	3 688	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	249 822	183 052	262 444	198 099	126 600	126 600	183 429	199 441	265 185	243 1
Income Tax	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax	249 822	183 052	262 444	198 099	126 600	126 600	183 429	199 441	265 185	243 1
Share of Surplus/Deficit attributable to Joint Venture	-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	249 822	183 052	262 444	198 099	126 600	126 600	183 429	199 441	265 185	243 1
Share of Surplus/Deficit attributable to Associate	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	249 822	183 052	262 444	198 099	126 600	126 600	183 429	199 441	265 185	243 1

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

Total operating revenue is R741, 2million in 2026/2027 and escalates to R781, 4million by 2026/27. This represents an increase of 2 per cent for the 2026/2027 financial year and an increase of 5 per cent for the 2027/28 and 3 per cent in 2028/29 financial year.

The operating revenue on the system generated A Schedule is R741, 2million which is R23million higher than the actual Draft budget. The R23 million relates to the transfers to Harry Gwala Development Agency from the parent municipality as shown on the entity's D schedule. This amount should be eliminated on consolidation; however, the system is not eliminating the revenue against the transfers from the parent side resulting in the overstatement of both the consolidated revenue and expenditure by the same amount.

Services charges relating to water and sanitation constitutes the biggest component of the own revenue basket of the district totaling R91, 8million for the 2026/2027 financial year and increasing to R97, 3million by 2027/28. For the 2026/2027 financial year services charges amount to 9% of the total revenue and 8 per cent in the MTREF. The increase is more than the CPI due to the increase in Umngeni Water and the increase in tariffs and as per the community of Harry Gwala affordability, the municipality increase the service charges with 10 per cent as the maximum of CPI and per the communities affordability.

Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government. It needs to be noted that in real terms the grants receipts from national government increased by R 10, 1m or 2% in 2026/2027 and by 5 per cent in 2026/2027 and 2 per cent in the 2027/2028 financial year. There is a R 23m operating transfers and grants transferred to Development agency that appears under district municipality which overstate grants by R23m.

The following graph illustrates the major expenditure items per type.

Figure 2 Expenditure by major type



Employee related costs, Contracted Services and Operational Costs are the main cost drivers within the municipality and alternative operational gains and efficiencies will have to be identified to lessen the impact of wage and bulk tariff increases in future years.

Table 19 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

DC43 Harry Gwala - Table A5 Consolidated Budgeted Capital Expenditure by vote, functional classification and funding

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
R thousand										
Capital expenditure - Vote										
Multi-year expenditure to be appropriated										
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	1 364	500	500	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	275	-	-	2 279	2 100	2 100	144	150	156	1 852
Vote 04 - Summary Corporate Services	7 727	4 385	11 900	3 374	7 909	7 909	3 050	8 064	8 387	8 225
Vote 05 - Summary Social Services & Development Planning	408	986	-	7 101	6 472	6 472	722	3 652	3 773	5 542
Vote 06 - Summary Infrastructure Services	47 306	78 007	136 524	99 656	101 111	101 111	67 267	140 433	237 748	257 065
Vote 07 - Summary Water Services	213 402	226 226	198 273	177 670	208 629	208 629	103 588	173 872	130 351	106 165
Capital multi-year expenditure sub-total	269 118	309 604	346 697	291 443	326 921	326 921	174 770	326 172	380 414	378 839
Single-year expenditure to be appropriated										
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	-	-	-	180	180	180	-	-	-	-
Vote 04 - Summary Corporate Services	-	-	101	5 136	3 497	3 497	2 616	2 137	2 222	3 636
Vote 05 - Summary Social Services & Development Planning	-	-	-	-	-	-	-	-	-	-
Vote 06 - Summary Infrastructure Services	-	-	-	2 000	1 000	1 000	-	1 040	1 082	1 116
Vote 07 - Summary Water Services	-	-	2 278	3 300	-	-	-	-	-	-
Capital single-year expenditure sub-total	-	-	2 378	10 616	4 677	4 677	2 616	3 177	3 304	4 753
Total Capital Expenditure - Vote	269 118	309 604	349 075	302 060	331 597	331 597	177 386	329 349	383 719	383 592
Capital Expenditure - Functional										
Governance and administration	8 002	4 385	12 001	17 434	19 057	19 057	5 810	13 849	14 379	19 090
Executive and council	-	-	-	-	-	-	-	-	-	-
Finance and administration	8 002	4 385	12 001	16 071	18 557	18 557	5 810	13 849	14 379	19 090
Internal audit	-	-	-	1 364	500	500	-	-	-	-
Community and public safety	270	986	-	-	-	-	-	-	-	-
Community and social services	270	986	-	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-
Economic and environmental services	41 851	60 631	134 763	95 891	102 939	102 939	67 989	132 573	221 124	237 258
Planning and development	41 851	60 631	134 763	95 891	102 939	102 939	67 989	132 573	221 124	237 258
Road transport	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-
Trading services	218 995	243 602	202 311	188 734	209 601	209 601	103 588	182 927	148 216	127 245
Energy sources	-	-	-	-	-	-	-	-	-	-
Water management	174 461	178 637	182 256	188 473	204 467	204 467	100 831	182 927	148 216	127 245
Waste water management	44 534	64 965	20 055	261	5 135	5 135	2 756	-	-	-
Waste management	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	269 118	309 604	349 075	302 060	331 597	331 597	177 386	329 349	383 719	383 592
Funded by:										
National Government	247 421	298 048	255 079	259 997	255 361	255 361	154 138	285 971	338 631	332 810
Provincial Government	3 888	-	20 926	-	-	-	-	-	-	-
District Municipality	-	-	-	150	150	150	-	155	160	186
Transfers recognised - capital	251 309	298 048	276 005	260 147	255 511	255 511	154 138	286 126	338 791	332 976
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	17 809	11 555	73 070	41 912	76 086	76 086	23 248	43 223	44 928	50 616
Total Capital Funding	269 118	309 604	349 075	302 060	331 597	331 597	177 386	329 349	383 719	383 592

Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year appropriation); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.

The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations. In relation to multi-year appropriations, for 2026/2027 R329, 3million (Excl VAT) has been allocated of the total R285, 9million infrastructural budget, which totals 100 per cent. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialized tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the district. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

The capital programme is funded mainly from national and provincial grants and subsidies. For 2026/2027 capital transfers totals R285, 9million and R338, 6million by 2027/28 and then in 2028/29 increase to R332, 8million. No borrowing applications are expected to result in the MTREF. These funding sources are further discussed in detail in 2.6 (Overview of Budget Funding). There is a portion of capital programmes that is funded from internal generated funds. For 2026/2027 internal capital funds totals R43, 2million and R44, 9million by 2027/28 and then in 2028/29 increase to R50, 6million

Table 20 MBRR Table A6 - Budgeted Financial Position

DC43 Harry Gwala - 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
R thousand										
ASSETS										
Current assets										
Cash and cash equivalents	124 641	209 430	261 670	173 668	213 121	213 121	46 527	220 880	246 764	259 028
Short term Investments	-	-	-	-	-	-	-	-	-	-
Trade and other receivables from exchange transactions	32 136	12 036	12 773	23 719	2 638	2 638	(3 707)	11 315	16 354	15 835
Receivables from non-exchange transactions	2 318	2 312	1 570	2 312	1 570	1 570	(11)	1 570	1 570	1 570
Current portion of non-current receivables	-	-	-	-	-	-	-	-	-	-
Inventory	716	858	963	858	963	963	26	963	963	963
VAT Receivable	34 596	19 164	32 125	19 165	32 125	32 125	(10 086)	32 125	32 125	32 125
Other current assets	(5)	(229)	(307)	(229)	(307)	(307)	(224)	(307)	(307)	(307)
Total current assets	194 402	243 572	308 794	219 492	250 110	250 110	32 524	266 547	297 469	309 214
Non current assets										
Investments	-	-	-	-	-	-	-	-	-	-
Investment property	-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	2 890 401	2 961 686	3 184 700	3 443 615	3 443 285	3 443 285	99 106	3 703 352	4 004 929	4 306 470
Biological assets	-	-	-	-	-	-	-	-	-	-
Living resources	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-
Intangible assets	515	313	296	2 827	1 250	1 250	(82)	2 685	2 780	2 864
Trade and other receivables from exchange transactions	-	-	-	-	-	-	-	-	-	-
Non-current receivables from non-exchange transactions	-	-	-	-	-	-	-	-	-	-
Other non-current assets	0	0	0	0	0	0	-	0	0	0
Total non current assets	2 890 917	2 961 999	3 184 996	3 446 443	3 444 536	3 444 536	99 024	3 706 037	4 007 710	4 309 334
TOTAL ASSETS	3 085 318	3 205 572	3 493 790	3 665 935	3 694 646	3 694 646	131 547	3 972 584	4 305 178	4 618 548
LIABILITIES										
Current liabilities										
Bank overdraft	-	-	-	-	-	-	-	-	-	-
Financial liabilities	12 806	12 806	12 806	8 006	10 406	10 406	(1 500)	8 006	5 606	3 206
Consumer deposits	2 415	3 179	3 441	3 748	4 010	4 010	74	4 010	4 010	4 010
Trade and other payables from exchange transactions	91 868	86 935	148 140	86 356	153 257	153 257	(81 928)	190 233	192 233	194 233
Trade and other payables from non-exchange transactions	21 177	10 500	(0)	1 483	1 483	1 483	60 035	1 483	1 483	1 483
Provision	16 171	16 385	16 527	16 385	16 527	16 527	-	16 527	16 527	16 527
VAT Payable	7 535	5 282	6 655	5 282	6 655	6 655	(946)	6 655	6 655	6 655
Other current liabilities	-	-	-	-	-	-	-	-	-	-
Total current liabilities	151 972	135 087	187 569	121 261	192 338	192 338	(24 265)	226 914	226 514	226 114
Non current liabilities										
Financial liabilities	(0)	(0)	(0)	-	-	-	-	-	-	-
Provision	-	-	-	-	-	-	-	-	-	-
Long term portion of trade payables	-	-	-	-	-	-	-	-	-	-
Other non-current liabilities	-	-	-	-	-	-	-	-	-	-
Total non current liabilities	(0)	(0)	(0)	-	-	-	-	-	-	-
TOTAL LIABILITIES	151 972	135 087	187 569	121 261	192 338	192 338	(24 265)	226 914	226 514	226 114
NET ASSETS	2 933 346	3 070 485	3 306 222	3 544 674	3 502 308	3 502 308	155 812	3 745 670	4 078 664	4 392 434
COMMUNITY WEALTH/EQUITY										
Accumulated surplus/(deficit)	2 933 346	3 070 485	3 306 222	3 544 674	3 502 308	3 502 308	155 812	3 745 670	4 078 664	4 392 434
Reserves and funds	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2 933 346	3 070 485	3 306 222	3 544 674	3 502 308	3 502 308	155 812	3 745 670	4 078 664	4 392 434

Explanatory notes to Table A6 - Budgeted Financial Position

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

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.

Table A6 is supported by an extensive table of notes providing a detailed analysis of the major components of a number of items, including:

1. Call investments deposits;
2. Consumer debtors;
3. Property, plant and equipment;
4. Trade and other payables;
5. Provisions non-current;
6. Changes in net assets; and
7. Reserves

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.

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 21 MBRR Table A7 - Budgeted Cash Flow Statement

DC43 Harry Gwala - Table A7 Consolidated 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
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates	18	6	-	-	-	-	11	-	-	-
Service charges	51 062	62 324	69 696	71 563	79 657	79 657	56 032	84 436	89 502	94 872
Other revenue	1 823 061	1 805 718	1 507 396	70 300	65 071	65 071	1 367 740	31 753	32 625	39 363
Transfers and Subsidies - Operational	128 367	473 045	499 995	573 989	573 989	573 989	398 223	584 089	613 842	629 931
Transfers and Subsidies - Capital	316 011	326 130	341 906	293 458	293 458	293 458	256 000	328 867	389 426	373 731
Interest	10 858	21 988	28 012	26 046	26 043	26 043	15 868	27 572	29 185	30 889
Dividends								-	-	-
Payments										
Suppliers and employees	(804 900)	(879 112)	(955 865)	(667 355)	(734 165)	(734 165)	(692 216)	(739 109)	(744 168)	(772 079)
Finance charges	-	-	-	(54)	(14)	(14)	-	(56)	(58)	(61)
Transfers and Subsidies								-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	1 524 477	1 810 099	1 491 140	367 947	304 039	304 039	1 401 657	317 552	410 354	396 647
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE	-	-	-	-	-	-	474	-	-	-
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	(269 118)	(309 604)	(350 553)	(346 012)	(375 549)	(375 549)	(185 338)	(328 192)	(382 640)	(382 552)
Retention (Capital)								-	-	-
NET CASH FROM/(USED) INVESTING ACTIVITIES	(269 118)	(309 604)	(350 553)	(346 012)	(375 549)	(375 549)	(184 864)	(328 192)	(382 640)	(382 552)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								-	-	-
Borrowing long term/refinancing								-	-	-
Increase (decrease) in consumer deposits	-	(434)	(15)	569	569	569	21	569	569	569
Payments										
Repayment of borrowing	-	-	-	(2 400)	(2 400)	(2 400)	(1 000)	(2 400)	(2 400)	(2 400)
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	(434)	(15)	(1 831)	(1 831)	(1 831)	(979)	(1 831)	(1 831)	(1 831)
NET INCREASE/ (DECREASE) IN CASH HELD	1 255 359	1 500 061	1 140 572	20 105	(73 341)	(73 341)	1 215 814	(12 471)	25 883	12 265
Cash/cash equivalents at the year begin:	50 226	124 641	209 430	163 577	296 462	296 462	-	233 351	220 880	246 764
Cash/cash equivalents at the year end:	1 305 586	1 624 702	1 350 002	183 682	223 121	223 121	1 215 814	220 880	246 764	259 028

Explanatory notes to Table A7 - Budgeted Cash Flow Statement

The budgeted cash flow statement is the first measurement in determining if the budget is funded. It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

As part of the 2025/26 mid-year review and Adjustments Budget this unsustainable cash position had to be addressed as a matter of urgency and various interventions were implemented such as the reduction of expenditure allocations, rationalisation of spending priorities and cost containment policy.

The 2026/2027 MTREF has been informed by the planning principle of ensuring adequate cash reserves over the medium-term. Cash and cash equivalents total R220, 8million as at the end of the 2026/2027 financial year and escalates to R246, 7million by 2027/28 and R259million at the end of 2028/2029 financial year.

Table 22 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

DC43 Harry Gwala - Table A8 Consolidated 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 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 and investments available										
Cash/cash equivalents at the year end	1 305 586	1 624 702	1 350 002	183 682	223 121	223 121	1 215 814	220 880	246 764	259 028
Other current investments > 90 days	-	-	-	-	-	-	-	-	-	-
Non current Investments	-	-	-	-	-	-	-	-	-	-
Cash and investments available:	1 305 586	1 624 702	1 350 002	183 682	223 121	223 121	1 215 814	220 880	246 764	259 028
Application of cash and investments										
Unspent conditional transfers	21 177	10 500	(0)	1 483	1 483	1 483	60 035	1 483	1 483	1 483
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	(683 560)	(235 803)	(116 555)	48 076	146 688	146 688	(3 958)	174 140	170 034	171 880
Other provisions	16 171	16 385	16 527	16 385	16 527	16 527	16 527	16 527	16 527	16 527
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:	(646 212)	(208 917)	(100 028)	65 945	164 698	164 698	72 604	192 150	188 044	189 890
Surplus(shortfall) - Excluding Non-Current Creditors Trf to Debt Relief Benefits	1 951 798	1 833 619	1 450 030	117 737	58 423	58 423	1 143 210	28 730	58 719	69 138
Creditors transferred to Debt Relief - Non-Current portion	-	-	-	-	-	-	-	-	-	-
Surplus(shortfall) - Including Non-Current Creditors Trf to Debt Relief Benefits	1 951 798	1 833 619	1 450 030	117 737	58 423	58 423	1 143 210	28 730	58 719	69 138

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

The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget. 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.

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”.

Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded. From the table it can be seen that for the period 2026/2027 the budget is sitting on a surplus of R28, 7million then R 58, 7million in 2027/28 then a surplus of R69, 1million and in 2028/29. Considering the requirements of section 18 of the MFMA, it can be concluded that the adopted 2026/2027 Draft Budget MTREF is funded.

As part of the budgeting and planning guidelines that informed the compilation of the 2026/2027 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

Table 23 MBRR Table A9 - Asset Management

DC43 Harry Gwala - Table A9 Consolidated Asset Management

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
R thousand									
CAPITAL EXPENDITURE									
Total New Assets	257 265	289 670	311 070	260 534	295 909	295 909	240 484	223 428	193 426
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	203 327	219 163	279 731	239 910	270 168	270 168	223 287	205 693	174 347
<i>Sanitation Infrastructure</i>	44 534	64 965	20 055	261	5 135	5 135	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-
Infrastructure	247 862	284 128	299 786	240 171	275 303	275 303	223 287	205 693	174 347
<i>Community Facilities</i>	-	-	-	-	-	-	-	-	-
<i>Sport and Recreation Facilities</i>	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
<i>Operational Buildings</i>	-	-	1 268	6 901	5 985	5 985	3 222	3 329	5 076
<i>Housing</i>	-	-	1 042	2 000	1 000	1 000	1 040	1 082	1 116
Other Assets	-	-	2 310	8 901	6 985	6 985	4 262	4 411	6 196
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
<i>Servitudes</i>	-	-	-	-	-	-	-	-	-
<i>Licences and Rights</i>	270	-	-	955	955	955	2 389	2 485	2 561
Intangible Assets	270	-	-	955	955	955	2 389	2 485	2 561
<i>Computer Equipment</i>	410	943	2 029	2 859	2 873	2 873	5 236	5 320	2 751
<i>Furniture and Office Equipment</i>	1 293	2 306	2 178	5 288	5 608	5 608	3 242	3 368	4 691
<i>Machinery and Equipment</i>	7 430	1 306	4 767	2 360	4 185	4 185	2 069	2 152	2 861
<i>Transport Assets</i>	-	986	-	-	-	-	-	-	-
Total Renewal of Existing Assets	6 259	4 802	30 413	21 973	19 899	19 899	25 325	44 841	52 101
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	-	2 245	21 914	7 764	772	772	10 794	39 225	42 825
<i>Sanitation Infrastructure</i>	-	-	1 658	1 739	2 747	2 747	9 130	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-
Infrastructure	-	2 245	23 573	9 503	3 519	3 519	19 925	39 225	42 825
<i>Community Facilities</i>	-	-	-	-	-	-	-	-	-
<i>Sport and Recreation Facilities</i>	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
<i>Operational Buildings</i>	-	-	-	3 874	2 374	2 374	2 000	2 080	2 141
<i>Housing</i>	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	3 874	2 374	2 374	2 000	2 080	2 141
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
<i>Servitudes</i>	-	-	-	-	-	-	-	-	-
<i>Licences and Rights</i>	-	-	-	-	-	-	-	-	-
Transport Assets	6 259	2 557	6 841	8 595	14 006	14 006	3 400	3 536	7 124
Total Upgrading of Existing Assets	5 594	15 131	7 592	19 553	15 789	15 789	63 540	115 449	138 061
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	5 594	15 131	7 592	17 379	9 964	9 964	43 761	58 318	85 891
<i>Sanitation Infrastructure</i>	-	-	-	2 174	5 826	5 826	19 759	57 131	52 174
<i>Solid Waste Infrastructure</i>	-	-	-	-	-	-	-	-	-
Infrastructure	5 594	15 131	7 592	19 553	15 789	15 789	63 540	115 449	138 061
<i>Community Facilities</i>	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	269 118	309 604	349 075	302 060	331 597	331 597	329 349	383 719	383 591
<i>Water Supply Infrastructure</i>	208 921	236 539	309 238	265 054	280 905	280 905	277 862	303 236	303 061
<i>Sanitation Infrastructure</i>	44 534	64 965	21 713	4 174	13 707	13 707	28 889	57 131	52 174
Infrastructure	253 455	301 504	330 951	269 227	294 612	294 612	306 751	360 367	355 234
<i>Community Facilities</i>	-	-	-	-	-	-	-	-	-
<i>Sport and Recreation Facilities</i>	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
<i>Operational Buildings</i>	-	-	1 268	10 775	8 359	8 359	5 222	5 409	7 226
<i>Housing</i>	-	-	1 042	2 000	1 000	1 000	1 040	1 082	1 116
Other Assets	-	-	2 310	12 775	9 359	9 359	6 262	6 491	8 336
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
<i>Servitudes</i>	-	-	-	-	-	-	-	-	-
<i>Licences and Rights</i>	270	-	-	955	955	955	2 389	2 485	2 561
Intangible Assets	270	-	-	955	955	955	2 389	2 485	2 561
<i>Computer Equipment</i>	410	943	2 029	2 859	2 873	2 873	5 236	5 320	2 751
<i>Furniture and Office Equipment</i>	1 293	2 306	2 178	5 288	5 608	5 608	3 242	3 368	4 691
<i>Machinery and Equipment</i>	7 430	1 306	4 767	2 360	4 185	4 185	2 069	2 152	2 861
<i>Transport Assets</i>	6 259	3 543	6 841	8 595	14 006	14 006	3 400	3 536	7 124
<i>Living Resources</i>	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE - Asset class	269 118	309 604	349 075	302 060	331 597	331 597	329 349	383 719	383 591

DC43 Harry Gwala - Table A9 Consolidated Asset Management

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 + 2028/29
R thousand									
ASSET REGISTER SUMMARY - PPE (WDV)	2 209 283	2 357 654	2 562 534	2 806 919	2 788 089	2 788 089	3 049 590	3 351 262	3 652 88
<i>Roads Infrastructure</i>	188	184	180	180	180	180	180	180	18
<i>Storm water Infrastructure</i>									
<i>Electrical Infrastructure</i>	7 588	5 806	4 321	2 257	2 495	2 495	596	116	11
<i>Water Supply Infrastructure</i>	1 946 095	2 093 781	2 244 278	2 504 815	2 445 928	2 445 928	2 692 049	2 989 815	3 316 80
<i>Sanitation Infrastructure</i>	190 739	195 156	249 733	209 401	255 434	255 434	272 719	292 634	279 07
<i>Information and Communication Infrastructure</i>	296	224	160	693	119	119	312	311	30
Infrastructure	2 144 905	2 295 152	2 498 672	2 717 346	2 704 156	2 704 156	2 965 857	3 283 056	3 596 48
<i>Community Assets</i>	1 759	1 520	1 436	1 380	1 432	1 432	1 093	1 093	1 09
<i>Other Assets</i>	36 372	35 178	33 985	48 781	41 818	41 818	42 885	43 066	44 86
<i>Biological or Cultivated Assets</i>									
<i>Intangible Assets</i>	515	313	296	2 827	1 250	1 250	2 685	2 780	2 86
<i>Computer Equipment</i>	4 392	3 660	5 077	4 811	4 965	4 965	6 867	3 464	(2 69
<i>Furniture and Office Equipment</i>	1 739	3 342	3 570	15 784	9 430	9 430	14 654	13 883	14 27
<i>Machinery and Equipment</i>	1 772	2 449	3 167	8 685	6 724	6 724	5 846	5 156	5 07
<i>Transport Assets</i>	17 831	16 039	16 332	7 306	18 314	18 314	9 704	(1 237)	(9 08
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	2 209 283	2 357 654	2 562 534	2 806 919	2 788 089	2 788 089	3 049 590	3 351 262	3 652 88
EXPENDITURE OTHER ITEMS	145 531	280 712	156 783	152 980	155 034	155 034	145 645	150 456	155 27
<i>Depreciation</i>	93 063	236 930	116 317	107 788	107 788	107 788	114 839	118 634	122 43
<i>Repairs and Maintenance by Asset Class</i>	52 468	43 781	40 466	45 192	47 246	47 246	30 805	31 822	32 84
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	45 120	39 357	35 932	40 241	45 016	45 016	28 413	29 350	30 29
<i>Sanitation Infrastructure</i>	-	-	-	-	-	-	-	-	-
Infrastructure	45 120	39 357	35 932	40 241	45 016	45 016	28 413	29 350	30 29
<i>Community Facilities</i>	-	-	-	-	-	-	-	-	-
<i>Sport and Recreation Facilities</i>	63	87	77	273	170	170	250	258	26
Community Assets	63	87	77	273	170	170	250	258	26
<i>Heritage Assets</i>	-	-	-	-	-	-	-	-	-
<i>Revenue Generating</i>	-	-	-	-	-	-	-	-	-
<i>Non-revenue Generating</i>	-	-	-	-	-	-	-	-	-
<i>Investment properties</i>	-	-	-	-	-	-	-	-	-
<i>Operational Buildings</i>	4 008	4 272	3 939	4 269	1 838	1 838	1 912	1 975	2 03
<i>Housing</i>	-	-	-	-	-	-	-	-	-
Other Assets	4 008	4 272	3 939	4 269	1 838	1 838	1 912	1 975	2 03
<i>Intangible Assets</i>	-	-	-	-	-	-	-	-	-
<i>Computer Equipment</i>	17	16	41	77	62	62	65	67	6
<i>Furniture and Office Equipment</i>	-	-	-	-	-	-	-	-	-
<i>Machinery and Equipment</i>	3 055	-	-	-	-	-	-	-	-
<i>Transport Assets</i>	204	49	478	332	160	160	166	171	17
<i>Living Resources</i>	-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS	145 531	280 712	156 783	152 980	155 034	155 034	145 645	150 456	155 27
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	4,4%	6,4%	10,9%	13,7%	10,8%	10,8%	27,0%	41,8%	49,6%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	12,7%	8,4%	32,7%	38,5%	33,1%	33,1%	77,4%	135,1%	155,3%
<i>R&M as a % of PPE & Investment Property</i>	2,4%	1,9%	1,6%	1,6%	1,7%	1,7%	1,0%	1,0%	0,9%
<i>Renewal and upgrading and R&M as a % of PPE and Investment Property</i>	2,9%	2,7%	3,1%	3,1%	3,0%	3,0%	3,9%	5,7%	6,1%

Explanatory notes to Table A9 - Asset Management

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.

National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. Due to the extremely high infrastructure backlogs that exists in our district a huge allocation of the conditional funding arising from prior years multi- year capital budget appropriations has been committed towards new water and sanitation infrastructure. However, the revised infrastructure plan will see a shift of more funds being allocated towards the refurbishment of assets as advised by National Treasury.

The following graph provides an analysis between depreciation and operational repairs and maintenance over the MTREF. It highlights the district strategy to address the maintenance backlog.

Figure 3 Depreciation in relation to repairs and maintenance over the MTREF.

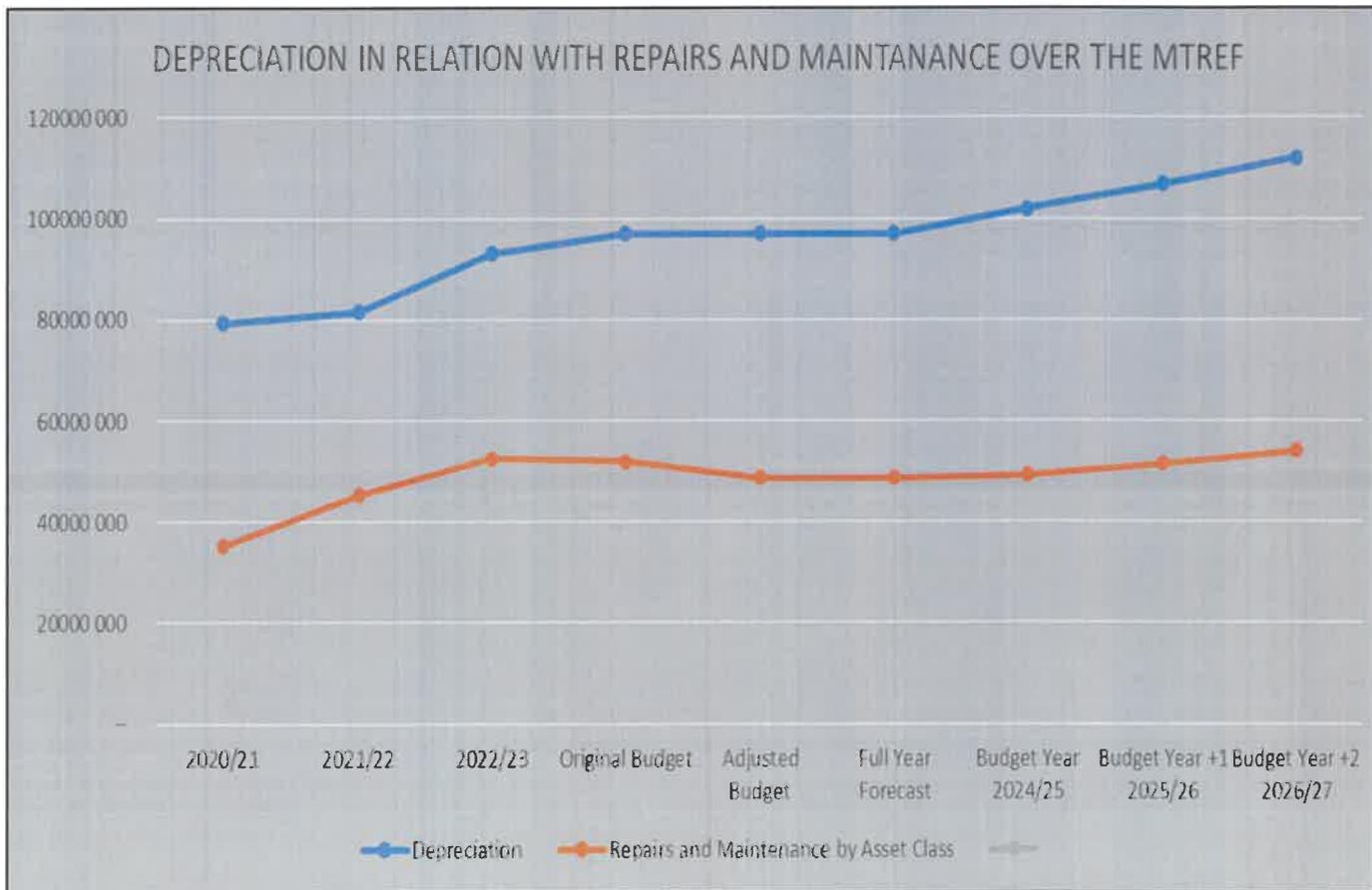


Table 24 MBRR Table A10 - Basic Service Delivery Measurement

DC43 Harry Gwala - Table A10 Consolidated 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
Household service targets									
Water:									
Piped water inside dwelling	52 292	55 430	58 755	63 166	63 166	63 166	66 956	70 973	75 232
Piped water inside yard (but not in dwelling)	21 261	22 537	23 889	25 682	25 682	25 682	27 223	28 856	30 588
Using public tap (at least min.service level)	37 292	39 530	41 901	45 047	45 047	45 047	47 750	50 615	53 652
Other water supply (at least min.service level)	30 936	32 792	34 760	37 369	37 369	37 369	39 611	41 988	44 507
<i>Minimum Service Level and Above sub-total</i>	141 781	150 288	159 305	171 264	171 264	171 264	181 540	192 432	203 978
Using public tap (< min.service level)	-	-	-	-	-	-	47 975	50 854	53 905
Other water supply (< min.service level)	30 936	32 792	34 760	37 369	37 369	37 369	39 798	42 186	44 717
No water supply	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	30 936	32 792	34 760	37 369	37 369	37 369	87 773	93 039	98 622
Total number of households	172 717	183 080	194 065	208 633	208 633	208 633	269 313	285 472	302 600
Sanitation/sewerage:									
Flush toilet (connected to sewerage)	81 649	86 548	91 741	98 628	98 628	98 628	105 039	111 341	118 022
Flush toilet (with septic tank)	13 164	13 954	14 791	15 901	15 901	15 901	16 935	17 951	19 028
Chemical toilet	-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)	46 969	49 787	52 774	56 736	56 736	56 736	60 424	64 049	67 892
Other toilet provisions (> min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	141 782	150 289	159 306	171 265	171 265	171 265	182 398	193 342	204 942
Bucket toilet	-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)	-	-	-	-	-	-	-	-	-
No toilet provisions	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	141 782	150 289	159 306	171 265	171 265	171 265	182 398	193 342	204 942
Energy:									
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>	-	-	-	-	-	-	-	-	-
Total number of households	-	-	-	-	-	-	-	-	-
Refuse:									
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>	-	-	-	-	-	-	-	-	-
Total number of households	-	-	-	-	-	-	-	-	-
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)	1 775	1 828	1 938	2 054	2 177	2 308	2 446	2 593	2 749
Sanitation (free minimum level service)	-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)	-	-	-	-	-	-	3 096	3 096	3 096
Refuse (removed at least once a week)	-	-	-	-	-	-	-	-	-
Informal Settlements	-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)									
Water (6 kilolitres per indigent household per month)	642	1 775	1 828	(724)	(724)	(724)	(768)	(814)	(863)
Sanitation (free sanitation service to indigent households)	-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)	-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)	-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)	-	-	-	-	-	-	-	-	-
Total cost of FBS provided	642	1 775	1 828	(724)	(724)	(724)	(768)	(814)	(863)

Explanatory notes to Table A10 - Basic Service Delivery Measurement

Table A10 provides an overview of service delivery levels, including backlogs (below minimum service level), for each of the main services.

The district continues to make good progress with the eradication of backlogs:

Water services – The table shows an increase in the number of households accessing water in the MTREF. These households are largely found in ‘reception areas’ and will need to be moved to formal areas so that they can receive services.

Sanitation services – backlog will be reduced greatly in the MTREF. The budget provides for 3732 households to be registered as indigent in 2026/2027, and therefore entitled to receiving Free Basic Services. It is anticipated that these Free Basic Services will cost the municipality R3million in the 2026/2027 and R6, 1million in the MTREF. This is covered by the municipality’s equitable share allocation from national government.

1.8 ANNUAL BUDGET TABLES- PARENT MUNICIPALITY

Table 25 MBRR Table A1 - Budget Summary

DC4) Harry Gwala - Table A1 Budget Summary

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	Budget Year +1	Budget Year +2
R thousands										
Financial Performance										
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges	77,674	72,590	76,533	81,583	86,633	86,633	86,279	91,639	97,340	103,169
Treatment revenue	10,858	21,989	28,012	24,561	24,561	24,561	15,868	26,056	27,620	29,277
Transfer and subsidies - Operational	452,460	477,532	534,708	573,989	573,989	573,989	417,013	564,069	610,842	629,501
Other own revenue	19,422	19,807	16,969	19,194	19,891	19,891	9,716	14,722	15,598	16,527
Total Revenue (excluding capital transfers and contributions)	560,414	591,895	656,242	699,353	699,101	699,101	498,676	716,705	754,407	778,322
Employees costs	244,761	254,727	261,174	279,596	293,190	293,190	161,170	371,153	323,613	336,552
Remuneration of councillors	6,968	6,932	7,561	8,053	8,701	8,701	5,240	6,426	6,763	7,113
Depreciation, amortisation and impairment	92,787	236,530	116,317	107,044	107,044	107,044	85,508	114,066	117,830	121,600
Interest, Dividends and Rent on Land	113	2	-	M	M	M	M	15	15	15
Inventory consumed and bulk purchases	33,421	33,598	58,827	39,825	45,960	45,960	33,736	39,624	40,531	42,241
Transfers and subsidies	15,250	-	-	23,000	23,000	23,000	14,000	23,000	25,500	25,000
Other expenditure	205,058	208,963	267,652	298,978	362,703	362,703	295,102	348,992	362,659	374,585
Total Expenditure	597,818	741,152	711,491	794,717	865,953	865,953	516,756	845,280	679,510	509,106
Surplus/(Deficit)	(37,403)	(149,257)	(55,249)	(95,364)	(166,853)	(166,853)	(118,080)	(128,575)	(125,103)	(130,784)
Transfers and subsidies - capital (monetary)	283,338	302,379	317,693	293,458	293,458	293,458	174,464	328,667	369,426	373,731
Transfers and subsidies - capital (in-kind)	3,888	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	249,822	183,052	262,444	198,095	126,595	126,595	154,584	200,291	264,323	243,548
Share of Surplus/Deficit attributable to										
Surplus/(Deficit) for the year	249,822	183,052	262,444	198,095	126,595	126,595	154,584	200,291	264,323	243,548
Capital expenditure & funds sources										
Capital expenditure	269,178	309,604	349,075	296,809	326,575	326,575	169,599	325,697	379,946	378,050
Transfers recognised - capital	251,309	298,049	276,005	259,997	295,361	295,361	165,650	285,971	338,631	332,810
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	17,609	11,985	73,070	36,811	71,214	71,214	23,749	33,725	41,314	45,240
Total sources of capital funds	269,198	309,634	349,075	296,809	326,575	326,575	169,599	325,697	379,946	378,050
Financial position										
Total owners assets	194,402	243,572	308,794	190,805	218,362	218,362	32,524	243,657	287,261	371,501
Total non owners assets	2,800,917	2,961,999	3,184,396	3,440,399	3,436,721	3,436,721	39,024	3,897,070	3,998,622	4,236,477
Total owners liabilities	151,972	135,087	167,569	117,744	165,074	165,074	(24,245)	221,398	222,398	222,598
Total non owners liabilities	(0)	(0)	(0)	-	-	-	-	-	-	-
Community wealth/Equity	2,941,983	3,262,762	3,305,231	3,483,269	3,509,074	3,509,074	194,727	3,716,698	4,065,207	4,363,244
Cash/flows										
Net cash from (used) operating	1,524,477	1,810,099	1,491,140	373,853	307,063	307,063	1,401,657	329,654	422,856	409,551
Net cash from (used) investing	(269,179)	(309,604)	(390,553)	(246,020)	(375,549)	(375,549)	(194,884)	(328,192)	(382,640)	(362,552)
Net cash from (used) financing	-	(434)	(15)	(1,831)	(1,831)	(1,831)	(379)	(1,831)	(1,831)	(1,831)
Cash/other equivalents at the year end	1,305,568	1,624,702	1,360,002	154,795	191,373	191,373	1,215,814	198,150	236,576	261,745
Cash backing/surplus reconciliation										
Cash and investments available	1,305,568	1,624,702	1,360,002	154,795	191,373	191,373	1,215,814	198,150	236,576	261,745
Application of cash and investments	(646,212)	(208,917)	(100,028)	67,662	158,478	158,478	61,980	186,634	184,528	188,374
Balance - surplus (shortfall)	1,951,798	1,833,619	1,459,030	86,933	32,895	32,895	1,133,835	9,557	52,048	75,371
Asset management										
Asset register summary (r/OV)	2,209,283	2,357,654	2,962,534	2,900,875	2,782,274	2,782,274	-	3,040,623	3,342,175	3,642,030
Depreciation	93,063	236,530	116,317	107,044	107,044	107,044	114,066	117,630	121,600	
Renewal and Upgrading of Existing Assets	11,653	19,933	36,005	41,526	35,888	35,888	88,865	160,230	130,166	
Repairs and Maintenance	52,468	43,761	40,466	45,167	47,241	47,241	30,800	31,816	32,634	
Free services										
Cost of Free Basic Services provided	1,775	1,828	3,375	(768)	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water	-	-	-	68	68	68	68	68	68	68
Sanitation/sewerage	-	-	-	-	-	-	-	-	-	-
Energy	-	-	-	-	-	-	-	-	-	-
Refuse	-	-	-	-	-	-	-	-	-	-

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

DC43 Harry Gwala - 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
R thousand									
Revenue - Functional									
<i>Governance and administration</i>	449 558	490 123	523 673	549 971	547 977	547 977	577 435	608 440	625 130
Executive and council	-	-	-	-	-	-	-	-	-
Finance and administration	449 558	490 123	523 673	549 971	547 977	547 977	577 435	608 440	625 130
Internal audit	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>	32	42	38	18	84	84	89	94	100
Community and social services	32	42	38	18	84	84	89	94	100
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	3 888	-	24 064	-	-	-	-	-	-
Planning and development	3 888	-	24 064	-	-	-	-	-	-
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	394 162	434 040	426 160	442 822	444 498	444 498	468 047	535 299	527 424
Energy sources	-	-	-	-	-	-	-	-	-
Water management	381 035	420 226	412 843	426 870	430 633	430 633	453 351	519 721	510 911
Waste water management	13 126	13 814	13 317	15 952	13 865	13 865	14 697	15 578	16 513
Waste management	-	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	847 640	924 204	973 935	992 811	992 559	992 559	1 045 572	1 143 833	1 152 654
Expenditure - Functional									
<i>Governance and administration</i>	284 782	282 513	268 495	286 912	338 047	338 047	333 591	345 591	357 915
Executive and council	29 054	30 252	35 024	41 939	43 269	43 269	45 399	47 041	48 717
Finance and administration	244 498	243 702	225 155	235 082	284 793	284 793	277 708	287 653	297 873
Internal audit	11 230	8 559	8 316	9 892	9 986	9 986	10 485	10 897	11 325
<i>Community and public safety</i>	17 993	19 285	18 204	22 765	20 654	20 654	20 193	20 983	21 802
Community and social services	17 993	19 285	18 204	22 765	20 654	20 654	20 193	20 983	21 802
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	152 099	294 606	200 808	215 491	217 725	217 725	207 498	218 740	224 796
Planning and development	152 099	294 606	200 808	215 491	217 725	217 725	207 498	218 740	224 796
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	179 556	193 055	245 367	269 549	289 533	289 533	283 999	294 197	304 593
Energy sources	-	-	-	-	-	-	-	-	-
Water management	177 046	192 868	245 183	260 256	280 387	280 387	274 317	284 191	294 262
Waste water management	2 509	187	185	9 292	9 146	9 146	9 681	10 006	10 331
Waste management	-	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	634 430	789 459	732 875	794 717	865 959	865 959	845 280	879 510	909 106
Surplus/(Deficit) for the year	213 210	134 745	241 060	198 095	126 599	126 599	200 291	264 323	243 548

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

DC43 Harry Gwala - 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 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									
Revenue by Vote									
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	449 162	489 676	523 056	549 507	547 435	547 435	576 861	607 832	624 485
Vote 04 - Summary Corporate Services	372	418	393	410	410	410	435	461	489
Vote 05 - Summary Social Services & Development Planning	32	42	38	18	84	84	89	94	100
Vote 06 - Summary Infrastructure Services	308 606	348 937	361 419	350 081	350 081	350 081	367 966	429 212	414 972
Vote 07 - Summary Water Services	89 467	85 131	89 029	92 795	94 548	94 548	100 221	106 234	112 608
Vote 15 - Other	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	847 640	924 204	973 935	992 811	992 559	992 559	1 045 572	1 143 833	1 152 654
Expenditure by Vote to be appropriated									
Vote 01 - Summary Council	18 112	15 581	17 788	20 567	21 741	21 741	23 633	24 496	25 379
Vote 02 - Summary Municipal Manager	22 172	23 229	27 120	31 264	31 513	31 513	32 251	33 442	34 663
Vote 03 - Summary Budget And Treasury Office	94 176	97 677	69 768	64 749	76 727	76 727	76 942	79 837	82 902
Vote 04 - Summary Corporate Services	90 554	93 168	106 598	110 299	130 947	130 947	141 503	146 405	151 365
Vote 05 - Summary Social Services & Development Planning	50 486	56 417	55 654	73 467	73 579	73 579	77 440	81 995	83 610
Vote 06 - Summary Infrastructure Services	122 016	257 942	162 332	165 408	165 843	165 843	151 334	158 855	164 161
Vote 07 - Summary Water Services	236 914	245 444	293 615	328 964	365 610	365 610	342 177	354 481	367 027
Vote 15 - Other	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	634 430	789 459	732 875	794 717	865 959	865 959	845 280	879 510	909 106
Surplus/(Deficit) for the year	213 210	134 745	241 060	198 095	126 599	126 599	200 291	264 323	243 548

MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

DC43 Harry Gwala - 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
Revenue										
Exchange Revenue										
Service charges - Electricity	-	-	-	-	-	-	-	-	-	-
Service charges - Water	64 525	59 302	63 688	68 071	73 110	73 110	47 527	77 497	82 146	87 075
Service charges - Waste Water Management	13 149	13 256	12 845	13 518	13 529	13 529	8 861	14 341	15 202	16 114
Service charges - Waste Management	-	-	-	-	-	-	-	-	-	-
Sale of Goods and Rendering of Services	741	178	141	791	146	146	75	159	169	179
Agency services	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables	14 117	16 536	14 599	16 055	12 757	12 757	8 456	13 523	14 334	15 194
Interest earned from Current and Non Current Assets	10 858	21 988	28 012	24 581	24 581	24 581	15 868	26 056	27 620	29 277
Dividends	-	-	-	-	-	-	-	-	-	-
Development Charges	-	-	-	-	-	-	-	-	-	-
Operational Revenue	810	1 241	678	706	647	647	541	686	727	771
Non-Exchange Revenue										
Property rates	-	-	-	-	-	-	-	-	-	-
Surcharges and Taxes	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	-	478	786	1 643	340	340	170	354	368	383
Licences or permits	-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational	452 460	477 532	534 708	573 989	573 989	573 989	417 013	584 089	613 842	629 931
Interest	-	-	-	-	-	-	-	-	-	-
Fuel Levy	-	-	-	-	-	-	-	-	-	-
Operational Revenue	-	-	-	-	-	-	-	-	-	-
Gains on disposal of Fixed and Intangible Assets	-	-	-	-	-	-	474	-	-	-
Other Gains	3 755	1 374	785	-	-	-	-	-	-	-
Discontinued Operations	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	560 414	591 885	656 242	699 353	699 101	699 101	498 985	716 705	754 407	778 922
Expenditure										
Employee related costs	244 161	254 727	261 114	279 996	299 136	299 136	181 170	311 159	323 613	336 552
Remuneration of councillors	6 988	6 932	7 581	8 059	8 101	8 101	5 240	8 426	8 763	9 113
Bulk purchases - electricity	-	-	-	-	-	-	-	-	-	-
Inventory consumed	33 421	33 598	58 827	39 625	45 960	45 960	31 507	38 624	40 931	42 241
Debt impairment	(1 202)	10 796	2 907	31 530	31 530	31 530	-	32 791	33 873	34 957
Depreciation, amortisation and impairment	92 787	236 930	116 317	107 044	107 044	107 044	69 681	114 066	117 830	121 600
Interest, Dividends and Rent on Land	113	2	-	14	14	14	-	15	15	16
Contracted services	134 263	122 694	159 115	171 585	201 753	201 753	113 399	162 044	169 845	175 276
Transfers and subsidies	15 280	-	-	23 000	23 000	23 000	14 000	23 000	25 500	25 000
Irrecoverable debts written off	-	-	16 809	42 327	42 340	42 340	8 903	44 880	46 362	47 845
Operational costs	69 121	74 283	88 821	91 537	107 080	107 080	65 052	104 623	107 972	111 546
Disposal of Fixed and Intangible Assets	2 875	1 190	-	-	-	-	1 067	4 654	4 807	4 961
Total Expenditure	597 818	741 152	711 491	794 717	865 959	865 959	490 019	845 280	879 510	909 106
Surplus/(Deficit)	(37 403)	(149 267)	(55 249)	(95 364)	(166 859)	(166 859)	8 965	(128 575)	(125 103)	(130 184)
Transfers and subsidies - capital (monetary allocations)	283 338	332 319	317 693	293 458	293 458	293 458	174 464	328 867	389 426	373 731
Transfers and subsidies - capital (in-kind)	3 888	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	249 822	183 052	262 444	198 095	126 599	126 599	183 429	200 291	264 323	243 548
Income Tax	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax	249 822	183 052	262 444	198 095	126 599	126 599	183 429	200 291	264 323	243 548
Share of Surplus/Deficit attributable to Joint Venture	-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	249 822	183 052	262 444	198 095	126 599	126 599	183 429	200 291	264 323	243 548
Share of Surplus/Deficit attributable to Associate	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	249 822	183 052	262 444	198 095	126 599	126 599	183 429	200 291	264 323	243 548

MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

DC43 Harry Gwala - Table A5 Budgeted Capital Expenditure by vote, functional classification and funding

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
R thousand										
Capital expenditure - Vote										
Multi-year expenditure to be appropriated										
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	1 364	500	500	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	275	-	-	2 279	2 100	2 100	144	150	156	1 852
Vote 04 - Summary Corporate Services	7 727	4 385	11 900	3 374	7 909	7 909	3 050	8 064	8 387	8 225
Vote 05 - Summary Social Services & Development Planning	408	986	-	1 850	1 450	1 450	722	-	-	-
Vote 06 - Summary Infrastructure Services	47 306	78 007	138 524	99 656	101 111	101 111	67 267	140 433	237 748	257 065
Vote 07 - Summary Water Services	213 402	226 226	198 273	177 670	208 829	208 829	103 588	173 872	130 351	106 155
Capital multi-year expenditure sub-total	269 118	309 604	346 697	286 192	321 899	321 899	174 770	322 520	376 642	373 297
Single-year expenditure to be appropriated										
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	-	-	-	180	180	180	-	-	-	-
Vote 04 - Summary Corporate Services	-	-	101	5 136	3 497	3 497	2 616	2 137	2 222	3 636
Vote 05 - Summary Social Services & Development Planning	-	-	-	-	-	-	-	-	-	-
Vote 06 - Summary Infrastructure Services	-	-	-	2 000	1 000	1 000	-	1 040	1 082	1 116
Vote 07 - Summary Water Services	-	-	2 278	3 300	-	-	-	-	-	-
Capital single-year expenditure sub-total	-	-	2 378	10 616	4 677	4 677	2 616	3 177	3 304	4 753
Total Capital Expenditure - Vote	269 118	309 604	349 075	296 809	326 575	326 575	177 386	325 697	379 946	378 050
Capital Expenditure - Functional										
Governance and administration	8 002	4 385	12 001	12 333	14 185	14 185	5 810	10 352	10 766	13 713
Executive and council	-	-	-	-	-	-	-	-	-	-
Finance and administration	8 002	4 385	12 001	10 970	13 685	13 685	5 810	10 352	10 766	13 713
Internal audit	-	-	-	1 364	500	500	-	-	-	-
Community and public safety	270	986	-	-	-	-	-	-	-	-
Community and social services	270	986	-	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-	-
Economic and environmental services	41 851	60 631	134 763	95 741	102 789	102 789	67 989	132 418	220 964	237 092
Planning and development	41 851	60 631	134 763	95 741	102 789	102 789	67 989	132 418	220 964	237 092
Road transport	-	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-	-
Trading services	218 995	243 602	202 311	188 734	209 601	209 601	103 588	182 927	148 216	127 245
Energy sources	-	-	-	-	-	-	-	-	-	-
Water management	174 461	178 637	182 256	188 473	204 467	204 467	100 831	182 927	148 216	127 245
Waste water management	44 534	64 965	20 055	261	5 135	5 135	2 758	-	-	-
Waste management	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	269 118	309 604	349 075	296 809	326 575	326 575	177 386	325 697	379 946	378 050
Funded by:										
National Government	247 421	298 048	255 079	259 997	255 361	255 361	154 138	285 971	338 631	332 810
Provincial Government	3 888	-	20 926	-	-	-	-	-	-	-
District Municipality	-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	251 309	298 048	276 005	259 997	255 361	255 361	154 138	285 971	338 631	332 810
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	17 809	11 555	73 070	36 811	71 214	71 214	23 248	39 725	41 314	45 240
Total Capital Funding	269 118	309 604	349 075	296 809	326 575	326 575	177 386	325 697	379 946	378 050

MBRR Table A6 - Budgeted Financial Position

DC43 Harry Gwala - 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
R thousand										
ASSETS										
Current assets										
Cash and cash equivalents	124 641	209 430	261 670	144 781	181 373	181 373	46 527	198 190	236 576	261 745
Short term investments	-	-	-	-	-	-	-	-	-	-
Trade and other receivables from exchange transactions	32 136	12 036	12 773	23 719	2 638	2 638	(3 707)	11 315	16 354	15 835
Receivables from non-exchange transactions	2 318	2 312	1 570	2 312	1 570	1 570	(11)	1 570	1 570	1 570
Current portion of non-current receivables	-	-	-	-	-	-	-	-	-	-
Inventory	716	858	963	858	963	963	26	963	963	963
VAT Receivable	34 596	19 164	32 125	19 165	32 125	32 125	(10 086)	32 125	32 125	32 125
Other current assets	(5)	(229)	(307)	(229)	(307)	(307)	(224)	(307)	(307)	(307)
Total current assets	194 402	243 572	308 794	190 605	218 362	218 362	32 524	243 857	287 281	311 931
Non current assets										
Investments	-	-	-	-	-	-	-	-	-	-
Investment property	-	-	-	-	-	-	-	-	-	-
Property, plant and equipment	2 890 401	2 961 686	3 184 700	3 438 072	3 437 971	3 437 971	99 106	3 694 002	3 996 379	4 296 172
Biological assets	-	-	-	-	-	-	-	-	-	-
Living resources	-	-	-	-	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-	-	-	-	-
Intangible assets	515	313	296	2 327	750	750	(82)	2 168	2 243	2 906
Trade and other receivables from exchange transactions	-	-	-	-	-	-	-	-	-	-
Non-current receivables from non-exchange transactions	-	-	-	-	-	-	-	-	-	-
Other non-current assets	0	0	0	0	0	0	-	0	0	0
Total non current assets	2 890 917	2 961 999	3 184 996	3 440 399	3 438 721	3 438 721	99 024	3 697 070	3 998 622	4 298 477
TOTAL ASSETS	3 085 318	3 205 572	3 493 790	3 631 004	3 657 083	3 657 083	131 547	3 940 927	4 285 903	4 610 408
LIABILITIES										
Current liabilities										
Bank overdraft	-	-	-	-	-	-	-	-	-	-
Financial liabilities	12 806	12 806	12 806	8 006	10 406	10 406	(1 500)	8 006	5 606	3 206
Consumer deposits	2 415	3 179	3 441	3 748	4 010	4 010	74	4 010	4 010	4 010
Trade and other payables from exchange transactions	91 868	86 935	148 140	84 323	147 476	147 476	(81 928)	188 200	190 200	192 200
Trade and other payables from non-exchange transactions	21 177	10 500	(0)	-	-	-	60 035	-	-	-
Provision	16 171	16 385	16 527	16 385	16 527	16 527	-	16 527	16 527	16 527
VAT Payable	7 535	5 282	6 655	5 282	6 655	6 655	(346)	6 655	6 655	6 655
Other current liabilities	-	-	-	-	-	-	-	-	-	-
Total current liabilities	151 972	135 087	187 569	117 744	185 074	185 074	(24 265)	223 398	222 998	222 598
Non current liabilities										
Financial liabilities	(0)	(0)	(0)	-	-	-	-	-	-	-
Provision	-	-	-	-	-	-	-	-	-	-
Long term portion of trade payables	-	-	-	-	-	-	-	-	-	-
Other non-current liabilities	-	-	-	-	-	-	-	-	-	-
Total non current liabilities	(0)	(0)	(0)	-	-	-	-	-	-	-
TOTAL LIABILITIES	151 972	135 087	187 569	117 744	185 074	185 074	(24 265)	223 398	222 998	222 598
NET ASSETS	2 933 346	3 070 485	3 306 222	3 513 260	3 472 009	3 472 009	155 812	3 717 530	4 062 905	4 387 810
COMMUNITY WEALTH/EQUITY										
Accumulated surplus/(deficit)	2 933 346	3 070 485	3 306 222	3 513 260	3 472 009	3 472 009	155 812	3 717 530	4 062 905	4 387 810
Reserves and funds	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	2 933 346	3 070 485	3 306 222	3 513 260	3 472 009	3 472 009	155 812	3 717 530	4 062 905	4 387 810

MBRR Table A7 - Budgeted Cash Flow Statement

DC43 Harry Gwala - 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
R thousand										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates	18	6	-	-	-	-	11	-	-	-
Service charges	51 062	62 324	69 696	71 563	71 563	71 563	56 032	84 436	89 502	94 872
Other revenue	1 823 061	1 805 718	1 507 396	50 164	50 164	50 164	1 367 740	31 753	32 625	39 363
Transfers and Subsidies - Operational	128 367	473 045	499 995	573 989	573 989	573 989	398 223	584 089	613 842	629 931
Transfers and Subsidies - Capital	316 011	326 130	341 906	293 458	293 458	293 458	256 000	328 867	389 426	373 731
Interest	10 858	21 988	28 012	24 581	24 581	24 581	15 868	27 572	29 185	30 889
Dividends								-	-	-
Payments										
Suppliers and employees	(804 900)	(879 112)	(955 865)	(639 849)	(706 659)	(706 659)	(692 216)	(727 007)	(731 666)	(759 174)
Finance charges	-	-	-	(54)	(14)	(14)	-	(56)	(58)	(61)
Transfers and Subsidies								-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	1 524 477	1 810 099	1 491 140	373 853	307 083	307 083	1 401 657	329 654	422 856	409 551
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE	-	-	-	-	-	-	474	-	-	-
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	(269 118)	(309 604)	(350 553)	(346 012)	(375 549)	(375 549)	(185 338)	(328 192)	(382 640)	(382 552)
Retention (Capital)								-	-	-
NET CASH FROM/(USED) INVESTING ACTIVITIES	(269 118)	(309 604)	(350 553)	(346 012)	(375 549)	(375 549)	(184 864)	(328 192)	(382 640)	(382 552)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								-	-	-
Borrowing long term/refinancing								-	-	-
Increase (decrease) in consumer deposits	-	(434)	(15)	569	569	569	21	569	569	569
Payments										
Repayment of borrowing	-	-	-	(2 400)	(2 400)	(2 400)	(1 000)	(2 400)	(2 400)	(2 400)
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	(434)	(15)	(1 831)	(1 831)	(1 831)	(979)	(1 831)	(1 831)	(1 831)
NET INCREASE/ (DECREASE) IN CASH HELD	1 255 359	1 500 061	1 140 572	26 010	(70 297)	(70 297)	1 215 814	(368)	38 386	25 169
Cash/cash equivalents at the year begin:	50 226	124 641	209 430	128 784	281 670	261 670	-	198 558	198 190	236 576
Cash/cash equivalents at the year end:	1 305 586	1 624 702	1 350 002	154 795	191 373	191 373	1 215 814	198 190	236 576	261 745

MBRR Table A8 – Cash Backed reserves

DC43 Harry Gwala - 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 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 and investments available										
Cash/cash equivalents at the year end	1 305 586	1 624 702	1 350 002	154 795	191 373	191 373	1 215 814	198 190	236 576	261 745
Other current investments > 90 days	-	-	-	-	-	-	-	-	-	-
Non current investments	-	-	-	-	-	-	-	-	-	-
Cash and investments available:	1 305 586	1 624 702	1 350 002	154 795	191 373	191 373	1 215 814	198 190	236 576	261 745
Application of cash and investments										
Unspent conditional transfers	21 177	10 500	(0)	-	-	-	60 035	-	-	-
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	(683 560)	(235 803)	(116 555)	51 477	141 951	141 951	(3 958)	172 107	168 001	169 847
Other provisions	16 171	16 385	16 527	16 385	16 527	16 527	16 527	16 527	16 527	16 527
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:	(646 212)	(208 917)	(100 028)	67 862	158 478	158 478	72 604	188 634	184 528	186 374
Surplus(shortfall) - Excluding Non-Current Creditors Trf to Debt Relief Benefits	1 951 798	1 833 619	1 450 030	86 933	32 895	32 895	1 143 210	9 557	52 048	75 371
Creditors transferred to Debt Relief - Non-Current portion	-	-	-	-	-	-	-	-	-	-
Surplus(shortfall) - Including Non-Current Creditors Trf to Debt Relief Benefits	1 951 798	1 833 619	1 450 030	86 933	32 895	32 895	1 143 210	9 557	52 048	75 371

MBRR Table A9 - Asset Management

DC43 Harry Gwala - Table A9 Asset Management

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
R thousand									
CAPITAL EXPENDITURE									
Total New Assets	257 265	289 670	311 070	255 283	290 887	290 887	236 632	219 655	167 86
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	203 327	219 163	279 731	239 910	270 168	270 168	223 267	205 693	174 34
<i>Sanitation Infrastructure</i>	44 534	64 965	20 055	261	5 135	5 135	-	-	-
Infrastructure	247 862	284 128	299 786	240 171	275 303	275 303	223 267	205 693	174 34
Community Facilities	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	1 268	2 551	1 864	1 864	500	520	50
Housing	-	-	1 042	2 000	1 000	1 000	1 040	1 082	1 11
Other Assets	-	-	2 310	4 651	2 864	2 864	1 540	1 602	1 61
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	270	-	-	455	455	455	1 873	1 948	2 01
Intangible Assets	270	-	-	455	455	455	1 873	1 948	2 01
Computer Equipment	410	943	2 029	2 859	2 873	2 873	5 236	5 320	2 71
Furniture and Office Equipment	1 293	2 306	2 178	4 887	5 207	5 207	2 828	2 941	4 24
Machinery and Equipment	7 430	1 306	4 767	2 360	4 185	4 185	2 069	2 152	2 86
Transport Assets	-	986	-	-	-	-	-	-	-
Total Renewal of Existing Assets	6 259	4 802	30 413	21 973	19 899	19 899	25 325	44 841	52 10
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	-	2 245	21 914	7 764	772	772	10 794	39 225	42 82
<i>Sanitation Infrastructure</i>	-	-	1 658	1 739	2 747	2 747	9 130	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-
Infrastructure	-	2 245	23 573	9 503	3 519	3 519	19 925	39 225	42 82
Community Facilities	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	-	3 874	2 374	2 374	2 000	2 080	2 14
Housing	-	-	-	-	-	-	-	-	-
Other Assets	-	-	-	3 874	2 374	2 374	2 000	2 080	2 14
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-
Transport Assets	6 259	2 557	6 841	8 595	14 006	14 006	3 400	3 536	7 12
Total Upgrading of Existing Assets	5 594	15 131	7 592	19 553	15 789	15 789	63 540	115 449	138 06
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	5 594	15 131	7 592	17 379	9 964	9 964	43 781	58 318	85 86
<i>Sanitation Infrastructure</i>	-	-	-	2 174	5 826	5 826	19 759	57 131	52 17
Infrastructure	5 594	15 131	7 592	19 553	15 789	15 789	63 540	115 449	138 06
Community Facilities	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Total Capital Expenditure	269 118	309 604	349 075	296 809	326 575	326 575	325 697	379 946	378 01
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>	44 534	64 965	21 713	4 174	13 707	13 707	28 889	57 131	52 17
<i>Solid Waste Infrastructure</i>	-	-	-	-	-	-	-	-	-
Infrastructure	253 455	301 504	330 951	269 227	294 612	294 612	306 751	360 367	355 24
Community Facilities	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	-	-	-	-	-	-	-	-	-
Investment properties	-	-	-	-	-	-	-	-	-
Operational Buildings	-	-	1 268	6 425	4 238	4 238	2 500	2 600	2 66
Housing	-	-	1 042	2 000	1 000	1 000	1 040	1 082	1 11
Other Assets	-	-	2 310	8 425	5 238	5 238	3 540	3 682	3 76
Licences and Rights	270	-	-	455	455	455	1 873	1 948	2 01
Intangible Assets	270	-	-	455	455	455	1 873	1 948	2 01
Computer Equipment	410	943	2 029	2 859	2 873	2 873	5 236	5 320	2 71
Furniture and Office Equipment	1 293	2 306	2 178	4 887	5 207	5 207	2 828	2 941	4 24
Machinery and Equipment	7 430	1 306	4 767	2 360	4 185	4 185	2 069	2 152	2 86
Transport Assets	6 259	3 543	6 841	8 595	14 006	14 006	3 400	3 536	7 12
TOTAL CAPITAL EXPENDITURE - Asset class	269 118	309 604	349 075	296 809	326 575	326 575	325 697	379 946	378 01

DC43 Harry Gwala - Table A9 Asset Management

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
R thousand									
ASSET REGISTER SUMMARY - PPE (NDV)	2 209 283	2 357 654	2 562 534	2 800 875	2 782 274	2 782 274	3 040 623	3 342 175	3 642 030
<i>Roads Infrastructure</i>	188	184	180	180	180	180	180	180	180
<i>Storm water Infrastructure</i>									
<i>Electrical Infrastructure</i>	7 586	5 806	4 321	2 257	2 495	2 495	596	116	116
<i>Water Supply Infrastructure</i>	1 946 095	2 093 781	2 244 278	2 504 815	2 445 928	2 445 928	2 692 049	2 989 815	3 316 806
<i>Sanitation Infrastructure</i>	190 739	195 156	249 733	209 401	255 434	255 434	272 719	292 634	279 075
<i>Information and Communication Infrastructure</i>	296	224	160	693	119	119	312	311	309
Infrastructure	2 144 905	2 295 152	2 498 672	2 717 346	2 704 156	2 704 156	2 965 857	3 283 056	3 596 487
Community Assets	1 759	1 520	1 436	1 380	1 432	1 432	1 093	1 093	1 093
Heritage Assets									
Investment properties	-	-	-	-	-	-	-	-	-
Other Assets	36 372	35 178	33 985	44 431	37 697	37 697	40 163	40 257	40 328
Biological or Cultivated Assets									
Intangible Assets	515	313	296	2 327	750	750	2 168	2 243	2 306
Computer Equipment	4 392	3 660	5 077	4 811	4 965	4 965	6 867	3 464	(2 697)
Furniture and Office Equipment	1 739	3 342	3 570	14 590	8 236	8 236	8 925	8 142	8 520
Machinery and Equipment	1 772	2 449	3 167	8 685	6 724	6 724	5 846	5 156	5 074
Transport Assets	17 831	16 039	16 332	7 306	18 314	18 314	9 704	(1 237)	(9 080)
Living Resources									
TOTAL ASSET REGISTER SUMMARY - PPE (NDV)	2 209 283	2 357 654	2 562 534	2 800 875	2 782 274	2 782 274	3 040 623	3 342 175	3 642 030
EXPENDITURE OTHER ITEMS	145 531	280 712	156 783	152 231	154 285	154 285	144 865	149 646	154 435
<u>Depreciation</u>	93 063	236 930	116 317	107 044	107 044	107 044	114 066	117 830	121 600
<u>Repairs and Maintenance by Asset Class</u>	52 468	43 781	40 466	45 187	47 241	47 241	30 800	31 816	32 834
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>	-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	45 120	39 357	35 932	40 241	45 016	45 016	28 413	29 350	30 290
Infrastructure	45 120	39 357	35 932	40 241	45 016	45 016	28 413	29 350	30 290
<i>Community Facilities</i>	-	-	-	-	-	-	-	-	-
<i>Sport and Recreation Facilities</i>	63	87	77	273	170	170	250	258	267
Community Assets	63	87	77	273	170	170	250	258	267
Investment properties	-	-	-	-	-	-	-	-	-
<i>Operational Buildings</i>	4 008	4 272	3 939	4 264	1 833	1 833	1 906	1 969	2 032
<i>Housing</i>	-	-	-	-	-	-	-	-	-
Other Assets	4 008	4 272	3 939	4 264	1 833	1 833	1 906	1 969	2 032
Intangible Assets	-	-	-	-	-	-	-	-	-
Computer Equipment	17	16	41	77	62	62	65	67	69
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Machinery and Equipment	3 055	-	-	-	-	-	-	-	-
Transport Assets	204	49	478	332	160	160	166	171	177
TOTAL EXPENDITURE OTHER ITEMS	145 531	280 712	156 783	152 231	154 285	154 285	144 865	149 646	154 435
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	4,4%	6,4%	10,9%	14,0%	10,9%	10,9%	27,3%	42,2%	50,3%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	12,7%	8,4%	32,7%	38,8%	33,3%	33,3%	77,9%	136,0%	156,4%
<i>R&M as a % of PPE & Investment Property</i>	2,4%	1,9%	1,6%	1,6%	1,7%	1,7%	1,0%	1,0%	0,9%
<i>Renewal and upgrading and R&M as a % of PPE and Investment Property</i>	2,9%	2,7%	3,1%	3,1%	3,0%	3,0%	3,9%	5,8%	6,1%

MBRR Table A10 – Basic Service Delivery Measurement

DC43 Harry Gwala - 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
Household service targets									
Water:									
Piped water inside dwelling	52 292	55 430	58 755	63 166	63 166	63 166	66 956	70 973	75 232
Piped water inside yard (but not in dwelling)	21 261	22 537	23 889	25 682	25 682	25 682	27 223	28 856	30 588
Using public tap (at least min.service level)	37 292	39 530	41 901	45 047	45 047	45 047	47 750	50 615	53 652
Other water supply (at least min.service level)	30 936	32 792	34 760	37 369	37 369	37 369	39 611	41 988	44 507
<i>Minimum Service Level and Above sub-total</i>	141 781	150 288	159 305	171 264	171 264	171 264	181 540	192 432	203 978
Using public tap (< min.service level)	-	-	-	-	-	-	47 975	50 854	53 905
Other water supply (< min.service level)	30 936	32 792	34 760	37 369	37 369	37 369	39 798	42 186	44 717
No water supply	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	30 936	32 792	34 760	37 369	37 369	37 369	87 773	93 039	98 622
Total number of households	172 717	183 080	194 065	208 633	208 633	208 633	269 313	285 472	302 600
Sanitation/sewerage:									
Flush toilet (connected to sewerage)	81 649	86 548	91 741	98 628	98 628	98 628	105 039	111 341	118 022
Flush toilet (with septic tank)	13 164	13 954	14 791	15 901	15 901	15 901	16 935	17 951	19 028
Chemical toilet	-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)	46 969	49 787	52 774	56 736	56 736	56 736	60 424	64 049	67 892
Other toilet provisions (> min.service level)	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>	141 782	150 289	159 306	171 265	171 265	171 265	182 398	193 342	204 942
Bucket toilet	-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)	-	-	-	-	-	-	-	-	-
No toilet provisions	-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>	-	-	-	-	-	-	-	-	-
Total number of households	141 782	150 289	159 306	171 265	171 265	171 265	182 398	193 342	204 942
Households receiving Free Basic Service									
Water (6 kilolitres per household per month)	1 775	1 828	1 938	2 054	2 177	2 308	2 446	2 593	2 749
Sanitation (free minimum level service)	-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)	-	-	-	-	-	-	3 096	3 096	3 096
Refuse (removed at least once a week)	-	-	-	-	-	-	-	-	-
Informal Settlements	-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)									
Water (6 kilolitres per indigent household per month)	642	1 775	1 828	(724)	(724)	(724)	(768)	(814)	(863)
Sanitation (free sanitation service to indigent households)	-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)	-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)	-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)	-	-	-	-	-	-	-	-	-
Total cost of FBS provided	642	1 775	1 828	(724)	(724)	(724)	(768)	(814)	(863)
Total revenue cost of subsidised services provided	-	-	-	-	-	-	-	-	-

Part 2 – Supporting Documentation

1.9 OVERVIEW OF THE ANNUAL 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 Mayor.

The primary aims of the Budget Steering Committee are to ensure:

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

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 August 2023) 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:

- a) **August 2025** – Joint strategic planning session of the Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritisation criteria for the compilation of the 2026/2027 MTREF;
- b) **November 2025** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;

- c) **January 2026** - Review of the financial strategy and key economic and financial planning assumptions by the Budget Steering Committee. This included financial forecasting and scenario considerations;
- d) **January 2026** – Multi-year budget proposals are submitted to the Executive Committee for endorsement;
- e) **January 2026** - Council considers the 2025/26 Mid-year Review and Adjustments Budget;
- f) **February 2026** - Recommendations of the Executive Committee are communicated to the Budget Steering Committee, and on to the respective departments. The draft 2026/2027 MTREF is revised accordingly;
- g) **March 2026** - Tabling in Council of the draft 2026/2027 IDP and 2026/2027 MTREF for public consultation;
- h) **April 2026** – Public consultation;
- i) **May 2026** - Closing date for written comments;
- j) **May 2026** – Draftisation of the 2026/2027 IDP and 2026/27 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- k) **May 2026** - Tabling of the 2026/2027 final MTREF before Council for consideration and approval.

There were no deviations from the key dates set out in the Budget Time Schedule tabled in Council IDP and Service Delivery and Budget Implementation Plan.

The Harry Gwala District IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan. The Process Plan applicable to the fifth revision cycle included the following key IDP processes and deliverables:

1. Registration of community needs;
2. Compilation of departmental business plans including key performance indicators and targets;
3. Financial planning and budgeting process;
4. Public participation process;
5. Compilation of the SDBIP, and
6. The review of the performance management and monitoring processes.

The IDP has been taken into a business and financial planning process leading up to the 2026/2027 MTREF, based on the approved 2025/26 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2026/2027 MTREF, each department/function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year and third quarter performance against the 2025/26 Departmental Service Delivery and Budget Implementation Plan. Business planning links back to priority needs and master planning, and essentially informed the detail operating budget appropriations and three-year capital programme.

Financial Modeling and Key Planning Drivers

Part of the compilation of the 2026/2027 MTREF, extensive financial modelling was undertaken to ensure the affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2026/2027 MTREF:

1. District growth
2. Policy priorities and strategic objectives
3. Asset maintenance
4. Economic climate and trends (i.e. inflation, household debt, migration patterns)
5. Performance trends
6. The approved 2025/26 adjustments budget and performance against the SDBIP
7. Cash Flow Management Strategy
8. Debtor payment levels
9. Loan and investment possibilities
10. The need for tariff increases versus the ability of the community to pay for services;
11. Improved and sustainable service delivery

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51 and 54 has been taken into consideration in the planning and prioritisation process.

Community Consultation

The draft 2026/2027 MTREF as tabled before Council on 24 March 2026 for community consultation was published on the municipality's website, and hard copies were made available at satellite offices, municipal notice boards and various libraries. In addition, E-mail notifications were sent to all organisations on the municipality's database, including ratepayer associations, community-based organisations and organised business. The opportunity to give electronic feedback was also communicated on the Harry Gwala district municipality's website, and the district call centre was engaged in collecting inputs via e-mail, fax and SMS.

All documents in the appropriate format (electronic and printed) were provided to National Treasury, and other national and provincial departments in accordance with section 23 of the MFMA, to provide an opportunity for them to make inputs.

Ward Committees were utilised to facilitate the community consultation process from 27 March to 30 April 2026, and included nine public briefing sessions. The applicable dates and venues were published in all the local newspapers and local municipalities a notice board on average attendance of 300 was recorded per meeting. This is up on the previous year's process. This can be attributed to the additional initiatives that were launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions were scheduled with organised business and izimbizo's were held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

Submissions received during the community consultation process and additional information regarding revenue and expenditure and individual capital projects were addressed, and where relevant considered as part of the draftisation of the 2026/2027 MTREF. Feedback and responses to the submissions received are available on request. The following are some of the issues and concerns raised as well as comments received during the consultation process:

- a) Capital expenditure is not allocated to the areas in the same ratio as the income derived from those areas. This is a normal practice in a collective taxation environment. The district is responsible for managing the equitable use of resources to ensure that constitutional imperative to progressively improve basic services in undeveloped areas is realized in a sustainable manner over a reasonable period of time;
- b) Several complaints were received regarding poor service delivery, especially poor condition of water (drinking water) and sanitation infrastructure;
- c) Poor performance of contractors relating to infrastructure development and maintenance especially in the areas of road construction and maintenance were raised;
- d) The affordability of tariff increases was raised on numerous occasions. This concern was also raised by organised business as an obstacle to economic growth;
- e) Pensioners cannot afford the tariff increases due to low annual pension increases; and
- f) During the community consultation process large sections of the community made it clear that they are not in favor of any further tariff increases to fund additional budget requests. They indicated that the municipality must do more to ensure efficiencies and value for money.

1.10 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the district, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the district strategically complies with the key national and provincial priorities.

The aim of this revision cycle was to develop and coordinate a coherent plan to improve the quality of life for all the people living in the area, also reflecting issues of national and provincial importance. One of the key objectives is therefore to ensure that there exists alignment between national and provincial priorities, policies and strategies and the district's response to these requirements.

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

- a) Green Paper on National Strategic Planning of 2009;
- b) Government Programme of Action;
- c) Development Facilitation Act of 1995;
- d) Provincial Growth and Development Strategy (GGDS);
- e) National and Provincial spatial development perspectives;
- f) Relevant sector plans such as transportation, legislation and policy;
- g) National Key Performance Indicators (NKPIs);
- h) Accelerated and Shared Growth Initiative (ASGISA);
- i) National 2014 Vision;
- j) National Spatial Development Perspective (NSDP) and
- k) 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. The following table highlights the IDP's five strategic objectives for the 2026/2027 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 26 IDP Strategic Objectives

2025/26 Financial Year	2026/2027 MTREF
1. The provision of quality basic services and infrastructure	1. Provision of quality basic services and infrastructure
2. Acceleration of higher and shared economic growth and development	2. Economic growth and development that leads to sustainable job creation
3. Fighting of poverty, building clean, healthy, safe and sustainable communities	3.1 Fight poverty and build clean, healthy, safe and sustainable communities
	3.2 Integrated Social Services for empowered and sustainable communities
4. Fostering participatory democracy and adherence to Harry Gwala district principles through a caring, accessible and accountable service	4. Foster participatory democracy and Harry Gwala district principles through a caring, accessible and accountable service
5. Good governance, financial viability and institutional governance	5.1 Promote sound governance
	5.2 Ensure financial sustainability
	5.3 Optimal institutional transformation to ensure capacity to achieve set objectives

In order to ensure integrated and focused service delivery between all spheres of government it was important for the district to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements.

Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities. The key performance areas can be summarised as follows against the five strategic objectives:

Provision of quality basic services and infrastructure which includes, amongst others:

- a) Provide water;
- b) Provide sanitation;
- c) Provide housing;
- d) Provide district planning services; and
- e) Maintaining the infrastructure of the district.

Economic growth and development that leads to sustainable job creation by:

- a) Ensuring there is a clear structural plan for the district;
- b) Ensuring planning processes function in accordance with set timeframes;
- c) Facilitating the use of labor intensive approaches in the delivery of services and the building of infrastructure.

Fight poverty and build clean, healthy, safe and sustainable communities:

- a) Effective implementation of the Indigent Policy;
- b) Ensuring all waste water treatment works are operating optimally;
- c) Working with strategic partners such as SAPS to address crime;
- d) Ensuring safe working environments by effective enforcement of building and health regulations;
- e) Promote viable, sustainable communities through proper zoning; and
- f) Promote environmental sustainability by protecting wetlands and key open spaces.

Integrated Social Services for empowered and sustainable communities

Work with provincial departments to ensure the development of community infrastructure such as schools and clinics is properly coordinated with the informal settlements upgrade programme

Foster participatory democracy and Batho Pele principles through a caring, accessible and accountable service by:

- a) Optimising effective community participation in the ward committee system; and
- b) Implementing Batho Pele in the revenue management strategy.

Promote sound governance through:

- a) Publishing the outcomes of all tender processes on the municipal website

Ensure financial sustainability through:

- b) Reviewing the use of contracted services
- c) Continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan

- d) Optimal institutional transformation to ensure capacity to achieve set objectives
- e) Review of the organizational structure to optimize the use of personnel;

In line with the MSA, the IDP constitutes a single, inclusive strategic plan for the district. The five-year programme responds to the development challenges and opportunities faced by the district by identifying the key performance areas to achieve the five the strategic objectives mentioned above.

In addition to the five-year IDP, the district undertakes an extensive planning and developmental strategy which primarily focuses on a longer-term horizon; 15 to 20 years. This process is aimed at influencing the development path by proposing a substantial programme of public-led investment to restructure current patterns of settlement, activity and access to resources in the district so as to promote greater equity and enhanced opportunity. The strategy specifically targets future developmental opportunities in traditional dormitory settlements. It provides direction to the district IDP, associated sectoral plans and strategies, and the allocation of resources of the district and other service delivery partners.

This development strategy introduces important policy shifts which have further been translated into seven strategic focus areas/objectives as outlined below:

1. Developing dormant areas;
2. Enforcing hard development lines – so as to direct private investment;
3. Maintaining existing urban areas;
4. Strengthening key economic clusters;
5. Building social cohesion;
6. Strong developmental initiatives in relation to the municipal institution as a whole; and
7. Sound financial fundamentals.

Lessons learned with previous IDP revision and planning cycles as well as changing environments were taken into consideration in the compilation of the fourth revised IDP, including:

- a) Strengthening the analysis and strategic planning processes of the District;
- b) Initiating zonal planning processes that involve the communities in the analysis and planning processes. More emphasis was placed on area based interventions, within the overall holistic framework;
- c) Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
- d) Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2026/2027 MTREF has therefore been directly informed by the IDP revision process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 27 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

DC43 Harry Gwala - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)

Strategic Objective	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									
GOOD GOVERNANCE	-	-	-	-	-	-	-	-	-
FINANCIAL VIABILITY AND MANAGEMENT	449 162	489 676	523 056	549 507	547 435	547 435	576 861	607 832	624 485
LOCAL ECONOMIC DEVELOPMENT AND SOCIAL DEVELOPMENT	-	-	-	24 462	24 462	24 462	24 516	27 066	26 613
BASIC SERVICE DELIVERY	110 848	101 749	132 756	149 418	151 171	151 171	139 320	146 020	153 849
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	372	418	393	410	410	410	435	461	489
CROSS-CUTTING	32	42	38	18	84	84	89	94	100
Allocations to other priorities									
Total Revenue (excluding capital transfers and contributions)	560 414	591 885	656 242	723 815	723 562	723 562	741 220	781 473	805 535

Table 28 MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure

DC43 Harry Gwala - Supporting Table SA5 Reconciliation of IDP strategic objectives and budget (operating expenditure)

Strategic Objective	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 + 2028/29
R thousand									
GOOD GOVERNANCE	43 867	43 300	45 975	55 264	56 726	56 726	59 494	61 692	63 94
FINANCIAL VIABILITY AND MANAGEMENT	59 115	67 326	69 650	64 749	76 727	76 727	76 942	79 837	82 90
LOCAL ECONOMIC DEVELOPMENT AND SOCIAL DEVELOPMENT	24 514	10 946	10 277	65 514	67 068	67 068	69 586	73 695	74 76
BASIC SERVICE DELIVERY	358 109	502 976	457 262	494 371	531 452	531 452	493 511	513 336	531 18
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	90 484	93 010	106 566	110 299	130 947	130 947	141 503	146 405	151 36
CROSS-CUTTING	22 006	23 594	22 502	28 977	27 500	27 500	29 610	30 749	31 92
Allocations to other priorities									
Total Expenditure	598 094	741 152	712 233	819 174	890 421	890 421	870 647	905 714	936 09

Table 29 MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure

DC43 Harry Gwala - Supporting Table SA6 Reconciliation of IDP strategic objectives and budget (capital expenditure)

Strategic Objective	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 + 2028/29
R thousand									
GOOD GOVERNANCE	-	-	-	1 364	500	500	-	-	-
FINANCIAL VIABILITY AND MANAGEMENT	275	-	-	2 459	2 280	2 280	150	156	1 85
LOCAL ECONOMIC DEVELOPMENT AND SOCIAL DEVELOPMENT	138	-	-	7 101	6 472	6 472	3 652	3 773	5 54
BASIC SERVICE DELIVERY	260 708	304 233	337 074	282 625	310 940	310 940	315 345	369 180	364 33
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	7 727	4 385	12 001	8 511	11 405	11 405	10 201	10 609	11 86
CROSS-CUTTING	270	986	-	-	-	-	-	-	-
Allocations to other priorities									
Total Capital Expenditure	269 118	309 604	349 075	302 060	331 597	331 597	329 349	383 719	383 59

1.11 MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the district has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality targets, monitors, assess and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages. The planning, budgeting and reporting cycle can be graphically illustrated as follows:

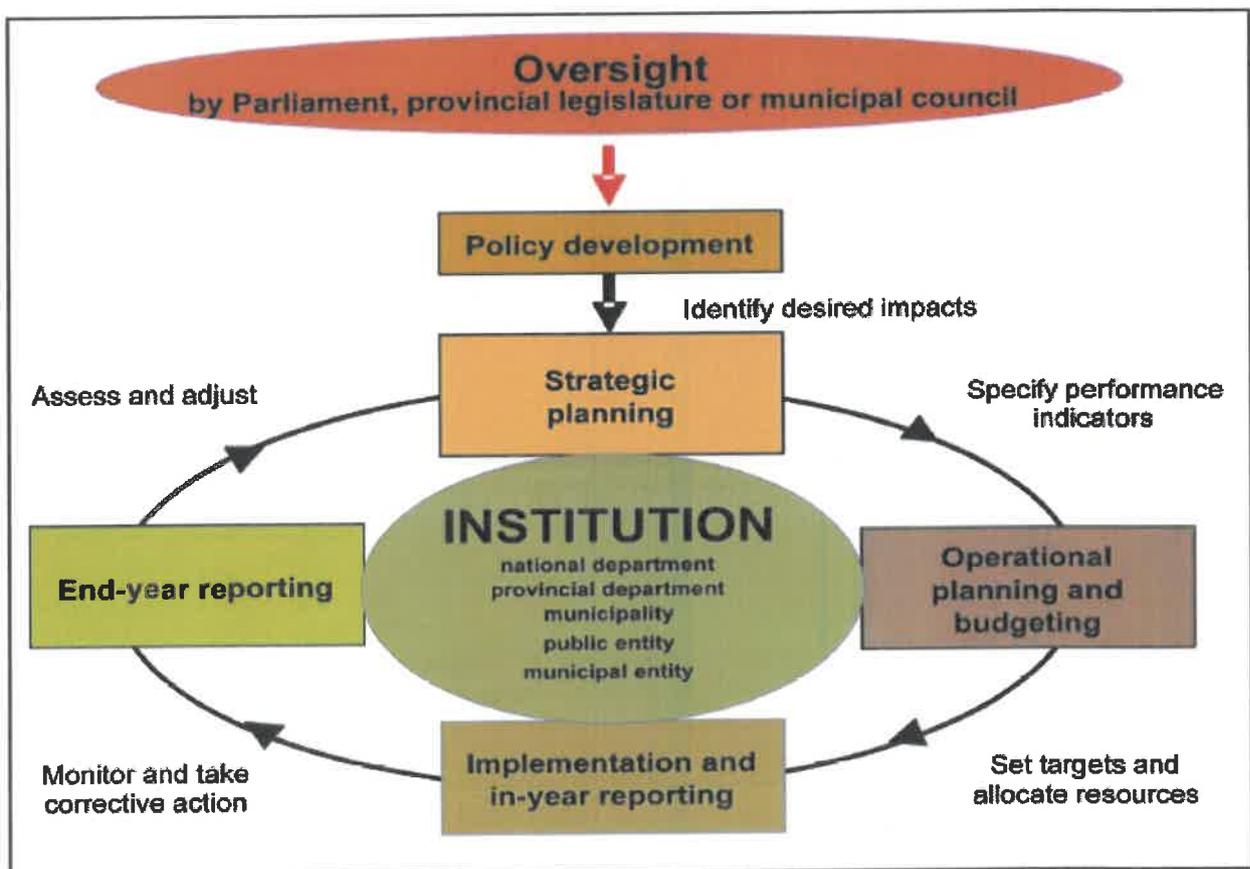


Figure 4 Planning, budgeting and reporting cycle

The performance of the district relates directly to the extent to which it has achieved success in realising its goals and objectives, complied with legislative requirements and meeting stakeholder expectations. The district therefore has adopted one integrated performance management system which encompasses:

1. Planning (setting goals, objectives, targets and benchmarks);
2. Monitoring (regular monitoring and checking on the progress against plan);
3. Measurement (indicators of success);
4. Review (identifying areas requiring change and improvement);
5. Reporting (what information, to whom, from whom, how often and for what purpose); and
6. Improvement (making changes where necessary).

The performance information concepts used by the district in its integrated performance management system are aligned to the Framework of Managing Programme Performance Information issued by the National Treasury:

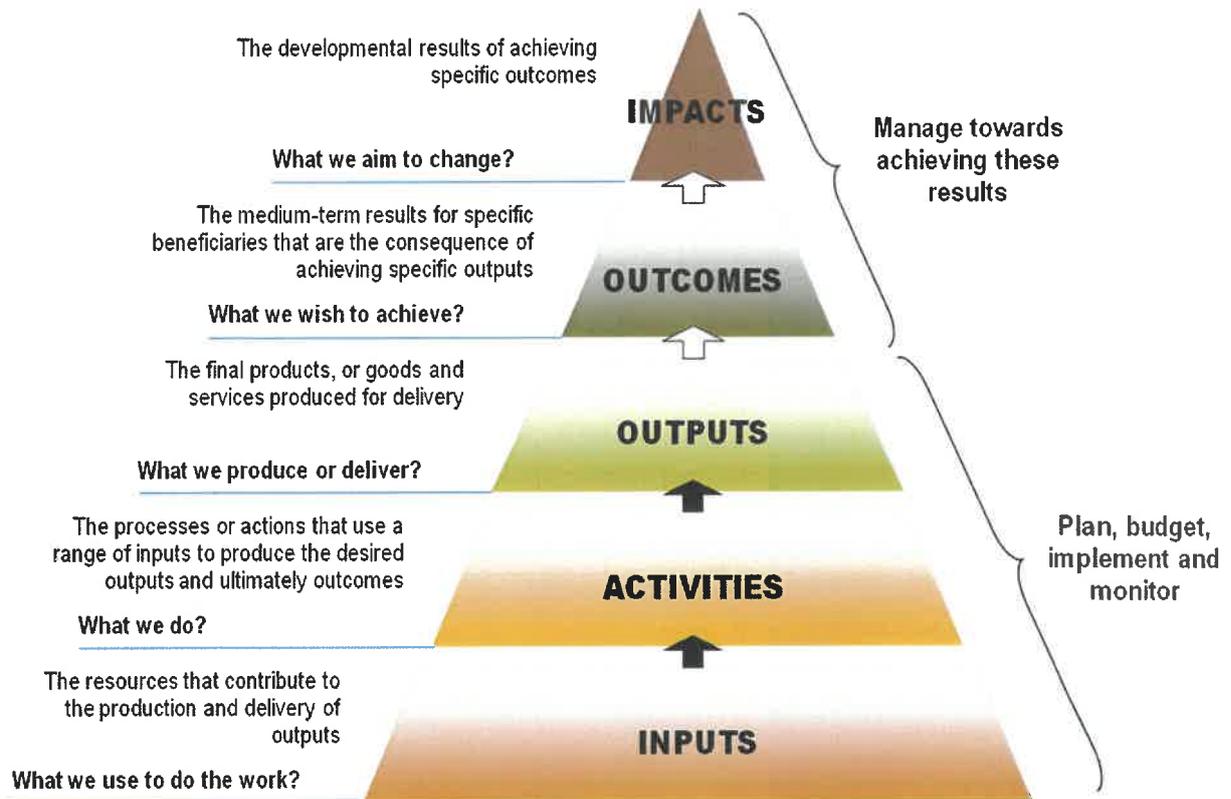


Figure 5 Definition of performance information concepts

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

Table 30 MBRR Table SA7- Measurable Performance Objectives

DC43 Harry Gwala - Supporting Table SA7 Measureable performance objectives

Description	Unit of measurement	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 2028/29
06 - Summary Infrastructure Services										
Energy Sources										
Electricity										
Formal Settlement Households Receiving Electricity	Households				3 096	3 096	3 096	3 282	3 479	3 676
Waste Water Management										
Sewerage										
Flush Toilet (Connected To Sewerage)	Households	86 548	92 608	98 628	105 039	105 039	105 039	111 341	118 022	125 100
Flush Toilet (With Septic Tank)	Households	13 954	14 931	15 901	16 935	16 935	16 935	17 951	19 028	20 100
Formal Settlement Households Receiving Sanitation	Households									
Pit Toilet (Ventilated)	Households	49 787	53 273	56 736	60 424	60 424	60 424	64 049	67 892	71 600
Water Management										
Water Distribution										
Formal Settlement Households Receiving Water	Households				3 096	3 096	3 096	3 282	3 479	3 676
Informal Settlements (R000)	Rand Value									
Other Water Supply (< Min. Service Level)	Households	32 792	35 088	37 369	39 798	39 798	39 798	42 186	44 717	47 200
Other Water Supply (At Least Min. Service Level)	Households	32 792	35 088	37 369	39 798	39 798	39 798	42 186	44 717	47 200
Piped Water Inside Dwelling	Households	56 430	59 311	63 166	67 272	67 272	67 272	71 308	75 587	80 100
Piped Water Inside Yard (But Not In Dwelling)	Households	22 537	24 115	25 682	27 352	27 352	27 352	28 993	30 733	32 500
Using Public Tap (< Min. Service Level)	Households	39 530	42 298	45 947	47 975	47 975	47 975	50 854	53 905	57 100
Using Public Tap (At Least Min. Service Level)	Households	39 530	42 298	45 947	47 975	47 975	47 975	50 854	53 905	57 100

The following table sets out the municipality’s main performance objectives and benchmarks for the 2026/2027 MTREF.

Table 31 MBRR Table SA8- Performance indicators and benchmarks

DC43 Harry Gwala - Supporting Table SA8 Performance indicators and benchmarks

Description of financial indicator	Basis of calculation	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
Borrowing Management											
Credit Rating					0	0,6%	0,6%	0			
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0,0%	0,0%	0,0%	0,3%	0,3%	0,3%	0,2%	0,3%	0,3%	0,3%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0,0%	0,0%	0,0%	0,3%	0,3%	0,3%	0,2%	0,3%	0,3%	0,3%
Borrowed funding of own capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Safety of Capital											
Gearing	Long Term Borrowing/ Funds & Reserves	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Liquidity											
Current Ratio	Current assets/current liabilities	1,3	1,8	1,6	1,8	1,3	1,3	(1,3)	1,2	1,3	1
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	1,3	1,8	1,6	1,8	1,3	1,3	(1,3)	1,2	1,3	1
Liquidity Ratio	Monetary Assets/Current Liabilities	1,0	1,6	1,5	1,6	1,1	1,1	(1,8)	1,0	1,2	1
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	0,0%	65,1%	65,7%	90,9%	86,9%	91,8%	91,8%	96,4%	91,8%	91,8%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		65,1%	85,7%	90,9%	86,9%	91,8%	91,8%	99,4%	91,8%	91,8%	91,8%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	6,7%	3,8%	5,3%	3,1%	4,8%	4,8%	-2,0%	4,7%	4,4%	4,3%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old										
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA' s 65(e))										
Creditors to Cash and Investments		7,0%	5,4%	11,0%	47,0%	68,7%	68,7%	-6,7%	66,1%	77,9%	75,0%
Other Indicators											
Electricity Distribution Losses (Z)	Total Volume Losses (kW) technical	0	0	0	0	0	0	0	0	0	0
	Total Volume Losses (kW) non technical	0	0	0	0	0	0	0	0	0	0
	Total Cost of Losses (Rand '000)	-	-	-	-	-	-	-	-	-	-
	% Volume (units purchased and generated less units sold)/units purchased and generated	-	-	-	-	-	-	-	-	-	-
Water Volumes :System input	Bulk Purchase	20000000	0	0	21919350	21919350	21919350	0	21919350	21919350	
	Water treatment works	6829038	0	0	7132164	7132164	7132164	0	7132164	7132164	
	Natural sources	0	0	0	0	0	0	0	0	0	0
Water Distribution Losses (Z)	Total Volume Losses (kI)	-	-	-	2 995	2 995	2 995	-	2 995	2 995	
	Total Cost of Losses (Rand '000)	0	0	0	0	0	0	0	0	0	0
	% Volume (units purchased and generated less units sold)/units purchased and generated	-	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Employee costs	Employee costs/(Total Revenue - capital revenue)	43,6%	43,0%	39,8%	40,3%	43,0%	43,0%	36,3%	43,6%	43,0%	43,4%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	44,8%	44,2%	40,9%	41,4%	44,1%	44,1%	66,5%	44,7%	44,1%	44,5%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	5,4%	7,4%	6,2%	6,2%	6,5%	6,5%	6,2%	4,2%	4,1%	4,1%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	16,6%	40,0%	17,7%	14,9%	14,9%	14,9%	17,9%	15,5%	15,2%	15,2%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	25,5	21,1	23,1	25,4	25,4	42,9	16,6	23,5	23,5	2
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	48,0%	30,7%	45,2%	27,1%	39,9%	39,8%	-17,9%	37,7%	35,5%	33,5%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	15,3	16,9	13,3	1,8	3,5	2,2	11,7	2,1	-	

PERFORMANCE INDICATORS AND BENCHMARKS

Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Harry Gwala's borrowing strategy is primarily informed by the affordability of debt repayments. The following financial performance indicators have formed part of the compilation of the 2026/2027 MTREF:

No projects are funded from Borrowing in the MTREF

In summary, various financial risks could have a negative impact on the future borrowing District of the municipality. In particular, the continued ability of the district to meet its revenue targets and ensure its forecasted cash flow targets are achieved will be critical in meeting the repayments of the debt service costs.

Liquidity (reference SA8)

Current ratio is a measure of the current assets divided by the current liabilities and as a benchmark the district has set a limit of 1.5, hence at no point in time should this ratio be less than 1. For the 2026/2027 MTREF the current ratio is 1.2 and 1.3, 1.4 for the two outer years of the MTREF. Going forward it will be necessary to maintain these levels.

The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations. For the 2025/2026 financial year the ratio was 1.1 and it has been sitting to 1.0 in the 2026/27 financial year. This needs to be considered a pertinent risk for the municipality as any under collection of revenue will translate into serious financial challenges for the district. As part of the longer term financial planning objectives this ratio will have to be set at a minimum of 1.

Revenue Management

As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection.

Creditors Management

The district has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of concern, by applying daily cash flow management the municipality will seek to ensure an improvement a 100 per cent compliance rate to this legislative obligation. This has had a favorable impact on suppliers' perceptions of risk of doing business with the district, which is expected to benefit the district in the form of more competitive pricing of tenders, as suppliers compete for the district business.

Other Indicators

The water distribution losses have been increased from 38 per cent in 2026/2027 to 39 per cent in 2026/2027. This has been achieved with the introduction of a water leakage report and action centre. The intention is to further rollout additional depots within the district to further leverage from the efficiency that the centre offers. It is planned to reduce distribution losses from 38 per cent in 2026/2027 to at least 39 per cent by 2027/2028.

Employee costs as a percentage of operating revenue remained the same at 37 per cent on all three years. This is primarily owing to the high increase in salaries costs and the filling of vacant posts. The revenue base also has not significantly increased resulting in a lower budget for operational costs.

Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also decreasing owing directly to cost drivers such as bulk purchases increasing far above inflation.

Free Basic Services: basic social services package for indigent households

The social package assists residents that have difficulty paying for services and are registered as indigent households in terms of the Indigent Policy of the District.

For the 2026/2027 financial year all households in the district have been budgeted for the 6 free kilo litres. Further detail relating to the number of households receiving free basic services, the cost of free basic services, highest level of free basic services as well as the revenue cost associated with the free basic services is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

Note that the number of households in informal areas that receive free services and the cost of these services (e.g. the provision of water through stand pipes, water tankers, etc) are not taken into account in the table noted above.

Providing clean water and managing wastewater

Harry Gwala district is the Water Services Authority for the entire municipality in terms of the Water Services Act, 1997 and acts as water services provider. The water for Ubuhlebezwe local municipal area is provided by Umngeni- water and Ugu District municipality while the remaining areas are supplied from the district own water sources, such as boreholes, springs and small dams.

The Department of Water Affairs conducts an annual performance rating of water treatment works, presenting a Blue Drop or Green Drop award respectively to potable water treatment works and wastewater treatment works that meet certain criteria of excellence.

The following is briefly the main challenges facing the district:

1. The infrastructure at most of the waste water treatment works is old and insufficient to treat the increased volumes of waste water to the necessary compliance standard;
2. Shortage of skilled personnel makes proper operations and maintenance difficult;
3. Electrical power supply to some of the plants is often interrupted which hampers the purification processes; and
4. There is a lack of proper regional catchment management, resulting in storm water entering the sewerage system.

The following are some of the steps that have been taken to address these challenges:

1. Infrastructure shortcomings are being addressed through the capital budget in terms of a 5-year upgrade plan;
2. The filling of vacancies has commenced and there is training that embark on an in-house, especially for operational personnel and plumbers;
3. The District Division is to install dedicated power supply lines to the plants; and
4. The Division is working in consultation with the Department of Water Affairs to address catchment management.

1.12 OVERVIEW OF BUDGET RELATED-POLICIES

The district budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

Review of credit control and debt collection procedures/policies

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, the Integrated Indigent Exit Programme aims to link the registered indigent households to development, skills and job opportunities. The programme also seeks to ensure that all departments as well as external role players are actively involved in the reduction of the number of registered indigent households.

The 2026/2027 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 90 per cent on current billings. In addition, the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the district's cash levels. There is panel of lawyers that assist the municipality in collection debt that is older than 90 days. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

Asset Management, Infrastructure Investment and Funding Policy

A proxy for asset consumption can be considered the level of depreciation each asset incurs on an annual basis. Preserving the investment in existing infrastructure needs to be considered a significant strategy in ensuring the future sustainability of infrastructure and the district revenue base. Within the framework, the need for asset renewal was considered a priority and hence the capital programme was determined based on renewal of current assets versus new asset construction. Due to the limited capital funding from National Treasury the municipality continues to prioritise the new assets because of the projects that takes long to be capitalised due to limited funds.

Further, continued improvements in technology generally allows many assets to be renewed at a lesser 'real' cost than the original construction cost. Therefore, it is considered prudent to allow for a slightly lesser continual level of annual renewal than the average annual depreciation. The Asset Management, Infrastructure and Funding Policy is therefore considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition, the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

Budget Adjustment Policy

The adjustments budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities. To ensure that the district continues to deliver on its core mandate and achieves its developmental goals, the mid-year review and adjustment budget process will be utilised to ensure that underperforming functions are identified, and funds redirected to performing functions.

Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council in May 2025 after taking into consideration the amendments of PPPFA. An amended policy will be considered by Council in due course of which the amendments will be extensively consulted on.

Budget and Virement Policy

The Budget and Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the district system of delegations. The Budget and Virement Policy was approved by Council after having been amended accordingly.

Cash Management and Investment Policy

The aim of the policy is to ensure that the district surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and a cash equivalent required at any point in time and introduces time frames to achieve certain benchmarks.

Tariff Policies

The district tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration and implementation of the next two years.

Financial Modelling and Scenario Planning Policy

The Financial Modelling and Scenario Planning Policy have directly informed the compilation of the 2026/2027 MTREF with the emphasis on affordability and long-term sustainability. The policy dictates the approach to longer term financial modelling. The outcomes are then filtered into the budget process. The model and scenario planning outcomes are taken to Council every November and then translate into recommendations for the budget guidelines that inform the compilation of the next MTREF. One of the salient features of the policy is the emphasis on financial sustainability. Amongst others, the following has been modelled as part of the financial modelling and scenario planning process:

1. Approved 2025/26 Adjustments Budget;
2. Cash Flow Management Interventions, Initiatives and Strategies (including the cash backing of reserves);
3. Economic climate and trends (i.e. Inflation, household debt levels, indigent factors, growth, recessionary implications);
4. Loan and investment possibilities;
5. Performance trends;
6. Tariff Increases;

7. The ability of the community to pay for services (affordability);
8. Policy priorities;
9. Improved and sustainable service delivery; and
10. Debtor payment levels.

All the above policies are available on the district website, as well as the following budget related policies:

- a) Funding and Reserves Policy;
- b) Borrowing Policy;
- c) Budget Policy; and
- d) Basic Social Services Package (Indigent Policy).
- e) Appointment of Consultants
- f) Loss Control Policy

The proposed amendments to the budget policies have been included as Annexure C.

1.13 OVERVIEW OF BUDGET ASSUMPTIONS

External factors

The economy is still recovering from the recession it has had in the past 4 years and the implications of the coronavirus pandemic. Owing to the economic slowdown and the high unemployment levels, financial resources are limited due to reduced payment levels by consumers. This has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the district's finances.

General inflation outlook and its impact on the municipal activities

There are five key factors that have been taken into consideration in the compilation of the 2026/2027 MTREF:

1. National Government macro-economic targets;
2. The general inflationary outlook and the impact on district's residents and businesses;
3. The impact of municipal cost drivers;
4. The increase in the price of bulk water; and other input costs like District and fuel,
5. The increase in the cost of remuneration. Employee related costs comprise 37 per cent of total operating expenditure in the 2026/2027 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.
6. Collection rate for revenue services

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

The rate of revenue collection is currently expressed as a percentage (88 percent) of annual billings. Cash flow is assumed to be 92 percent of billings, plus an increased collection of arrear debt from the revised collection and credit control 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.

Growth or decline in tax base of the municipality

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

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

Salary increases.

The Salary and Wage Collective Agreement for the period 01 July 2024 to 30 June 2028 were signed by the parties of the South African Local Government Bargaining Council (SALGBC) on Friday, 6 September 2024 and municipalities implemented the agreement as from 1 July 2024. In respect of the 2026/2027 financial year, all employees covered by the agreement shall receive, with effect from 1 July 2026, an increase based on the salary and wage increase in terms of clause 6.6 of the collective agreement shall be 4,7 per cent. As per Treasury The publications of Statistics South Africa shall be used to determine the average CPI. In case the average CPI percentage for the period 1 February 2025 until 31 January 2026 is less than 4 per cent, it will be deemed to be 4 per cent, and if the average CPI percentage for this period is higher than 7 per cent, it will be deemed to be 7 per cent.

As per the circular 128, municipalities are advised to consider their financial sustainability when considering salary increases. In addition, municipalities that could not afford such increases must apply for exemption as provided by SALGBC. Therefore, municipalities are urged to consider projecting salary and wage increases that would reflect their affordability given the current economic challenges. Municipalities should also avoid paying out leave in cash while having major financial challenges.

Impact of national, provincial and local policies

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

1. Creating jobs;
2. Enhancing education and skill development;
3. Improving Health services;

4. Rural development and agriculture; and
5. Fighting crime and corruption.

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

The ability of the municipality to spend and deliver on the programmes

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

1.14 OVERVIEW OF BUDGET FUNDING

Medium-term outlook: operating revenue

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

Table 30 Breakdown of the operating revenue over the medium-term

DC43 Harry Gwala - Table A4 Consolidated Budgeted Financial Performance (revenue and expenditure)

Description	Current Year 2025/26		2026/27 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2026/27	%%	Budget Year +1 2027/28	%	Budget Year +2 2028/29	%
R thousand								
Revenue								
Exchange Revenue								
Service charges - Electricity	-	-	-	-	-	-	-	-
Service charges - Water	73 110	10%	77 497	10%	82 146	11%	87 075	11%
Service charges - Waste Water Management	13 529	2%	14 341	2%	15 202	2%	16 114	2%
Sale of Goods and Rendering of Services	146	0%	159	0%	169	0%	179	0%
Interest earned from Receivables	12 757	2%	13 523	2%	14 334	2%	15 194	2%
Interest earned from Current and Non Current Assets	26 043	4%	27 572	4%	29 185	4%	30 889	4%
Operational Revenue	647	0%	686	0%	727	0%	771	0%
Non-Exchange Revenue								
Fines, penalties and forfeits	340	0%	354	0%	368	0%	383	0%
Transfer and subsidies - Operational	596 989	83%	607 089	82%	639 342	82%	654 931	81%
Gains on disposal of Fixed and Intangible Assets	-	-	-	-	-	-	-	-
Other Gains	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)	723 562	100%	741 220	100%	781 473	100%	805 535	100%

The following graph is a breakdown of the operational revenue per main category for the 2026/2027 financial year.

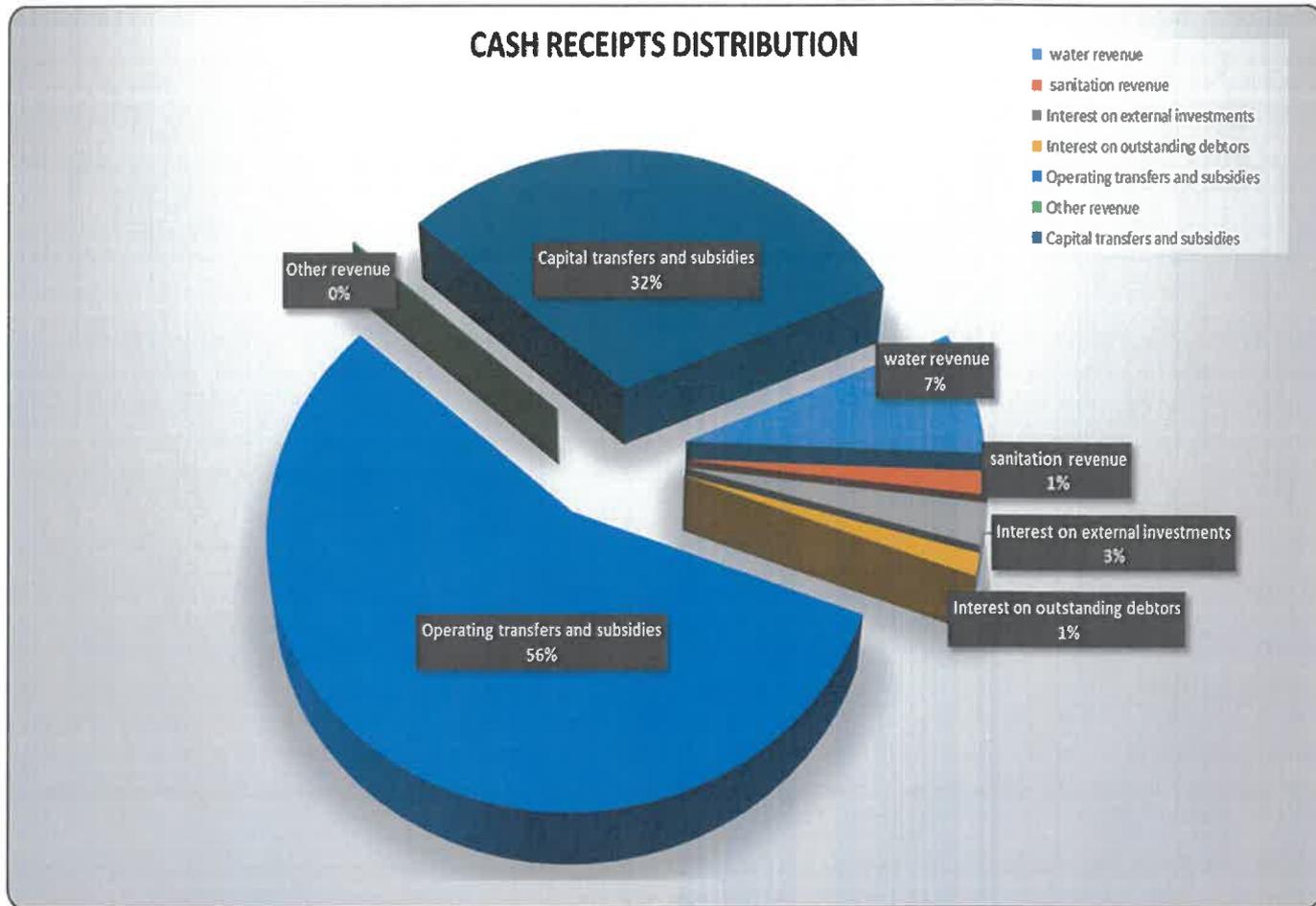


Figure 6 Breakdown of operating revenue over the 2026/2027 MTREF

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 district derives most of its operational revenue from the provision of goods and services such as water and sanitation.

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

1. Growth in the District and economic development;
2. Revenue management and enhancement;
3. Achievement of a 71 per cent annual collection rate for consumer revenue;
4. National Treasury guidelines;
5. District tariff increases within the National District Regulator of South Africa (NERSA) approval;

6. Achievement of full cost recovery of specific user charges;
7. Determining tariff escalation rate by establishing/calculating revenue requirements;
8. 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 the ratepayers aligned to the economic forecasts.

The proposed tariff increases for the 2026/2027 MTREF on the different revenue categories are:

Table 31 Proposed tariff increases over the medium-term

Operational grants and subsidies amount to R607million, R639, 3million and R654, 9million for each of the respective financial years of the MTREF, or 2%, 5% and 2 per cent of operating revenue. It needs to be noted that in real terms the grants receipts from national government are growing rapidly over the MTREF. The percentage of the total operational grants and transfers in relation to the total operating revenue is distorted owing to the high increases in revenue relating to services charges. The actual operational grants and subsidies amount to R 584million for the 2026/2027 financial year, R614, 3m in 2027/28 and R629, 9m in 2028/29 however due to transfers and subsidies paid over to Harry Gwala District Municipality the amount of R23 million and R50m for the outer years as per the attached SA18.

Investment revenue contributes marginally to the revenue base of the district with a budget allocation of R114, 9million, R139, 6million and R165, 7million for the respective three financial years of the 2026/2027 MTREF. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

Table 32 MBRR SA15 – Detail Investment Information

Harry Gwala District Municipality does not have investments which are greater than 90 days..

DC43 Harry Gwala - Supporting Table SA15 Investment particulars by type

Investment type	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousand									
Parent municipality									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank									
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits	(366 744)	128 096	143 508	109 041	61 603	61 603	104 827	129 445	155 540
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)									
Repurchase Agreements - Banks									
Municipal Bonds									
Municipality sub-total	(366 744)	128 096	143 508	109 041	61 603	61 603	104 827	129 445	155 540
Entities									
Securities - National Government									
Listed Corporate Bonds									
Deposits - Bank									
Deposits - Public Investment Commissioners									
Deposits - Corporation for Public Deposits	-	-	-	10 169	10 169	10 169	10 169	10 169	10 169
Bankers Acceptance Certificates									
Negotiable Certificates of Deposit - Banks									
Guaranteed Endowment Policies (sinking)									
Repurchase Agreements - Banks									
Entities sub-total	-	-	-	10 169	10 169	10 169	10 169	10 169	10 169
Consolidated total:	(366 744)	128 096	143 508	119 210	71 772	71 772	114 996	139 614	165 709

Table 33 MBRR SA16 – Investment particulars by maturity

DC43 Harry Gwala - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity Name of institution & investment ID	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest F
	Yrs/Months				
<u>Parent municipality</u>					
First National Bank-Salaries	12	Call account	No	Fixed	9,25
First National Bank-Mig	12	Call account	No	Fixed	9,25
First National Bank-Admin Call	12	ADMIN CALLt	No	Fixed	9,25
Investec	12	FIXED DEPOSIT	No	Fixed	9,25
First National Bank-Mw-	12	CALL ACCOUNT	No	Fixed	9,25
First National Bank-Epwp	12	Call account	No	Fixed	9,25
First National Bank-Cogta Water Interven	12	Call account	No	Fixed	9,25
First National Bank-Fmg	12	FIXED DEPOSIT	No	Fixed	9,25
Fnb New 76204521754	12	FIXED DEPOSIT	No	Fixed	9,25
First National Bank-Rbig	12	CALL ACCOUNT	No	Fixed	9,25
Fnb-Current Account	12	CALL ACCOUNT	No	Fixed	9,25
Absa Bank	12	CALL ACCOUNT	No	Fixed	9,25
Nedbank -37,881,166,592	12	FIXED ACCOUNT	No	Fixed	9,25
Standard Bank	12	FIXED ACCOUNT	No	Fixed	9,25
Standard Bank- 268610053-002	1 Month	CALL ACCOUNT	No	Fixed	7,30%
Standard Bank- 268610053-003	2 Months	CALL ACCOUNT	No	Fixed	7,38%
Standard Bank- 268610053-004	3 months	CALL ACCOUNT	No	Fixed	7,40%
Nedbank	12	Fixed	No	Fixed	9,25
Standard Bank - 268610053-001	12	FIXED	No	Fixed	9,25
Fnb 76204521754	12	CALL ACCOUNT	No	Fixed	9,25
Fnb 76207829882	12	CALL ACCOUNT	No	Fixed	9,25
Municipality sub-total					
TOTAL INVESTMENTS AND INTEREST					

For the medium-term, the funding strategy has been informed directly by ensuring financial sustainability and continuity.

Medium-term outlook: capital revenue

The following table is a breakdown of the funding composition of the 2026/2027 medium-term capital programme:

Table 34 Sources of capital revenue over the MTREF

DC43 Harry Gwala - Table A5 Consolidated Budgeted Capital Expenditure by vote, functional classification and funding

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
Funded by:										
National Government	247 421	298 048	255 079	259 997	255 361	255 361	154 138	285 971	338 631	332 810
Provincial Government	3 888	-	20 926	-	-	-	-	-	-	-
District Municipality Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)	-	-	-	150	150	150	-	155	160	166
Transfers recognised - capital	251 309	298 048	276 005	260 147	255 511	255 511	154 138	286 126	338 791	332 976
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	17 809	11 555	73 070	41 912	76 086	76 086	23 248	43 223	44 928	50 616
Total Capital Funding	269 118	309 604	349 075	302 060	331 597	331 597	177 386	329 349	383 719	383 592

Capital grants and receipts equates to 87 per cent of the total funding source which represents R285, 9 million for the 2026/2027 financial year and slightly improvement sitting to 88 per cent which represents R338, 6million and increase to R332, 8million for 2028/29.

The following table is a detailed analysis of the district’s borrowing liability.

Table 35 MBRR Table SA 17 - Detail of borrowings

DC43 Harry Gwala - Supporting Table SA17 Borrowing

Borrowing - Categorized by type	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									
Borrowings									
Annuitiy and Bullet Loans									
Banks	(0)	(0)	(0)	-	-	-	-	-	-
Development Bank of South Africa									
Foreign Government and International Organisations									
General Public									
Infrastructure Finance Corporation									
Insurance Companies and Private Pension Funds									
Municipal Pension Funds									
Other Public Pension Funds									
Private Enterprises									
Public Corporations									
Public Investments Commissioners									
Total Annuitiy and Bullet Loans	(0)	(0)	(0)	-	-	-	-	-	-
Bankers Acceptance Certificate									
Total Derivative Financial Liability	-	-	-	-	-	-	-	-	-
Total Securities	-	-	-	-	-	-	-	-	-
Interest Rate Swaps									
Total Borrowings	(0)	(0)	(0)	-	-	-	-	-	-

The following graph illustrates the growth in outstanding borrowing for the 2022/23 to 2027/28 period.

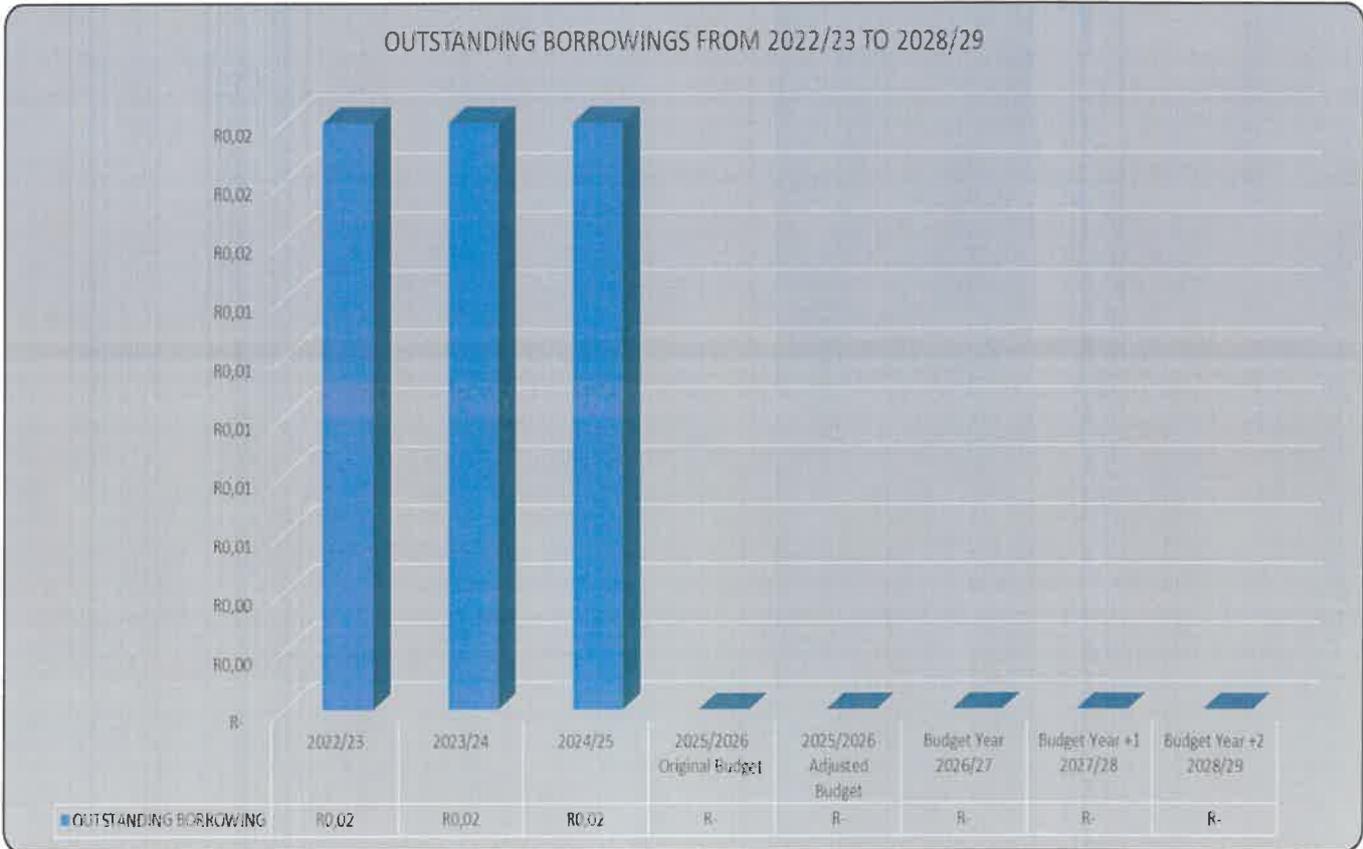


Figure 7 Growth in outstanding borrowing (long-term liabilities)

Internally generated funds consist of a mixture between surpluses generated on the operating statement of financial performance and cash backed reserves. In determining the credibility of this funding source it becomes necessary to review the cash flow budget as well as the cash backed reserves and accumulated funds reconciliation, as discussed below.

Table 36 MBRR Table SA 18 - Capital transfers and grant receipts

DC43 Harry Gwala - Supporting Table SA18 Transfers and grant receipts

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
R thousand									
RECEIPTS									
Operating									
National Government									
Monetary Allocations									
Equitable Share	432 161	463 631	491 637	520 871	520 871	520 871	548 684	577 955	692 713
EEDS: RECEIPTS	-	-	-	-	-	-	-	-	-
EPWP: RECEIPTS	5 221	5 823	4 460	3 660	3 660	3 660	3 007	-	-
LGFMG: RECEIPTS	1 200	1 200	1 200	1 300	1 300	1 300	1 400	1 500	1 700
MDG: RECEIPTS	-	-	-	-	-	-	-	-	-
MIG: RECEIPTS	-	-	-	45 548	45 548	45 548	28 283	31 564	32 607
RAMS: RECEIPTS	2 381	2 391	2 498	2 610	2 610	2 610	2 715	2 823	2 911
Total Monetary Allocations	440 963	473 045	499 995	573 989	573 989	573 989	584 089	613 842	629 931
Total Operating/National Government	440 963	473 045	499 995	573 989	573 989	573 989	584 089	613 842	629 931
Provincial Government									
Monetary Allocations									
DEV PLAN & SHARED SERV: RECEIPTS	-	-	-	-	-	-	-	-	-
Total Operating/Other Grant Providers	-	-	-	-	-	-	-	-	-
Total Operating	440 963	473 045	499 995	573 989	573 989	573 989	584 089 120	613 842 032	629 930 589
Capital									
National Government									
Monetary Allocations									
MIG: RECEIPTS	231 011	236 130	217 842	193 458	193 458	193 458	213 867	238 676	237 559
NDPG: RECEIPTS	-	-	-	-	-	-	-	-	-
RBIG: RECEIPTS	-	-	-	-	-	-	-	-	-
RRAMS: RECEIPTS	-	-	-	-	-	-	-	-	-
WSIG: RECEIPTS	85 000	90 000	100 000	100 000	100 000	100 000	115 000	150 750	136 172
Total Monetary Allocations	316 011	326 130	317 842	293 458	293 458	293 458	328 866 880	389 425 968	373 731 412
Total Capital/National Government	316 011	326 130	317 842	293 458	293 458	293 458	328 866 880	389 425 968	373 731 412
Provincial Government									
Monetary Allocations									
COGTA: RECEIPTS	-	-	-	-	-	-	-	-	-
DWS: RECEIPTS	-	-	24 064	-	-	-	-	-	-
Total Monetary Allocations	-	-	24 064	-	-	-	-	-	-
Allocations In-kind									
<i>Other transfers/grants [insert description]</i>									
Total Allocations In-kind	-	-	-	-	-	-	-	-	-
Total Capital/Provincial Government	-	-	24 064	-	-	-	-	-	-
District Municipalities									
Monetary Allocations									
<i>Other transfers/grants [insert description]</i>									
<i>[insert description]</i>									
INPUT HEADER DESC: RECEIPTS	-	-	-	-	-	-	-	-	-
Total Allocations In-kind	-	-	-	-	-	-	-	-	-
Total Capital/Other Grant Providers	-	-	-	-	-	-	-	-	-
Total Capital	316 011	326 130	341 906	293 458	293 458	293 458	328 867	389 426	373 731
TOTAL RECEIPTS OF TRANSFERS AND GRANTS	756 974	799 175	841 901	867 447	867 447	867 447	912 956	1 003 268	1 003 662

Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councilors and management. Some specific features include:

1. Clear separation of receipts and payments within each cash flow category;
2. Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue.

Table 37 MBRR Table A7 - Budget cash flow statement

DC43 Harry Gwala - Table A7 Consolidated 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
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates	18	6	-	-	-	-	11	-	-	-
Service charges	51 062	62 324	69 696	71 563	79 657	79 657	56 032	84 436	89 502	94 87
Other revenue	1 823 061	1 805 718	1 507 396	70 300	65 071	65 071	1 367 740	31 753	32 625	39 36
Transfers and Subsidies - Operational	128 367	473 045	499 995	573 989	573 989	573 989	398 223	584 089	613 842	629 96
Transfers and Subsidies - Capital	316 011	326 130	341 906	293 458	293 458	293 458	256 000	328 867	389 426	373 73
Interest	10 868	21 988	28 012	26 046	26 043	26 043	15 868	27 572	29 185	30 86
Dividends										
Payments										
Suppliers and employees	(804 900)	(879 112)	(955 865)	(667 355)	(734 165)	(734 165)	(692 216)	(739 109)	(744 168)	(772 07
Finance charges	-	-	-	(54)	(14)	(14)	-	(56)	(58)	(6
Transfers and Subsidies										
NET CASH FROM/(USED) OPERATING ACTIVITIES	1 524 477	1 810 099	1 491 140	367 947	304 039	304 039	1 401 657	317 552	410 354	396 64
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE	-	-	-	-	-	-	474	-	-	-
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	(269 118)	(309 604)	(350 553)	(346 012)	(375 549)	(375 549)	(185 338)	(328 192)	(382 640)	(382 56
Retention (Capital)										
NET CASH FROM/(USED) INVESTING ACTIVITIES	(269 118)	(309 604)	(350 553)	(346 012)	(375 549)	(375 549)	(184 864)	(328 192)	(382 640)	(382 56
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans										
Borrowing long term/refinancing										
Increase (decrease) in consumer deposits	-	(434)	(15)	569	569	569	21	569	569	56
Payments										
Repayment of borrowing	-	-	-	(2 400)	(2 400)	(2 400)	(1 000)	(2 400)	(2 400)	(2 40
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	(434)	(15)	(1 831)	(1 831)	(1 831)	(979)	(1 831)	(1 831)	(1 83
NET INCREASE/ (DECREASE) IN CASH HELD	1 255 359	1 500 061	1 140 572	20 105	(73 341)	(73 341)	1 215 814	(12 471)	25 883	12 26
Cash/cash equivalents at the year begin:	50 226	124 641	209 430	163 577	296 462	296 462	-	233 351	220 880	246 76
Cash/cash equivalents at the year end:	1 305 586	1 624 702	1 350 002	183 682	223 121	223 121	1 215 814	220 880	246 764	259 02

With the 2025/26 adjustments budget various cost efficiencies and savings had to be realised to ensure the district could meet its operational expenditure commitments. These interventions have translated into a surplus for the district, and it is projected that the closing balance for cash and cash equivalents for the 2026/2027 financial year will be R220, 8 million. For the 2026/2027 MTREF the budget has been prepared to continue ensuring high levels of cash and cash equivalents over the medium-term with cash levels anticipated to be R220, 8million and steadily increasing to R246, 7million by 2027/28 and 2028/2029 increased to R 259million.

Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- a) What are the predicted cash and investments that are available at the end of the budget year?
- b) How are those funds used?
- c) What are the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected).

It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

Table 38 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation.

DC43 Harry Gwala - Table A8 Consolidated 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 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
Cash and investments available										
Cash/cash equivalents at the year end	1 305 586	1 624 702	1 350 002	183 682	223 121	223 121	1 215 814	220 880	246 764	259 028
Other current investments > 90 days	-	-	-	-	-	-	-	-	-	-
Non current investments	-	-	-	-	-	-	-	-	-	-
Cash and investments available:	1 305 586	1 624 702	1 350 002	183 682	223 121	223 121	1 215 814	220 880	246 764	259 028
Application of cash and investments										
Unspent conditional transfers	21 177	10 500	(0)	1 483	1 483	1 483	60 035	1 483	1 483	1 483
Unspent borrowing	-	-	-	-	-	-	-	-	-	-
Statutory requirements	-	-	-	-	-	-	-	-	-	-
Other working capital requirements	(683 560)	(235 803)	(116 555)	48 076	146 688	146 688	(3 958)	174 140	170 034	171 880
Other provisions	16 171	16 385	16 527	16 385	16 527	16 527	16 527	16 527	16 527	16 527
Long term investments committed	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:	(646 212)	(208 917)	(100 028)	65 945	164 688	164 688	72 604	192 150	188 044	189 890
Surplus(shortfall) - Excluding Non-Current Creditors Trf to Debt Relief Benefits	1 951 798	1 833 619	1 450 030	117 737	58 423	58 423	1 143 210	28 730	58 719	69 138
Creditors transferred to Debt Relief - Non-Current portion	-	-	-	-	-	-	-	-	-	-
Surplus(shortfall) - Including Non-Current Creditors Trf to Debt Relief Benefits	1 951 798	1 833 619	1 450 030	117 737	58 423	58 423	1 143 210	28 730	58 719	69 138

From the above table it can be seen that the cash and investments available total R220, 8million in the 2026/2027 financial year and progressively increase to R246, 7million by 2027/28, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year. There is no unspent borrowing from the previous financial years.

The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital. It needs to be noted that although this can be considered prudent, the desired cash levels should be 90 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the District to meet its creditor obligations.

The 2026/2027 MTREF has been informed by ensuring the financial plan meets the minimum requirements of the MFMA. From a pure cash flow perspective (cash out flow versus cash inflow) the budget is funded and is therefore credible. The challenge for the district will be to ensure that the underlying planning and cash flow assumptions are meticulously managed, especially the performance against the collection rate.

The following graph supplies an analysis of the trends relating cash and cash equivalents and the cash backed reserves/accumulated funds reconciliation over a seven year perspective.

Figure 8 Cash and cash equivalents / Cash backed reserves and accumulated funds

2.6.5 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

Table 39 MBRR SA10 – Funding compliance measurement

DC43 Harry Gwala Supporting Table SA10 Funding measurement

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
Funding measures										
Cash/cash equivalents at the year end - R'000	1 305 586	1 624 702	1 350 002	183 682	223 121	223 121	1 215 814	220 880	246 764	259 028
Cash + investments at the yr end less applications - R'000	1 951 798	1 833 619	1 450 030	117 737	58 423	58 423	1 143 210	28 730	58 719	69 138
Cash year end/monthly employee/supplier payments	15,3	16,9	13,3	1,8	3,5	2,2	11,7	2,1	–	–
Surplus/(Deficit) excluding depreciation offsets: R'000	249 822	183 052	262 444	198 099	126 600	126 600	175 077	199 441	265 185	243 171
Service charge rev % change - macro CPIX target exclusive	N.A.	(12,6%)	(0,5%)	0,6%	0,2%	(6,0%)	(41,0%)	0,0%	(0,0%)	(0,0%)
Cash receipts % of Ratepayer & Other revenue	2250,6%	2249,3%	1845,4%	147,1%	156,1%	156,1%	2348,8%	124,9%	123,8%	128,4%
Debt impairment expense as a % of total billable revenue	(1,5%)	14,9%	3,8%	38,6%	36,4%	36,4%	0,0%	35,7%	34,8%	33,9%
Capital payments % of capital expenditure	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Borrowing receipts % of capital expenditure (excl. transfers)	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Grants % of Govt. legislated/gazetted allocations								0,0%	0,0%	0,0%
Current consumer debtors % change - incr(decr)	N.A.	(58,4%)	0,0%	81,5%	(83,8%)	0,0%	(188,4%)	(446,5%)	39,1%	(2,9%)
Long term receivables % change - incr(decr)	N.A.	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
R&M % of Property Plant & Equipment	2,4%	1,9%	1,6%	1,6%	1,7%	1,7%	1,0%	1,0%	0,9%	0,0%
Asset renewal % of capital budget	2,3%	1,6%	8,7%	7,3%	6,0%	6,0%	0,0%	7,7%	11,7%	13,6%

DC43 Harry Gwala Supporting Table SA10 Funding measurement

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
Supporting indicators										
% incr total service charges (incl prop rates)	0,0%	(6,6%)	5,5%	6,6%	6,2%	0,0%	(35,0%)	6,0%	6,0%	6,0%
% incr Property Tax	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
% incr Service charges - Electricity	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
% incr Service charges - Water	0,0%	(8,1%)	7,4%	6,9%	7,4%	0,0%	(35,1%)	6,0%	6,0%	6,0%
% incr Service charges - Waste Water Management	0,0%	0,8%	(3,1%)	5,2%	0,1%	0,0%	(34,7%)	6,0%	6,0%	6,0%
% incr Service charges - Waste Management	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
% incr in Sale of Goods and Rendering of Services	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Total billable revenue	77 674	72 558	76 533	81 589	86 639	86 639	56 279	91 838	97 348	103 189
Service charges	77 674	72 558	76 533	81 589	86 639	86 639	56 279	91 838	97 348	103 189
Property rates	-	-	-	-	-	-	-	-	-	-
Service charges - electricity revenue	-	-	-	-	-	-	-	-	-	-
Service charges - water revenue	64 525	59 302	63 688	68 071	73 110	73 110	47 442	77 497	82 146	87 075
Service charges - sanitation revenue	13 149	13 256	12 845	13 518	13 529	13 529	8 838	14 341	15 202	16 114
Service charges - refuse removal	-	-	-	-	-	-	-	-	-	-
Agency services	-	-	-	-	-	-	-	-	-	-
Capital expenditure excluding capital grant funding	17 809	11 555	73 070	41 912	76 086	76 086	23 749	43 223	44 928	50 616
Cash receipts from ratepayers	1 874 141	1 868 048	1 577 092	141 863	144 727	144 727	1 423 783	116 190	122 127	134 235
Ratepayer & Other revenue	83 272	83 051	85 461	96 469	92 710	92 710	60 617	93 037	98 612	104 521
Change in consumer debtors (current and non-current)	N/A	(20 105)	(5)	11 687	(21 823)	-	(7 927)	16 604	5 038	(519)
Operating and Capital Grant Revenue	735 797	809 852	852 401	890 447	890 447	890 447	591 477	935 956	1 028 768	1 028 662
Capital expenditure - total	269 118	309 604	349 075	302 060	331 597	331 597	182 109	329 349	383 719	383 592
Capital expenditure - renewal	6 259	4 802	30 413	21 973	19 699	19 699	-	25 325	44 841	52 100
Supporting benchmarks										
Growth guideline maximum	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%	6,0%
CPI guideline	4,3%	3,9%	4,6%	5,0%	5,0%	5,0%	5,0%	5,4%	5,6%	5,4%
DoRA operating grants total MFY										
DoRA capital grants total MFY										
Provincial operating grants										
Provincial capital grants										
District Municipality grants										
Total gazetted/advised national, provincial and district grants								-	-	-
Average annual collection rate (arrears inclusive)										

DC43 Harry Gwala Supporting Table SA10 Funding measurement

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
Total Operating Revenue	560 414	591 885	656 242	723 815	723 562	723 562	498 876	741 220	781 473	806 535
Total Operating Expenditure	597 818	741 152	711 491	819 174	890 421	890 421	498 263	870 647	905 714	936 096
Operating Performance Surplus/(Deficit)	(37 403)	(149 267)	(55 249)	(95 360)	(166 858)	(166 858)	613	(129 426)	(124 241)	(130 560)
Cash and Cash Equivalents (30 June 2012)								220 880		
Revenue										
% Increase in Total Operating Revenue		5,6%	10,9%	10,3%	(0,0%)	0,0%	(31,1%)	2,4%	5,4%	3,1%
% Increase in Property Rates Revenue		0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
% Increase in Electricity Revenue		0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
% Increase in Property Rates & Services Charges		(6,6%)	5,5%	6,6%	6,2%	0,0%	(35,0%)	6,0%	6,0%	6,0%
Expenditure										
% Increase in Total Operating Expenditure	0,0%	24,0%	(4,0%)	15,1%	8,7%	0,0%	(44,0%)	(2,2%)	4,0%	3,4%
% Increase in Employee Costs	0,0%	4,3%	2,5%	11,7%	6,5%	0,0%	(41,7%)	4,0%	4,0%	4,0%
% Increase in Electricity Bulk Purchases	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Average Cost Per Budgeted Employee Position (Remuneration)	0	299678,7946	592095,6032	574254,3327	736510,173	6216145,86	356634,2202	636340,9429	676288,2072	6989121,1
Average Cost Per Councillor (Remuneration)	0	0	291587,2785	251853,7813	0	253169,9688	163737,7569	263297,1563	0	284782,2188
R&M % of PPE	2,4%	1,9%	1,6%	1,6%	1,7%	1,7%	1,0%	1,0%	1,0%	0,9%
Asset Renewal and R&M as a % of PPE	2,9%	2,7%	3,1%	3,1%	3,0%	3,0%	3,9%	3,9%	5,7%	6,1%
Debt Impairment % of Total Billable Revenue	(1,5%)	14,9%	3,8%	38,6%	36,4%	36,4%	0,0%	35,7%	34,8%	33,9%
Capital Revenue										
Internally Funded & Other (R'000)	17 809	11 555	73 070	41 912	76 086	76 086	23 749	43 223	44 928	50 616
Borrowing (R'000)	-	-	-	-	-	-	-	-	-	-
Grant Funding and Other (R'000)	251 309	298 048	276 005	260 147	255 511	255 511	158 360	286 126	338 791	332 976
Internally Generated funds % of Non Grant Funding	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%	100,0%
Borrowing % of Non Grant Funding	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Grant Funding % of Total Funding	93,4%	96,3%	79,1%	86,1%	77,1%	77,1%	87,0%	86,9%	88,3%	86,8%
Capital Expenditure										
Total Capital Programme (R'000)	269 118	309 604	349 075	302 060	331 597	331 597	182 109	329 349	383 719	383 592
Asset Renewal	11 853	19 933	38 005	41 526	35 688	35 688	-	88 865	160 290	190 166
Asset Renewal % of Total Capital Expenditure	4,4%	6,4%	10,9%	13,7%	10,8%	10,8%	0,0%	27,0%	41,8%	49,6%
Cash										
Cash Receipts % of Rate Payer & Other	2250,6%	2249,3%	1845,4%	147,1%	156,1%	156,1%	2348,8%	124,9%	123,8%	128,4%
Cash Coverage Ratio	0	0	0	0	0	0	0	0	-	-
Borrowing										
Most recent Credit Rating								0		
Capital Charges to Operating	0,0%	0,0%	0,0%	0,3%	0,3%	0,3%	0,2%	0,3%	0,3%	0,3%
Borrowing Receipts % of Capital Expenditure	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Reserves										
Uncommitted reserves after application of cash and investments	1 951 798	1 833 619	1 450 030	117 737	58 423	58 423	1 143 210	28 730	58 719	69 138
Free Services										
Free Basic Services as a % of Equitable Share	(0,4%)	(0,4%)	(0,7%)	0,1%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Free Services as a % of Operating Revenue (excl operational transfers)	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
High Level Outcome of Funding Compliance										
Total Operating Revenue	560 414	591 885	656 242	723 815	723 562	723 562	498 876	741 220	781 473	806 535
Total Operating Expenditure	597 818	741 152	711 491	819 174	890 421	890 421	498 263	870 647	905 714	936 096
Surplus/(Deficit) Budgeted Operating Statement	(37 403)	(149 267)	(55 249)	(95 360)	(166 858)	(166 858)	613	(129 426)	(124 241)	(130 560)
Surplus/(Deficit) Considering Reserves and Cash Backing	1 951 798	1 833 619	1 450 030	117 737	58 423	58 423	1 143 210	28 730	58 719	69 138
MTREF Funded (1) / Unfunded (0)	1	1	1	1	1	1	1	1	1	1
MTREF Funded ✓ / Unfunded ✖	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Cash/cash equivalent position

The District's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year. The forecasted cash and cash equivalents for the 2026/2027 MTREF show R220, 8m million, R246, 7million and R259million for each respective financial year.

Cash plus investments less application of funds

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made. This has been extensively discussed above.

Monthly average payments covered by cash or cash equivalents

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the district to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection. Notably, the ratio has been falling significantly for the period 2023/24 then improved from 2024/25 adjusted budget, moving from 1.5 to 1.9 this ratio improve from 1.8 to 2.1 in the 2026/2027 then show a great improvement from 2026/2027 to 2, 1 and then to 2, 3 again in the 2027/2028 financial year.

Operating surplus/deficit excluding non-cash items offsets

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. For the 2026/2027 MTREF the indicative outcome is a deficit of R129, 4million, R124, 2million and R130, 5million.

It needs to be noted that a surplus does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

Service charge revenue as a percentage increase less macro inflation target

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase. The result is intended to be an approximation of the real increase in revenue. From the table above it can be seen that the percentage growth totals 0 per cent for the respective financial year of the 2026/2027 MTREF. Considering tariff increase in relation to revenue generated from rates and services charges is 10 per cent. However, the outcome is lower than it might be due to the slowdown in the economy and a reduction in consumption patterns. This trend will have to be carefully monitored and managed with the implementation of the budget.

Cash receipts as a percentage of ratepayer and other revenue

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. It can be seen that the outcome is at 60.2 for the each of the respective financial years. Given that the assumed collection rate was based on a 75 per cent performance target, the cash flow statement has been conservatively determined. In addition the risks associated with objections to the valuation roll need to be clarified and hence the conservative approach, also taking into consideration the cash flow challenges experienced in the current financial year. This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

Debt impairment expense as a percentage of billable revenue

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues. The provision has been appropriated at 32.9 per cent over the MTREF. Considering the debt incentive scheme and the municipality's revenue management strategy's objective to collect outstanding debtors of 90 days, the provision is well within the accepted leading practice.

Capital payments percentage of capital expenditure

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 2 per cent timing discount has been

factored into the cash position forecasted over the entire financial year. The municipality aims to keep this as low as possible through strict compliance with the legislative requirement that debtors be paid within 30 days.

Transfers/grants revenue as a percentage of Government transfers/grants available

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for. The district has budgeted for all transfers.

Consumer debtors change (Current and Non-current)

The purpose of this measure is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the District's policy of settling debtor's accounts within 30 days.

Repairs and maintenance expenditure level

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Details of the District's strategy pertaining to asset management and repairs and maintenance is contained in Table 60 MBRR SA34C.

Asset renewal/rehabilitation expenditure level

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget (since MFMA Circular 28 which was issued in December 2005) is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets. Further details in this regard are contained in Table 59 MBRR SA34b.

1.15 EXPENDITURE ON GRANTS AND RECONCILIATIONS OF UNSPENT FUNDS

Table 40 MBRR SA19 - Expenditure on transfers and grant programmes

DC43 Harry Gwala - Supporting Table SA19 Expenditure on transfers and grant programme

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 2028/29
EXPENDITURE									
Operating									
National Government									
Monetary Allocations									
Local Government Equitable Share	536 551	662 032	569 649	600 318	663 697	663 697	666 720	692 443	716 5
Energy Efficiency and Demand Side Management Grant	-	-	-	-	-	-	-	-	-
Expanded Public Works Programme Integrated Grant	9 729	7 177	5 270	8 988	9 694	9 694	10 082	10 483	10 8
Local Government Financial Management Grant	847	1 200	1 129	1 120	1 120	1 120	1 400	1 500	1 7
Municipal Disaster Relief Grant	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	9 606	7 569	30 815	45 613	45 660	45 660	28 283	31 564	32 8
Rural Road Asset Management Systems Grant	2 070	2 079	2 172	2 610	2 610	2 610	2 715	2 823	2 8
Water Services Infrastructure Grant	1 755	-	1 174	-	-	-	-	-	-
Total Monetary Allocations	560 559	680 056	610 209	658 648	722 781	722 781	709 201	738 813	763 7
Total National Government	560 559	680 056	610 209	658 648	722 781	722 781	709 201	738 813	763 7
Provincial Government									
Monetary Allocations									
Capacity Building and Other Grants	-	-	-	228	228	228	237	247	2
Total Monetary Allocations	-	-	-	228	228	228	237	247	2
Total Provincial Government	-	-	-	228	228	228	237	247	2
District Municipalities									
Monetary Allocations									
Other transfers/grants [insert description] Specify (Add grant description)	-	-	-	4 869	4 869	4 869	13 031	13 482	13 9
Total Monetary Allocations	-	-	-	4 869	4 869	4 869	13 030 935	13 482 361	13 938 8
Allocations In-kind									
Other transfers/grants [insert description]	-	-	-	-	-	-	-	-	-
Total Allocations In-kind	-	-	-	-	-	-	-	-	-
Total Operating/District Municipalities	-	-	-	4 869	4 869	4 869	13 031	13 482	13 9
Other Grant Providers									
Total Allocations In-kind									
Total Operating/Other Grant Providers	-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants	560 559	680 056	610 209	663 747	727 879	727 879	722 469	752 542	777 9
Capital									
National Government									
Monetary Allocations									
Local Government Financial Management Grant	275	-	-	4 816	180	180	-	-	-
Municipal Infrastructure Grant	171 657	214 739	169 198	168 224	163 224	168 224	185 971	207 544	214 3
Regional Bulk Infrastructure Grant	-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant	75 489	83 310	85 882	86 957	86 957	86 957	100 000	131 087	118 4
Total Monetary Allocations	247 421	298 048	255 079	259 997	255 361	255 361	285 971	338 631	332 8
Total National Government	247 421	298 048	255 079	259 997	255 361	255 361	285 971	338 631	332 8
Provincial Government									
Monetary Allocations									
Infrastructure Grant	3 888	-	20 926	-	-	-	-	-	-
Total Monetary Allocations	3 888	-	20 926	-	-	-	-	-	-
Total Provincial Government	3 888	-	20 926	-	-	-	-	-	-
District Municipalities									
Monetary Allocations									
Specify (Add grant description)	-	-	-	150	150	150	155	160	1
Total Monetary Allocations	-	-	-	150	150	150	154 950	159 599	165 9
Allocations In-kind									
Other transfers/grants [insert description]	-	-	-	-	-	-	-	-	-
Total Allocations In-kind	-	-	-	-	-	-	-	-	-
Total Capital/District Municipalities	-	-	-	150	150	150	155	160	1
Total capital expenditure of Transfers and Grants	251 309	298 048	276 005	260 147	255 511	255 511	286 126	338 791	332 9
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	811 868	978 105	886 214	923 894	983 390	983 390	1 008 595	1 091 333	1 110 8

Table 41 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

DC43 Harry Gwala - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

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
R thousand									
Operating transfers and grants:									
Monetary Allocations									
Balance unspent at beginning of the year	17 490	26 969	31 456	-	-	-	-	-	-
Current year receipts	(8 802)	(9 414)	(8 158)	(53 118)	(53 118)	(53 118)	(35 405)	(35 887)	(37 218)
Repayment of grants	-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue	(9 593)	3 653	(18 224)	(106 236)	(106 236)	(106 236)	(70 810)	(71 774)	(74 435)
Conditions still to be met - transferred to liabilities	18 281	13 901	41 521	53 118	53 118	53 118	35 405	35 887	37 218
Provincial Government:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
District Municipality:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Other grant providers:									
Balance unspent at beginning of the year	0	0	0	(314)	(314)	(314)	(314)	(314)	(314)
Current year receipts	-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue	0	0	0	(314)	(314)	(314)	(314)	(314)	(314)
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
Total operating transfers and grants revenue	(9 593)	3 653	(18 224)	(106 550)	(106 550)	(106 550)	(71 124)	(72 088)	(74 749)
Total operating transfers and grants - CTBM	18 281	13 901	41 521	53 118	53 118	53 118	35 405	35 887	37 218
Capital transfers and grants:									
Monetary Allocations									
Balance unspent at beginning of the year	(17 490)	(48 145)	(41 956)	-	-	-	-	-	-
Current year receipts	(316 011)	(326 130)	(317 842)	(293 458)	(293 458)	(293 458)	(328 867)	(389 426)	(373 731)
Conditions met - transferred to revenue	(618 856)	(706 594)	(654 776)	(586 916)	(586 916)	(586 916)	(657 734)	(778 852)	(747 463)
Conditions still to be met - transferred to liabilities	285 355	332 319	294 979	293 458	293 458	293 458	328 867	389 426	373 731
Provincial Government:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
District Municipality:									
Balance unspent at beginning of the year									
Current year receipts									
Conditions met - transferred to revenue	-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities									
Other grant providers:									
Balance unspent at beginning of the year	-	-	-	(1 169)	(1 169)	(1 169)	(1 169)	(1 169)	(1 169)
Current year receipts	-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue	-	-	-	(1 169)	(1 169)	(1 169)	(1 169)	(1 169)	(1 169)
Conditions still to be met - transferred to liabilities	-	-	-	-	-	-	-	-	-
Total capital transfers and grants revenue	(618 856)	(706 594)	(654 776)	(586 086)	(586 086)	(586 086)	(658 903)	(780 021)	(748 632)
Total capital transfers and grants - CTBM	285 355	332 319	294 979	293 458	293 458	293 458	328 867	389 426	373 731
TOTAL TRANSFERS AND GRANTS REVENUE	(628 449)	(702 941)	(673 000)	(694 635)	(694 635)	(694 635)	(730 027)	(852 109)	(823 381)
TOTAL TRANSFERS AND GRANTS - CTBM	303 636	346 221	336 500	346 576	346 576	346 576	364 272	425 313	410 949

Councilor and Employee benefits

Table 44 MBRR SA22-Summary of councilor and staff benefits

DC43 Harry Gwala - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework			
	R thousand	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
	A	B	C	D	E	F	G	H	I	
Councillors (Political Office Bearers plus Other)										
Allowances and Service Related Benefits										
Basic Salary	3 902	4 586	5 095	5 349	5 349	5 349	5 563	5 786	6 017	
Cell phone Allowance	491	547	518	545	545	545	567	590	613	
Motor Vehicle Allowance	-	-	-	-	-	-	-	-	-	
Office-bearer Allowance	631	380	484	530	568	568	590	614	639	
Out of pocket Expenses	167	8	10	2	5	5	5	5	5	
Travelling Allowance	1 176	1 265	1 388	1 573	1 575	1 575	1 638	1 703	1 771	
Use of Personal Facilities										
Total Allowances and Service Related Benefits	6 366	6 766	7 495	8 000	8 042	8 042	8 363	8 698	9 046	
Social Contributions										
Medical Aid Benefits	153	33	2	3	3	3	3	4	4	
Pension Fund Contributions	469	133	84	56	56	56	59	61	64	
Total Social Contributions	622	166	86	60	60	60	62	65	67	
Total Councillors	6 988	6 932	7 581	8 059	8 101	8 101	8 426	8 763	9 113	
% increase		(0,8%)	9,4%	6,3%	0,5%	-	4,0%	4,0%	4,0%	
Senior Managers of the Municipality										
Salaries and Allowances										
Basic Salary	4 029	5 777	5 145	5 710	7 662	7 662	8 085	8 409	8 745	
Bonuses	81	55	69	166	224	224	233	242	252	
Allowance										
Accommodation, Travel and incidental	23	19	28	19	31	31	32	33	35	
Cellular and Telephone	105	110	109	126	168	168	175	182	189	
Housing Benefits	212	394	456	418	539	539	560	583	606	
Non-pensionable	223	240	275	309	415	415	432	449	467	
Travel or Motor Vehicle	813	1 056	1 235	1 240	1 696	1 696	1 764	1 834	1 908	
Voluntary Work										
Total Allowance	1 375	1 819	2 102	2 113	2 849	2 849	2 963	3 081	3 204	
Service Related Benefits										
Acting	53	-	-	-	-	-	-	-	-	
Leave Pay	332	-	85	109	152	152	158	164	171	
Lifeguard/Duty Squads										
Total Service Related Benefits	385	-	85	109	152	152	158	164	171	
Total Salaries and Allowances	5 869	7 651	7 401	8 098	10 887	10 887	11 439	11 896	12 372	
Social Contributions										
Bargaining Council	1	(0)	-	0	0	0	0	0	0	
Medical	66	48	48	54	68	68	71	74	77	
Pension	5	-	-	-	-	-	-	-	-	
Unemployment Insurance	10	-	-	4	6	6	6	6	6	
Total Social Contributions	81	48	48	58	75	75	78	81	84	
Post-retirement Benefit										
Total Post-retirement Benefit	-	-	-	-	-	-	-	-	-	
Costs Capitalised to PPE										
Sub Total - Senior Managers of Municipality	5 950	7 699	7 449	8 156	10 961	10 961	11 516	11 977	12 456	
% increase		29,4%	(3,2%)	9,5%	34,4%	-	5,1%	4,0%	4,0%	
Other Municipal Staff										
Salaries and Allowances										
Basic Salary	142 683	148 363	158 894	177 506	174 729	174 729	181 658	188 933	196 484	
Bonuses	-	-	-	-	-	-	-	-	-	
Allowance										
Accommodation, Travel and incidental	1 040	671	572	1 048	1 141	1 141	1 187	1 234	1 284	
Cellular and Telephone	1 132	1 086	1 131	1 167	1 258	1 258	1 308	1 361	1 415	
Housing Benefits	636	652	647	679	655	655	682	709	737	
Non-pensionable										
Travel or Motor Vehicle	20 410	19 940	9 371	21 865	20 719	20 719	21 548	22 410	23 306	
Voluntary Work										
Total Allowance	23 217	22 348	11 722	24 779	23 774	23 774	24 725	25 714	26 742	
Service Related Benefits										
Acting	163	335	207	376	516	516	536	558	560	
Bonus	10 259	10 668	11 323	12 138	13 354	13 354	13 888	14 444	15 022	
Leave Pay	1 418	1 020	1 756	2 329	3 347	3 347	3 481	3 620	3 765	
Lifeguard/Duty Squads										
Long Service Award	-	-	-	1 205	1 205	1 205	1 253	1 303	1 355	
Overtime	19 197	21 207	24 078	7 174	25 329	25 329	26 342	27 396	28 492	
Scarcity										
Standby Allowance	4 910	5 315	4 899	5 321	5 897	5 897	6 132	6 378	6 633	
Total Service Related Benefits	35 949	38 545	42 263	28 542	49 647	49 647	51 633	53 698	55 846	
Total Salaries and Allowances	201 848	209 256	212 879	230 829	248 150	248 150	258 016	268 345	279 073	

DC43 Harry Gwala - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	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	A	B	C	D	E	F	G	H	I
Social Contributions									
Bargaining Council	52	58	59	68	184	184	192	200	208
Medical	10 412	10 905	11 462	14 199	12 439	12 439	12 937	13 454	13 992
Pension	20 660	21 591	22 977	25 537	26 154	26 154	27 200	28 288	29 420
Unemployment Insurance	994	1 043	1 064	1 208	1 248	1 248	1 297	1 349	1 403
Total Social Contributions	32 118	33 597	35 562	41 012	40 025	40 025	41 626	43 291	45 023
Post-retirement Benefit									
Medical	3 084	3 093	3 409	-	-	-	-	-	-
Other Benefits									
Pension	1 150	1 082	1 816	-	-	-	-	-	-
Total Post-retirement Benefit	4 244	4 175	5 225	-	-	-	-	-	-
Costs Capitalised to PPE									
Sub Total - Other Municipal Staff	238 211	247 028	253 665	271 841	288 175	288 175	299 642	311 636	324 096
% increase		3,7%	2,7%	7,2%	6,0%	-	4,0%	4,0%	4,0%
Total Parent Municipality	251 149	261 659	268 895	288 056	307 238	307 238	319 584	332 376	345 665
Board Members of Entities									
Salaries and Allowances									
Basic Salary	-	-	-	320	320	320	332	343	357
Bonuses	-	-	-	-	-	-	-	-	-
Total Service Related Benefits	-	-	-	-	-	-	-	-	-
Total Salaries and Allowances	-	-	-	320	320	320	332	343	357
Sub Total - Board Members of Entities	-	-	-	320	320	320	332	343	357
% increase		-	-	-	-	-	3,7%	3,3%	4,0%
Senior Managers of Entities									
Salaries and Allowances									
Basic Salary	-	-	-	-	-	-	3 571	3 688	3 806
Bonuses	-	-	-	-	-	-	-	-	-
Total Salaries and Allowances	-	-	-	-	-	-	3 571	3 688	3 806
Costs Capitalised to PPE									
Sub Total - Senior Managers of Entities	-	-	-	-	-	-	3 571	3 688	3 806
% increase		-	-	-	-	-	-	0	0
Other Staff of Entities									
Salaries and Allowances									
Basic Salary	-	-	-	9 108	9 054	9 054	6 309	6 517	6 726
Bonuses	-	-	-	-	-	-	-	-	-
Total Allowance	-	-	-	-	-	-	-	-	-
Service Related Benefits									
Acting	-	-	-	132	132	132	180	186	192
Bonus	-	-	-	429	429	429	-	-	-
Leave Pay	-	-	-	153	153	153	207	214	221
Total Service Related Benefits	-	-	-	714	714	714	387	400	412
Total Salaries and Allowances	-	-	-	9 822	9 768	9 768	6 696	6 917	7 138
Social Contributions									
Medical	-	-	-	418	418	418	330	341	351
Pension	-	-	-	1 083	1 083	1 083	1 175	1 213	1 252
Unemployment Insurance	-	-	-	83	63	83	-	-	-
Total Social Contributions	-	-	-	1 583	1 583	1 583	1 504	1 554	1 604
Sub Total - Other Staff of Entities	-	-	-	11 405	11 351	11 351	8 200	8 471	8 741
% increase		-	-	-	(0,5%)	-	(27,8%)	3,3%	3,2%
Total Municipal Entities	-	-	-	11 725	11 671	11 671	12 103	12 502	12 904
TOTAL SALARY, ALLOWANCES & BENEFITS	251 149	261 659	268 895	299 781	318 909	318 909	331 687	344 878	358 569
% increase		4,2%	2,7%	11,6%	6,4%	-	4,0%	4,0%	4,0%
TOTAL MANAGERS AND STAFF	244 161	254 727	261 114	291 721	310 807	310 807	323 281	336 115	349 456

Table 45 MBRR SA23- Salaries, allowances and benefits (Political Office Bearers/ Councilors/ Senior Managers)

DC43 Harry Gwala - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)

Disclosure of Salaries, Allowances & Benefits 1.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum		1.				2.
Councillors						
Speaker	765 289	10 059	230 112			1 005 460
Chief Whip	765 479	1 716	145 333			912 528
Executive Mayor	914 372	-	275 833			1 190 205
Deputy Executive Mayor	781 595	10 059	230 112			1 021 766
Executive Committee	1 295 160	16 478	371 858			1 683 496
Total for all other councillors	1 041 313	23 893	1 546 848			2 612 054
Total Councillors	5 563 208	62 205	2 800 096			8 425 509
Senior Managers of the Municipality						
Municipal Manager (MM)	1 457 903	-	558 010			2 015 913
Chief Finance Officer	1 570 629	-	329 374			1 900 003
SM D01	1 165 037	71 200	582 861	80 910		1 900 008
SM D02	1 563 717	-	336 285	-		1 900 002
SM D03	1 234 036	3 604	662 580			1 900 220
SM D04	1 094 041	2 400	651 784	151 780		1 900 005
						-
Total Senior Managers of the Municipality	8 085 363	77 204	3 120 894	232 690		11 516 151
A Heading for Each Entity						
List each member of board by designation						
Harry Gwala Development Agency						
BM D01	331 840	-	-	-		331 840
						-
Total for municipal entities	331 840	-	-	-		331 840
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	13 980 411	139 409	5 920 990	232 690		20 273 500

Table 46 MBRR SA24- Summary of personnel numbers

DC43 Harry Gwala - Supporting Table SA24 Summary of personnel numbers

Summary of Personnel Numbers Number	2024/25			Current Year 2025/26			Budget Year 2026/27		
	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
Municipal Council and Boards of Municipal Entities									
Councillors (Political Office Bearers plus Other Councillors)	26	–	26	32	–	32	32	–	32
Board Members of municipal entities									
Municipal employees									
Municipal Manager and Senior Managers	3	–	3	5	–	5	5	–	5
Other Managers	8	–	8	9	–	9	9	–	9
Professionals	251	247	13	280	260	16	280	285	16
<i>Finance</i>	13	13	3	13	13	–	13	13	–
<i>Spatial/town planning</i>	1	1	2	2	1	1	2	1	1
<i>Information Technology</i>	5	5	–	5	5	–	5	5	–
<i>Roads</i>	2	2	–	2	2	–	2	2	–
<i>Electricity</i>	4	4	–	4	4	–	4	4	–
<i>Water</i>	110	109	8	126	110	13	126	135	13
<i>Sanitation</i>	75	75	–	87	87	2	87	87	2
<i>Refuse</i>	1	1	–	1	1	–	1	1	–
<i>Other</i>	40	37	–	40	37	–	40	37	–
Technicians	28	27	–	28	27	–	28	27	–
<i>Finance</i>	–	–	–	–	–	–	–	–	–
<i>Spatial/town planning</i>	4	4	–	4	4	–	4	4	–
<i>Information Technology</i>	1	–	–	1	–	–	1	–	–
<i>Roads</i>	1	1	–	1	1	–	1	1	–
<i>Electricity</i>	1	1	–	1	1	–	1	1	–
<i>Water</i>	4	4	–	4	4	–	4	4	–
<i>Sanitation</i>	3	3	–	3	3	–	3	3	–
<i>Refuse</i>	1	1	–	1	1	–	1	1	–
<i>Other</i>	13	13	–	13	13	–	13	13	–
Clerks (Clerical and administrative)	–	–	6	38	38	10	38	38	10
Service and sales workers	2	2	–	2	2	–	2	2	–
Skilled agricultural and fishery workers	2	2	–	2	2	–	2	2	–
Craft and related trades	1	1	–	1	1	7	1	1	7
Plant and Machine Operators	82	73	9	95	45	–	95	95	–
Elementary Occupations	48	47	3	48	47	3	48	47	3
TOTAL PERSONNEL NUMBERS	451	399	68	540	422	82	540	497	82
% increase				19,7%	5,8%	20,6%	–	17,8%	–
Total municipal employees headcount	526	464	73	617	492	105	617	567	105
Finance personnel headcount	68	58	5	68	61	23	68	61	23
Human Resources personnel headcount	7	7	–	9	9	–	9	9	–

2.8 MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

Table 47 MBRR SA25-Budgeted monthly revenue and expenditure

DC43 Harry Gwala - Supporting Table SA25 Consolidated budgeted monthly revenue and expenditure

R thousand	Description	Budget Year 2028/27												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2028/27	Budget Year +1 2027/28	Budget Year +2 2028/29	
	Revenue																
	Exchange Revenue																
	Service charges - Electricity	6 458	6 458	6 458	6 458	6 458	6 458	6 458	6 458	6 458	6 458	6 458	6 458	6 458	6 458	82 146	87 075
	Service charges - Water	1 195	1 195	1 195	1 195	1 195	1 195	1 195	1 195	1 195	1 195	1 195	1 195	1 195	1 195	15 202	16 114
	Service charges - Waste Water Management																
	Service charges - Waste Management																
	Service charges - Rendering of Services	13	13	13	13	13	13	13	13	13	13	13	13	13	169	179	
	Interest																
	Interest earned from Receivables	1 127	1 127	1 127	1 127	1 127	1 127	1 127	1 127	1 127	1 127	1 127	1 127	1 127	1 127	14 334	15 194
	Interest earned from Current and Non Current Assets	2 298	2 298	2 298	2 298	2 298	2 298	2 298	2 298	2 298	2 298	2 298	2 298	2 298	29 185	30 889	
	Operational Revenue	57	57	57	57	57	57	57	57	57	57	57	57	57	727	771	
	Non-Exchange Revenue																
	Fines, penalties and forfeits																
	Licences or permits																
	Transfer and subsidies - Operational	50 591	50 591	50 591	50 591	50 591	50 591	50 591	50 591	50 591	50 591	50 591	50 591	50 591	639 342	654 931	
	Interest																
	Total Revenue (excluding capital transfers and contributions)	61 768	61 768	61 768	61 768	61 768	61 768	61 768	61 768	61 768	61 768	61 768	61 768	61 768	741 220	781 473	805 535
	Expenditure																
	Employee related costs	26 939	26 939	26 939	26 939	26 939	26 939	26 939	26 939	26 939	26 939	26 939	26 939	26 939	323 261	349 456	
	Remuneration of councillors	702	702	702	702	702	702	702	702	702	702	702	702	702	8 426	9 113	
	Bulk purchases - electricity																
	Inventory consumed	3 308	3 308	3 308	3 308	3 308	3 308	3 308	3 308	3 308	3 308	3 308	3 308	3 308	41 007	42 320	
	Debt impairment	2 733	2 733	2 733	2 733	2 733	2 733	2 733	2 733	2 733	2 733	2 733	2 733	2 733	33 873	34 957	
	Depreciation, amortisation and impairment	9 570	9 570	9 570	9 570	9 570	9 570	9 570	9 570	9 570	9 570	9 570	9 570	9 570	114 639	122 437	
	Interest, Dividends and Rent on Land	5	5	5	5	5	5	5	5	5	5	5	5	5	58	61	
	Contracted services	13 701	13 701	13 701	13 701	13 701	13 701	13 701	13 701	13 701	13 701	13 701	13 701	13 701	164 407	177 831	
	Transfers and subsidies	1 948	1 948	1 948	1 948	1 948	1 948	1 948	1 948	1 948	1 948	1 948	1 948	1 948	25 889	25 405	
	Inrecoverable debts written off	3 740	3 740	3 740	3 740	3 740	3 740	3 740	3 740	3 740	3 740	3 740	3 740	3 740	46 362	47 845	
	Operational costs	9 522	9 522	9 522	9 522	9 522	9 522	9 522	9 522	9 522	9 522	9 522	9 522	9 522	114 262	121 710	
	Disposal of Fixed and Intangible Assets	388	388	388	388	388	388	388	388	388	388	388	388	388	4 654	4 961	
	Other Losses																
	Total Expenditure	72 554	72 554	72 554	72 554	72 554	72 554	72 554	72 554	72 554	72 554	72 554	72 554	72 554	870 647	905 714	936 096
	Surplus/(Deficit)	(10 786)	(10 786)	(10 786)	(10 786)	(10 786)	(10 786)	(10 786)	(10 786)	(10 786)	(10 786)	(10 786)	(10 786)	(10 786)	(124 241)	(130 560)	
	Transfers and subsidies - capital (monetary allocations)	27 406	27 406	27 406	27 406	27 406	27 406	27 406	27 406	27 406	27 406	27 406	27 406	27 406	328 867	373 731	
	Transfers and subsidies - capital (in-kind)																
	Surplus/(Deficit) after capital transfers & contributions	16 620	16 620	16 620	16 620	16 620	16 620	16 620	16 620	16 620	16 620	16 620	16 620	16 620	265 185	243 171	
	Income Tax																
	Surplus/(Deficit) after income tax	16 620	16 620	16 620	16 620	16 620	16 620	16 620	16 620	16 620	16 620	16 620	16 620	16 620	265 185	243 171	
	Share of Surplus/Deficit attributable to Joint Venture																
	Share of Surplus/Deficit attributable to Minorities																
	Surplus/(Deficit) attributable to municipality	16 620	16 620	16 620	16 620	16 620	16 620	16 620	16 620	16 620	16 620	16 620	16 620	16 620	265 185	243 171	
	Share of Surplus/Deficit attributable to Associate																
	Intercompany/Parent subsidiary transactions																
	Surplus/(Deficit) for the year	16 620	16 620	16 620	16 620	16 620	16 620	16 620	16 620	16 620	16 620	16 620	16 620	16 620	265 185	243 171	

Table 48 MBRR SA26- Budgeted monthly revenue and expenditure (municipal vote)

DC43 Harry Gwala - Supporting Table SA26 Consolidated budgeted monthly revenue and expenditure (municipal vote)

R thousand	Description	Budget Year 2026/27												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29	
	Revenue by Vote																
	Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 03 - Summary Budget And Treasury Office	48 072	48 072	48 072	48 072	48 072	48 072	48 072	48 072	48 072	48 072	48 072	48 072	48 072	607 832	624 485	
	Vote 04 - Summary Corporate Services	36	36	36	36	36	36	36	36	36	36	36	36	36	435	489	
	Vote 05 - Summary Social Services & Development/Planning	2 050	2 050	2 050	2 050	2 050	2 050	2 050	2 050	2 050	2 050	2 050	2 050	2 050	24 605	26 712	
	Vote 06 - Summary Infrastructure Services	30 664	30 664	30 664	30 664	30 664	30 664	30 664	30 664	30 664	30 664	30 664	30 664	30 664	367 966	414 972	
	Vote 07 - Summary Water Services	8 352	8 352	8 352	8 352	8 352	8 352	8 352	8 352	8 352	8 352	8 352	8 352	8 352	100 221	112 608	
	Vote 15 - Other																
	Total Revenue by Vote	89 174	89 174	89 174	89 174	89 174	89 174	89 174	89 174	89 174	89 174	89 174	89 174	89 174	1 170 899	1 179 267	
	Expenditure by Vote to be appropriated																
	Vote 01 - Summary Council	1 969	1 969	1 969	1 969	1 969	1 969	1 969	1 969	1 969	1 969	1 969	1 969	1 969	23 633	25 379	
	Vote 02 - Summary Municipal Manager	2 688	2 688	2 688	2 688	2 688	2 688	2 688	2 688	2 688	2 688	2 688	2 688	2 688	32 251	34 663	
	Vote 03 - Summary Budget And Treasury Office	6 412	6 412	6 412	6 412	6 412	6 412	6 412	6 412	6 412	6 412	6 412	6 412	6 412	76 942	82 902	
	Vote 04 - Summary Corporate Services	11 792	11 792	11 792	11 792	11 792	11 792	11 792	11 792	11 792	11 792	11 792	11 792	11 792	141 503	151 365	
	Vote 05 - Summary Social Services & Development/Planning	8 567	8 567	8 567	8 567	8 567	8 567	8 567	8 567	8 567	8 567	8 567	8 567	8 567	102 806	110 599	
	Vote 06 - Summary Infrastructure Services	12 611	12 611	12 611	12 611	12 611	12 611	12 611	12 611	12 611	12 611	12 611	12 611	12 611	151 334	164 161	
	Vote 07 - Summary Water Services	28 515	28 515	28 515	28 515	28 515	28 515	28 515	28 515	28 515	28 515	28 515	28 515	28 515	342 177	367 027	
	Vote 15 - Other																
	Total Expenditure by Vote	72 554	72 554	72 554	72 554	72 554	72 554	72 554	72 554	72 554	72 554	72 554	72 554	72 554	870 647	936 096	
	Surplus/(Deficit) before assoc. Income Tax	16 620	16 620	16 620	16 620	16 620	16 620	16 620	16 620	16 620	16 620	16 620	16 620	16 620	265 185	243 171	
	Share of Surplus/Deficit attributable to Minorities Intercompany/Parent subsidiary transactions																
	Surplus/(Deficit)	16 620	16 620	16 620	16 620	16 620	16 620	16 620	16 620	16 620	16 620	16 620	16 620	16 620	265 185	243 171	

Table 49 MBRRSA27-Budgeted monthly revenue and expenditure (standard classification)

Table 50 MBRR SA28-Budgeted monthly capital expenditure (municipal vote)

R thousand	Description	Budget Year 2025/26												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
	Multi-year expenditure to be appropriated															
	Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 03 - Summary Budget And Treasury Office	190	190	190	190	190	190	190	190	190	190	190	190	2 279	2 416	2 561
	Vote 04 - Summary Corporate Services	865	865	865	865	865	865	865	865	865	865	865	865	10 374	9 937	10 533
	Vote 05 - Summary Social Services & Development Planning	554	554	554	554	554	554	554	554	554	554	554	554	6 651	4 651	4 930
	Vote 06 - Summary Infrastructure Services	8 009	8 009	8 009	8 009	8 009	8 009	8 009	8 009	8 009	8 009	8 009	8 009	96 104	145 895	246 457
	Vote 07 - Summary Water Services	15 081	15 081	15 081	15 081	15 081	15 081	15 081	15 081	15 081	15 081	15 081	15 081	180 970	159 712	73 735
	Vote 15 - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Capital multi-year expenditure sub-total	24 698	24 698	24 698	24 698	24 698	24 698	24 698	24 698	24 698	24 698	24 698	24 698	296 378	322 611	338 217
	Single-year expenditure to be appropriated															
	Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Vote 03 - Summary Budget And Treasury Office	190	190	190	190	190	190	190	190	190	190	190	190	-	-	-
	Vote 04 - Summary Corporate Services	42	42	42	42	42	42	42	42	42	42	42	42	500	530	562
	Vote 05 - Summary Social Services & Development Planning	554	554	554	554	554	554	554	554	554	554	554	554	-	-	-
	Vote 06 - Summary Infrastructure Services	213	213	213	213	213	213	213	213	213	213	213	213	2 551	-	-
	Vote 07 - Summary Water Services	15 081	15 081	15 081	15 081	15 081	15 081	15 081	15 081	15 081	15 081	15 081	15 081	-	-	-
	Vote 15 - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Capital single-year expenditure sub-total	16 079	16 079	16 079	16 079	16 079	16 079	16 079	16 079	16 079	16 079	16 079	16 079	3 051	530	562
	Total Capital Expenditure	40 777	40 777	40 777	40 777	40 777	40 777	40 777	40 777	40 777	40 777	40 777	40 777	299 430	323 141	338 779

Table 51 MBRR SA29- Budgeted monthly capital expenditure (standard classification)

DC43 Harry Gwala - Supporting Table SA29 Consolidated budgeted monthly capital expenditure (functional classification)

R thousand	Description	Budget Year 2026/27												Medium Term Revenue and Expenditure Framework			
		July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29	
	Capital Expenditure - Functional																
	Governance and administration	1 154	1 154	1 154	1 154	1 154	1 154	1 154	1 154	1 154	1 154	1 154	1 154	1 154	13 849	14 379	19 090
	Executive and council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Finance and administration	1 154	1 154	1 154	1 154	1 154	1 154	1 154	1 154	1 154	1 154	1 154	1 154	1 154	13 849	14 379	19 090
	Internal audit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Economic and environmental services	11 048	11 048	11 048	11 048	11 048	11 048	11 048	11 048	11 048	11 048	11 048	11 048	11 048	132 573	221 124	237 258
	Planning and development	11 048	11 048	11 048	11 048	11 048	11 048	11 048	11 048	11 048	11 048	11 048	11 048	11 048	132 573	221 124	237 258
	Road transport	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Trading services	15 244	15 244	15 244	15 244	15 244	15 244	15 244	15 244	15 244	15 244	15 244	15 244	15 244	182 927	148 216	127 245
	Energy sources	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Water management	15 244	15 244	15 244	15 244	15 244	15 244	15 244	15 244	15 244	15 244	15 244	15 244	15 244	182 927	148 216	127 245
	Waste water management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Waste management	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Total Capital Expenditure - Functional	27 446	27 446	27 446	27 446	27 446	27 446	27 446	27 446	27 446	27 446	27 446	27 446	27 446	329 349	383 719	383 592
	Funded by:																
	National Government	23 831	23 831	23 831	23 831	23 831	23 831	23 831	23 831	23 831	23 831	23 831	23 831	23 831	285 971	338 631	332 810
	Provincial Government	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	District Municipality	13	13	13	13	13	13	13	13	13	13	13	13	13	155	160	166
	Transfers recognised - capital	23 844	23 844	23 844	23 844	23 844	23 844	23 844	23 844	23 844	23 844	23 844	23 844	23 844	286 126	338 791	332 976
	Borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Internally generated funds	3 602	3 602	3 602	3 602	3 602	3 602	3 602	3 602	3 602	3 602	3 602	3 602	3 602	43 223	44 928	50 616
	Total Capital Funding	27 446	27 446	27 446	27 446	27 446	27 446	27 446	27 446	27 446	27 446	27 446	27 446	27 446	329 349	383 719	383 592

Table 52 MBRR SA30- Budgeted monthly cash flow

1.16 ANNUAL BUDGETS AND SDBIPS – INTERNAL DEPARTMENTS

Water Services Department – Vote 07

The department is primarily responsible for the distribution of potable water within the municipal boundary, which includes the purification of raw water, maintenance of the reticulation network and implementation of the departmental capital programme.

Table 42 Water Services Department - operating revenue by source, expenditure by type and total capital expenditure

DC43 Harry Gwala - Supporting Table SA2 Consolidated Matrix Financial Performance Budget (revenue source/expenditure type & dept.)

Description	Vote 01 - Summary Council	Vote 02 - Summary Municipal	Vote 03 - Summary Budget And	Vote 04 - Summary Corporate	Vote 05 - Summary Social Services	Vote 06 - Summary Infrastructure	Vote 07 - Summary Water Services	Total
R thousand								
Revenue								
Exchange Revenue								
Service charges - Electricity								-
Service charges - Water						1 519	75 978	77 497
Service charges - Waste Water Management						3 575	10 766	14 341
Service charges - Waste Management								-
Sale of Goods and Rendering of Services			159		-			159
Agency services								-
Interest								-
Interest earned from Receivables			46				13 477	13 523
Interest earned from Current and Non Current Assets			26 056		1 516			27 572
Dividends								-
Rent on Land								-
Rental from Fixed Assets								-
Operational Revenue			162	435	89		-	686
Non-Exchange Revenue								
Property rates								-
Surcharges and Taxes								-
Fines, penalties and forfeits			354		-			354
Licences or permits								-
Transfer and subsidies - Operational			550 084	-	23 000	34 005		607 089
Interest								-
Discontinued Operations								-
Total Revenue (excluding capital transfers and contributions)	-	-	576 861	435	24 605	39 099	100 221	741 220
Expenditure								
Employee related costs	3 506	18 126	43 744	33 124	48 994	31 261	144 507	323 261
Remuneration of councillors	8 426							8 426
Bulk purchases - electricity								-
Inventory consumed	26			259	3 381		36 031	39 696
Debt impairment							32 791	32 791
Depreciation, amortisation and impairment			68	19 546	915	92 674	1 636	114 839
Interest, Dividends and Rent on Land				15	42			56
Contracted services	5 963	11 082	17 431	47 011	10 168	23 403	49 348	164 407
Transfers and subsidies					23 374			23 374
Irrecoverable debts written off			14				44 866	44 880
Operational costs	5 712	3 043	15 635	37 030	15 863	3 988	32 991	114 262
Disposal of Fixed and Intangible Assets			50	4 519	70	9	7	4 654
Other Losses								-
Total Expenditure	23 633	32 251	76 942	141 503	102 806	151 334	342 177	870 647
Surplus/(Deficit)	(23 633)	(32 251)	499 919	(141 068)	(78 202)	(112 235)	(241 957)	(129 426)
Transfers and subsidies - capital (monetary allocations)						328 867		328 867
Transfers and subsidies - capital (in-kind)								-
Surplus/(Deficit) after capital transfers & contributions	(23 633)	(32 251)	499 919	(141 068)	(78 202)	216 632	(241 957)	199 441

Table 43 Water Services Department – Performance objectives and indicators

DC43 Harry Gwala - Supporting Table SA7 Measurable performance objectives

Description	Unit of measurement	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
06 - Summary Infrastructure Services										
Energy Sources										
Electricity										
<i>Formal Settlement Households Receiving Electricity</i>	Households				3 096	3 096	3 096	3 282	3 479	3 687
Waste Water Management										
Sewerage										
<i>Flush Toilet (Connected To Sewerage)</i>	Households	85 548	92 608	98 628	105 039	105 039	105 039	111 341	118 022	125 103
<i>Flush Toilet (With Septic Tank)</i>	Households	13 954	14 931	15 901	16 935	16 935	16 935	17 951	19 028	20 170
<i>Formal Settlement Households Receiving Sanitation</i>	Households									
<i>Pit Toilet (Ventilated)</i>	Households	49 787	53 273	56 736	60 424	60 424	60 424	64 049	67 892	71 966
Water Management										
Water Distribution										
<i>Formal Settlement Households Receiving Water</i>	Households				3 096	3 096	3 096	3 282	3 479	3 687
<i>Informal Settlements (R000)</i>	Rand Value									
<i>Other Water Supply (< Min.Service Level)</i>	Households	32 792	35 088	37 369	39 798	39 798	39 798	42 186	44 717	47 400
<i>Other Water Supply (At Least Min.Service Level)</i>	Households	32 792	35 088	37 369	39 798	39 798	39 798	42 186	44 717	47 400
<i>Piped Water Inside Dwelling</i>	Households	56 430	59 311	63 166	67 272	67 272	67 272	71 308	75 587	80 122
<i>Piped Water Inside Yard (But Not In Dwelling)</i>	Households	22 537	24 115	25 682	27 352	27 352	27 352	28 993	30 733	32 577
<i>Using Public Tap (< Min.Service Level)</i>	Households	39 530	42 298	45 947	47 975	47 975	47 975	50 854	53 905	57 139
<i>Using Public Tap (At Least Min.Service Level)</i>	Households	39 530	42 298	45 947	47 975	47 975	47 975	50 854	53 905	57 139

There are no unfilled positions in the top management structure of the Water Services Department, the top management structure consists of 2 Executive Director (Water and Infrastructure services), five directors and 7 professional engineers. As part of the performance objectives for the 2026/2027 financial year, the expansion of the functional water demand management unit will require an amendment to the departmental organogram and the subsequent filling of vacancies.

The departmental strategy is ensuring the economic value and useful life of the water reticulation network and infrastructure is maintained. To this end, the medium-term expenditure framework provides for operational repairs and maintenance of R30, 8million, R31, 8 million and R32, 8 million in each of the respective financial years of the MTREF.

The departmental revenue base is primarily informed by the sale of water and charges for sanitation of which budget appropriation for the 2026/2027 financial year is R91, 8 million and increases to R97, 3million by 2027/28 by the 2028/29 and has been informed by a collection rate of 92 per cent and distribution losses of 31, 2 per cent in the outer years.

The reduction of distribution losses is considered a priority and hence the departmental objectives. There has been a huge, concerted effort in the 2026/2027 in trying to minimize the water losses with initiatives such as the water meter and infrastructure audits. The enhancement of the ongoing Water Demand Management & Conservation initiatives are expected to also have a positive impact in minimizing water losses in the medium to long term.

Note: Municipalities would be required to undertake the aforementioned for each department/vote within the municipality.

1.17 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

In terms of the District’s Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Financial Management Division of the Treasury Department.

3.11 CAPITAL EXPENDITURE DETAILS

The following three tables present details of the district’s capital expenditure programme, firstly on new assets, then the renewal of assets and Draftly on the repair and maintenance of assets.

Table55 MBRR SA34A- Capital expenditure on new assets by asset class

DC43 Harry Gwala - Supporting Table SA34a Consolidated capital expenditure on new assets by asset class

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
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	247 862	284 128	299 786	240 171	275 303	275 303	223 287	205 693	174 347
Roads Infrastructure	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure	203 327	219 163	279 731	239 910	270 168	270 168	223 287	205 693	174 347
Dams and Weirs	18 068	24 469	33 386	53 150	62 937	62 937	33 831	-	-
Boreholes	37 187	3 346	14 333	-	5 781	5 781	26	27	28
Reservoirs	-	-	-	435	-	-	-	-	-
Pump Stations	3 716	18 006	32 805	87	11 426	11 426	12 435	12 932	13 346
Water Treatment Works	267	-	-	3 300	-	-	-	-	-
Bulk Mains	45 795	50 385	82 290	59 807	76 147	76 147	39 242	30 993	47 198
Distribution	98 295	122 957	116 917	123 131	113 877	113 877	137 754	161 741	113 775
Distribution Points	-	-	-	-	-	-	-	-	-
PRV Stations	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure	44 534	64 965	20 055	261	5 135	5 135	-	-	-
Pump Station	-	12 051	1 234	87	435	435	-	-	-
Reticulation	44 534	52 914	18 821	174	4 700	4 700	-	-	-
Waste Water Treatment Works	-	-	-	-	-	-	-	-	-
Outfall Sewers	-	-	-	-	-	-	-	-	-
Other assets	-	-	2 310	8 901	6 985	6 985	4 262	4 411	6 193
Operational Buildings	-	-	1 268	6 901	5 985	5 985	3 222	3 329	5 076
Municipal Offices	-	-	1 268	6 901	5 985	5 985	3 222	3 329	5 076
Pay/Enquiry Points	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Housing	-	-	1 042	2 000	1 000	1 000	1 040	1 082	1 116
Staff Housing	-	-	1 042	2 000	1 000	1 000	1 040	1 082	1 116
Social Housing	-	-	-	-	-	-	-	-	-
Intangible Assets	270	-	-	955	955	955	2 389	2 485	2 569
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	270	-	-	955	955	955	2 389	2 485	2 569
Water Rights	-	-	-	-	-	-	-	-	-
Effluent Licenses	-	-	-	-	-	-	-	-	-
Solid Waste Licenses	-	-	-	-	-	-	-	-	-
Computer Software and Applications	270	-	-	955	955	955	2 389	2 485	2 569
Load Settlement Software Applications	-	-	-	-	-	-	-	-	-
Unspecified	-	-	-	-	-	-	-	-	-
Computer Equipment	410	943	2 029	2 859	2 873	2 873	5 236	5 320	2 759
Computer Equipment	410	943	2 029	2 859	2 873	2 873	5 236	5 320	2 759
Furniture and Office Equipment	1 293	2 306	2 178	5 288	5 608	5 608	3 242	3 368	4 692
Furniture and Office Equipment	1 293	2 306	2 178	5 288	5 608	5 608	3 242	3 368	4 692
Machinery and Equipment	7 430	1 306	4 767	2 360	4 185	4 185	2 069	2 152	2 867
Machinery and Equipment	7 430	1 306	4 767	2 360	4 185	4 185	2 069	2 152	2 867
Transport Assets	-	986	-	-	-	-	-	-	-
Transport Assets	-	986	-	-	-	-	-	-	-
Total Capital Expenditure on new assets	257 265	289 670	311 070	260 534	295 909	295 909	240 484	223 428	193 426

Table 56 MBRR SA34b- Capital expenditure on the renewal of existing assets by asset class

DC43 Harry Gwala - Supporting Table SA34b Consolidated capital expenditure on the renewal of existing assets by asset class

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
R thousand									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class									
Infrastructure	-	2 245	23 573	9 503	3 519	3 519	19 925	39 225	42 829
Roads Infrastructure	-	-	-	-	-	-	-	-	-
Roads	-	-	-	-	-	-	-	-	-
Road Structures	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure	-	2 245	21 914	7 764	772	772	10 794	39 225	42 829
Dams and Weirs	-	-	-	-	-	-	-	-	-
Boreholes	-	-	-	-	-	-	-	-	-
Reservoirs	-	-	-	-	-	-	1 739	21 360	21 739
Pump Stations	-	-	-	-	-	-	-	-	-
Water Treatment Works	-	-	-	-	-	-	-	-	-
Bulk Mains	-	-	-	-	-	-	-	-	-
Distribution	-	2 245	21 914	7 764	772	772	9 055	17 865	21 090
Distribution Points	-	-	-	-	-	-	-	-	-
PRV Stations	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure	-	-	1 658	1 739	2 747	2 747	9 130	-	-
Pump Station	-	-	-	-	-	-	-	-	-
Reticulation	-	-	-	-	-	-	-	-	-
Waste Water Treatment Works	-	-	1 658	1 739	2 747	2 747	9 130	-	-
Outfall Sewers	-	-	-	-	-	-	-	-	-
Other assets	-	-	-	3 874	2 374	2 374	2 000	2 080	2 147
Operational Buildings	-	-	-	3 874	2 374	2 374	2 000	2 080	2 147
Municipal Offices	-	-	-	3 874	2 374	2 374	2 000	2 080	2 147
Pay/Enquiry Points	-	-	-	-	-	-	-	-	-
Building Plan Offices	-	-	-	-	-	-	-	-	-
Workshops	-	-	-	-	-	-	-	-	-
Transport Assets	6 259	2 557	6 841	8 595	14 006	14 006	3 400	3 536	7 124
Transport Assets	6 259	2 557	6 841	8 595	14 006	14 006	3 400	3 536	7 124
Total Capital Expenditure on renewal of existing assets	6 259	4 802	30 413	21 973	19 899	19 899	25 325	44 841	52 100
Renewal of Existing Assets as % of total capex	2,3%	1,6%	8,7%	7,3%	6,0%	6,0%	7,7%	11,7%	13,6%
Renewal of Existing Assets as % of deprecn"	6,7%	2,0%	26,1%	20,4%	18,5%	18,5%	22,1%	37,8%	42,6%

Table 57 MBRR SA34c-Repairs and maintenance expenditure by asset class

DC43 Harry Gwala - Supporting Table SA34c Consolidated repairs and maintenance by asset class

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
R thousand									
Repairs and maintenance expenditure by Asset Class/Sub-class									
Infrastructure	45 120	39 357	35 932	40 241	45 016	45 016	28 413	29 350	30 290
Roads Infrastructure	-	-	-	-	-	-	-	-	-
Roads									
Road Structures									
Capital Spares									
Water Supply Infrastructure	45 120	39 357	35 932	40 241	45 016	45 016	28 413	29 350	30 290
Dams and Weirs									
Boreholes									
Reservoirs	26 400	19 046	21 341	20 650	26 440	26 440	13 074	13 505	13 938
Pump Stations	11 207	9 615	8 961	9 473	9 580	9 580	8 463	8 742	9 022
Water Treatment Works									
Bulk Mains									
Distribution									
Distribution Points									
PRV Stations									
Capital Spares	7 514	10 696	5 629	10 118	8 996	8 996	6 876	7 103	7 330
Sanitation Infrastructure	-	-	-	-	-	-	-	-	-
Community Assets	63	87	77	273	170	170	250	258	267
Community Facilities	-	-	-	-	-	-	-	-	-
Halls									
Centres									
Capital Spares									
Sport and Recreation Facilities	63	87	77	273	170	170	250	258	267
Indoor Facilities	63	87	77	273	170	170	250	258	267
Outdoor Facilities									
Capital Spares									
Other assets	4 008	4 272	3 939	4 269	1 838	1 838	1 912	1 975	2 038
Operational Buildings	4 008	4 272	3 939	4 269	1 838	1 838	1 912	1 975	2 038
Municipal Offices	4 008	4 272	3 939	4 269	1 838	1 838	1 912	1 975	2 038
Pay/Enquiry Points									
Building Plan Offices									
Workshops									
Computer Equipment	17	16	41	77	62	62	65	67	69
Computer Equipment	17	16	41	77	62	62	65	67	69
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-
Furniture and Office Equipment									
Machinery and Equipment	3 055	-	-	-	-	-	-	-	-
Machinery and Equipment	3 055	-	-	-	-	-	-	-	-
Transport Assets	204	49	478	332	160	160	166	171	177
Transport Assets	204	49	478	332	160	160	166	171	177
Total Repairs and Maintenance Expenditure	52 468	43 781	40 466	45 192	47 246	47 246	30 805	31 822	32 840
R&M as a % of PPE & Investment Property	2,4%	1,9%	1,6%	1,6%	1,7%	1,7%	1,0%	1,0%	0,9%
R&M as % Operating Expenditure	8,8%	5,9%	5,7%	5,5%	5,3%	5,3%	6,2%	3,7%	3,6%

Table 58 MBRR SA35- Future financial implications of the capital budget

DC43 Harry Gwala - Supporting Table SA35 Consolidated future financial implications of the capital budget

Vote Description R thousand	2026/27 Medium Term Revenue & Expenditure Framework		
	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Capital expenditure			
Vote 01 - Summary Council	–	–	–
Vote 02 - Summary Municipal Manager	–	–	–
Vote 03 - Summary Budget And Treasury Office	150	156	1 852
Vote 04 - Summary Corporate Services	10 201	10 609	11 861
Vote 05 - Summary Social Services & Development Planing	3 652	3 773	5 542
Vote 06 - Summary Infrastructure Services	141 473	238 829	258 182
Vote 07 - Summary Water Services	173 872	130 351	106 155
Vote 15 - Other	–	–	–
<i>List entity summary if applicable</i>			
Total Capital Expenditure	329 349	383 719	383 592
Future operational costs by vote			
Vote 01 - Summary Council			
Vote 02 - Summary Municipal Manager			
Vote 03 - Summary Budget And Treasury Office			
Vote 04 - Summary Corporate Services			
Vote 05 - Summary Social Services & Development Planing			
Vote 06 - Summary Infrastructure Services			
Vote 07 - Summary Water Services			
Total future operational costs	–	–	–
Future revenue by source			
Exchange Revenue	41 254	43 688	46 262
Service charges - Electricity			
Service charges - Water	77 497	82 146	87 075
Service charges - Waste Water Management	14 341	15 202	16 114
Service charges - Waste Management			
Agency services			
<i>List other revenues sources if applicable</i>	936 996	1 029 863	1 029 816
<i>List entity summary if applicable</i>			
Total future revenue	1 070 087	1 170 899	1 179 267
Net Financial Implications	(740 738)	(787 181)	(795 675)

DC43 Hany Gwala - Supporting Table SA38 Consolidated detailed operational projects

Function	Project Description	Project Number	Type	MDFP Service Outcome	IUDF	Own Strategic Objectives	Ward Location	2022/23	2023/24	2024/25	Current Year 2025/26		2026/27 Medium Term Revenue & Expenditure Framework					
											Adjusted Budget	Full Year Forecast	Budget Year 2025/27	Budget Year +1 2027/28				
Preston Municipality: List all operational projects grouped by Function	O_ The Capacity Build Train & Dev. Workshops: Seminars & Subject Matter Train Policy Review Machinery And Equipment O_ Municipal Running Cost O_ Municipal Running Cost O_ Municipal Running Cost NEW Toilet Facilities O_ Municipal Running Cost O_ Municipal Running Cost O_ Municipal Running Cost Capacity Building Local Municipalities (District Boundaries) Government Information System (GIS) Project And Support O_ The Capacity Build Train & Dev. Workshops: Seminars & Subject Matter Train O_ The Capacity Build Train & Dev. Workshops: Seminars & Subject Matter Train Buildings	P000304010_00014	Work Streams	adequate workforce to support an inclusive, accountable, effective and efficient local government	Governance	AL STRATEGIC OBJECTIVE	ADMIN OR HEAD OFFICE	-	-	-	-	-	-	1 200	1 240			
		P000304010_00001	Work Streams	adequate workforce to support an inclusive, accountable, effective and efficient local government	Governance	AL STRATEGIC OBJECTIVE	WHOLE OF THE DISTRICT	2 669	2 211	1 697	-	2 629	2 322	-	1 240	1 279		
		P000304010_00002	Preventative Maintenance	adequate workforce to support an inclusive, accountable, effective and efficient local government	Governance	AL STRATEGIC OBJECTIVE	WHOLE OF THE DISTRICT	-	-	3 025	-	-	-	-	-	2 629	3 015	
		P0002_0000	Municipal Running Cost	an efficient, effective and development responsive workforce to support an inclusive, accountable, effective and efficient local government	Governance	AL STRATEGIC OBJECTIVE	ADMIN OR HEAD OFFICE	-	-	-	8 504	8 504	9 014	-	9 014	9 688		
		P0002_0000	Municipal Running Cost	an efficient, effective and development responsive workforce to support an inclusive, accountable, effective and efficient local government	Governance	AL STRATEGIC OBJECTIVE	WHOLE OF THE DISTRICT	185	187	751	789	642	687	-	684	722		
		P00040207002_0002	NEW	an efficient, effective and development responsive workforce to support an inclusive, accountable, effective and efficient local government	Growth	AL STRATEGIC OBJECTIVE	RUBULALEZEME	-	-	1 755	-	-	-	-	-	-	-	
		P0002_0000	Municipal Running Cost	an efficient, effective and development responsive workforce to support an inclusive, accountable, effective and efficient local government	Governance	AL STRATEGIC OBJECTIVE	ADMIN OR HEAD OFFICE	38 714	33 420	13 263	33 891	85 129	50 405	-	50 405	53 540	58 712	
		P0002_0000	Municipal Running Cost	an efficient, effective and development responsive workforce to support an inclusive, accountable, effective and efficient local government	Governance	AL STRATEGIC OBJECTIVE	WHOLE OF THE DISTRICT	49 452	23 914	25 426	25 446	35 526	29 637	-	29 637	30 615	31 565	
		P000304003_00001	Work Streams	an efficient, effective and development responsive workforce to support an inclusive, accountable, effective and efficient local government	Governance	AL STRATEGIC OBJECTIVE	ADMIN OR HEAD OFFICE	5	5	-	54	54	56	-	56	58	60	
		P000304007_00010	Work Streams	an efficient, effective and development responsive workforce to support an inclusive, accountable, effective and efficient local government	Spatial Integration	AL STRATEGIC OBJECTIVE	ADMIN OR HEAD OFFICE	8	18	-	10	80	62	-	62	64	66	
		P000304010_00007	Work Streams	an efficient, effective and development responsive workforce to support an inclusive, accountable, effective and efficient local government	Governance	AL STRATEGIC OBJECTIVE	ADMIN OR HEAD OFFICE	-	447	163	-	-	-	-	-	-	-	
		P000304010_00011	Work Streams	an efficient, effective and development responsive workforce to support an inclusive, accountable, effective and efficient local government	Governance	AL STRATEGIC OBJECTIVE	ADMIN OR HEAD OFFICE	269	95	42	267	267	238	-	238	337	317	
		P000101020700002_0001	Preventative Maintenance	an efficient, effective and development responsive workforce to support an inclusive, accountable, effective and efficient local government	Growth	AL STRATEGIC OBJECTIVE	WHOLE OF THE DISTRICT	11 247	8 226	6 946	10 227	11 945	5 111	-	5 111	6 313	6 615	
		Preston Operational expenditure									885 159		844 000		844 000	878 271	907 627	
		Erinye: List all Operational projects grouped by Entity	Hany Gwala Development Agency Administrative And Corporate Support Disaster Relief Government Information System (GIS) Project And Support Buildings O_ Municipal Running Cost O_ Municipal Running Cost O_ Municipal Running Cost O_ The Capacity Build Train & Dev. Workshops: Seminars & Subject Matter Train O_ Municipal Running Cost Project Implementation Economic Development/Planning Economic Development/Planning Economic Development/Planning Economic Development/Planning Economic Development/Planning Tourism Development	P0002_0000	Municipal Running Cost	Sustainable human settlements and infrastructure	Governance	OWN MUNICIPAL STRATEGIC OBJECTIVE	ADMIN OR HEAD OFFICE	-	-	-	-	7 070	7 070	-	7 362	7 647
				P000304003_00001	Work Streams	A comprehensive, responsive and sustainable human settlements and infrastructure	Governance	OWN MUNICIPAL STRATEGIC OBJECTIVE	ADMIN OR HEAD OFFICE	-	-	-	90	90	94	-	94	101
				P000304007_00016	Work Streams	Responsive, accountable, effective and efficient local government	Spatial Integration	OWN MUNICIPAL STRATEGIC OBJECTIVE	ADMIN OR HEAD OFFICE	-	-	-	450	450	463	-	463	505
				P000102010102030001	Preventative Maintenance	An efficient, effective and development responsive workforce to support an inclusive, accountable, effective and efficient local government	Governance	OWN MUNICIPAL STRATEGIC OBJECTIVE	ADMIN OR HEAD OFFICE	-	-	-	5	5	5	-	5	6
				P0002_0000	Municipal Running Cost	Sustainable human settlements and infrastructure	Governance	OWN MUNICIPAL STRATEGIC OBJECTIVE	ADMIN OR HEAD OFFICE	-	-	-	10 256	10 222	2 584	-	2 584	2 673
P0002_0000	Municipal Running Cost			Sustainable human settlements and infrastructure	Governance	OWN MUNICIPAL STRATEGIC OBJECTIVE	ADMIN OR HEAD OFFICE	-	-	-	1 419	1 419	11 474	-	11 474	12 284		
P000304010_00014	Work Streams			A skilled and capable workforce to support an inclusive, accountable, effective and efficient local government	Governance	OWN MUNICIPAL STRATEGIC OBJECTIVE	ADMIN OR HEAD OFFICE	-	-	-	2 800	2 558	2 653	-	2 653	2 677		
P0002_0000	Municipal Running Cost			Sustainable human settlements and infrastructure	Governance	OWN MUNICIPAL STRATEGIC OBJECTIVE	ADMIN OR HEAD OFFICE	-	-	-	2 897	2 957	175	-	175	182		
P000304010_00004	Work Streams			An efficient, effective and development responsive workforce to support an inclusive, accountable, effective and efficient local government	Spatial Integration	OWN MUNICIPAL STRATEGIC OBJECTIVE	ADMIN OR HEAD OFFICE	-	-	-	10	70	73	-	73	79		
P000302002_00007	Work Streams			An efficient, effective and development responsive workforce to support an inclusive, accountable, effective and efficient local government	Spatial Integration	OWN MUNICIPAL STRATEGIC OBJECTIVE	WHOLE OF THE DISTRICT	-	-	-	42	42	44	-	44	47		
P000302002_00008	Work Streams			An efficient, effective and development responsive workforce to support an inclusive, accountable, effective and efficient local government	Spatial Integration	OWN MUNICIPAL STRATEGIC OBJECTIVE	RUBULALEZEME	-	-	-	90	90	94	-	94	101		
P000302002_00009	Work Streams			An efficient, effective and development responsive workforce to support an inclusive, accountable, effective and efficient local government	Spatial Integration	OWN MUNICIPAL STRATEGIC OBJECTIVE	RUBENKAMA SANI	-	-	-	228	228	237	-	237	257		
P000304010_00003	Work Streams			An efficient, effective and development responsive workforce to support an inclusive, accountable, effective and efficient local government	Growth	OWN MUNICIPAL STRATEGIC OBJECTIVE	ADMIN OR HEAD OFFICE	-	-	-	100	100	104	-	104	112		
Erinye Operational expenditure											24 461		25 366		25 366	26 203	26 990	
Total Operational expenditure											889 621		889 447		889 447	904 474	934 615	

1.18 LEGISLATION COMPLIANCE STATUS

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

In year reporting

Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the district's website.

Internship programme

The district is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department and internal auditing. Their contracts started on the 01 August 2020 and the contract will take 5 years as required by National Treasury. Since the introduction of the Internship programme the district has successfully employed and trained 18 interns through this programme and a majority of them were appointed either in the district or other Institutions.

Budget and Treasury Office

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

Audit Committee

An Audit Committee has been established and is fully functional.

Service Delivery and Implementation Plan

The detail SDBIP document is at a Draft stage and will be Draftised after approval of the 2026/2027 MTREF in May 2026 directly aligned and informed by the 2026/2027 MTREF.

Annual Report

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

MFMA Training

The MFMA training module in electronic format is presented at the district and training is ongoing.

Policies

The review of all budget related policies has taken place in terms of Regulation 7 of the MBRR.

1.19 OTHER SUPPORTING DOCUMENTS

Table 44 MBRR Table SA1 - Supporting detail to budgeted financial performance

DC43 Harry Gwala - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

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										
REVENUE ITEMS:										
Exchange revenue										
Service charges - Water										
Agricultural and Rural Water Service	2 746	2 286	1 695	2 899	2 690	2 890	1 417	3 063	3 247	3 441
Availability Charges										
Connection/Disconnection	124	120	425	240	1 206	1 206	603	1 279	1 355	1 437
Industrial Water	1 266	1 093	1 497	1 155	1 782	1 782	1 277	1 889	2 002	2 122
Meter Reading Fees										
Sale	62 164	57 630	63 367	63 009	67 232	67 232	44 145	71 266	75 542	80 075
Urban Higher Level Service										
Total Service charges - Water	66 300	61 130	67 003	67 303	73 110	73 110	47 442	77 497	82 146	87 075
<i>Less Revenue Foregone (in excess of 6 kilolitres per indigent household per month)</i>										
<i>Less Cost of Free Basis Services (6 kilolitres per indigent household per month)</i>	(1 775)	(1 828)	(3 315)	788	-	-	0	-	-	-
Net Service charges - Water	64 525	59 302	63 688	68 071	73 110	73 110	47 442	77 497	82 146	87 075
Service charges - Waste Water Management										
Agricultural and Rural										
Availability Charges	-	4	-	-	-	-	-	-	-	-
Connection/Reconnection	-	11	52	20	31	31	114	33	35	37
Higher Level Service										
Industrial Effluent										
Industrial Waste Water	338	164	121	194	194	194	124	205	218	231
Pump/Removal of Waste Water	176	268	251	460	460	460	130	488	517	548
Sanitation Charges	12 636	12 810	12 421	12 844	12 844	12 844	8 470	13 615	14 432	15 288
Treatment of Effluent										
Total Service charges - Waste Water Management	13 149	13 256	12 845	13 518	13 529	13 529	8 838	14 341	15 202	16 114
<i>Less Revenue Foregone (in excess of free sanitation service to indigent households)</i>										
<i>Less Cost of Free Basis Services (free sanitation service to indigent households)</i>										
Net Service charges - Waste Water Management	13 149	13 256	12 845	13 518	13 529	13 529	8 838	14 341	15 202	16 114
Net Service charges - Waste Management	-	-	-	-	-	-	-	-	-	-
Sales of Goods and Rendering of Services										
Academic Services										
Advertisements										
Clearance Certificates	4	8	6	17	13	13	8	14	15	16
Computer Services										
Library Fees										
Management Fees	106	-	97	69	69	69	-	74	78	83
Meal and Refreshment										
Membership Fees										
Sale of Goods	631	169	38	686	64	64	67	68	72	76
Scrap, Waste & Other Goods	-	-	-	-	-	-	-	4	4	4
Waighbridge Fees										
Total Sales of Goods and Rendering of Services	741	178	141	791	146	146	76	159	169	179
Interest earned from Receivables										
Affiliates/Related Parties/Associated Companies										
Electricity										
Housing										
SARS										
Service Charges	42	47	47	43	43	43	26	46	46	52
Sporting and Other Bodies										
Staff										
Waste Management										
Waste Water Management	4 277	4 475	3 877	5 807	3 719	3 719	2 469	3 943	4 179	4 430
Water	9 798	12 015	10 674	10 205	8 995	8 995	5 961	9 534	10 106	10 713
Shared Services										
Total Interest earned from Receivables	14 117	16 536	14 599	16 055	12 757	12 757	8 456	13 523	14 334	15 194

Table 45 MBRR Table SA1 - Supporting detail to budgeted financial performance (Continued)

DC43 Harry Gwala - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

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										
REVENUE ITEMS:										
Interest earned from Current and Non Current Assets										
Bank Accounts	1 096	1 835	1 806	1 357	1 357	1 357	885	1 409	1 525	1 611
Financial Assets	-	-	-	-	-	-	-	-	-	-
Short Term Investments and Call Accounts	9 763	20 153	26 206	24 686	24 686	24 686	14 982	26 133	27 660	29 277
Total Interest earned from Current and Non Current Assets	10 869	21 988	28 012	26 043	26 043	26 043	15 867	27 572	29 185	30 888
Operational Revenue										
Administrative Handling Fees	-	-	-	-	-	-	-	-	-	-
Incidental Cash Surpluses	-	-	-	-	-	-	-	-	-	-
Inspection Fees	32	42	38	18	84	84	51	89	94	10
Insurance Refund	333	761	15	16	-	-	-	-	-	-
Merchandising, Jobbing and Contracts	-	-	-	-	-	-	-	-	-	-
Skills Development Levy Refund	372	418	393	410	410	410	413	435	461	48
Staff and Councillors Recoveries	73	-	233	262	153	153	77	162	172	18
Total Operational Revenue	810	1 241	678	706	647	647	541	686	727	77
Non-Exchange revenue										
Fines, Penalties and Forfeits										
Fines	-	-	-	-	-	-	-	-	-	-
Forfeits	-	478	786	1 643	340	340	170	354	368	38
Penalties	-	-	-	-	-	-	-	-	-	-
Total Fines, Penalties and Forfeits	-	478	786	1 643	340	340	170	354	368	38
Monetary Allocations										
Departmental Agencies and Accounts										
District Municipalities	-	-	-	23 000	23 000	23 000	-	23 000	25 500	25 000
Foreign Government and International Organisations										
Higher Educational Institutions										
Households	-	-	-	-	-	-	-	-	-	-
National Governments	20 299	13 901	42 871	53 118	53 118	53 118	26 380	35 405	36 887	37 211
National Revenue Fund	432 161	463 631	491 837	520 871	520 871	520 871	390 853	548 694	577 955	592 711
Non-Profit Institutions										
Total Monetary Allocations	452 460	477 532	534 708	596 989	596 989	596 989	417 013	607 089	639 342	654 93
Total Transfer and subsidies - Operational	452 460	477 532	534 708	596 989	596 989	596 989	417 013	607 089	639 342	654 93
Total Operational Revenue - Service Charges	-	-	-	-	-	-	-	-	-	-
Property, Plant and Equipment	-	-	-	-	-	-	474	-	-	-
Total Disposal of Fixed and Intangible Assets	-	-	-	-	-	-	474	-	-	-
Fair Value Adjustment										
Long Service Awards	972	92	409	-	-	-	-	-	-	-
Medical	2 783	1 282	376	-	-	-	-	-	-	-
Pension Funds										
Total Actuarial Assessments	3 755	1 374	785	-	-	-	-	-	-	-
Total Fair Value Adjustment	3 755	1 374	785	-	-	-	-	-	-	-
Total Other Gains	3 755	1 374	785	-	-	-	-	-	-	-
Discontinued Operations										
Total Revenue	560 414	591 885	636 242	723 815	723 562	723 562	498 876	741 220	781 473	805 53

Table 46 MBRR Table SA1 - Supporting detail to budgeted financial performance (Continued)

DC43 Harry Gwala - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

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										
EXPENDITURE ITEMS:										
Employee related costs										
Salaries and Allowances										
Basic Salary	146 711	154 140	164 038	192 646	191 766	191 766	117 476	199 955	207 890	216 118
Bonuses	81	55	69	166	224	224	69	233	242	252
Allowance										
Accommodation, Travel and Incidental	1 053	690	600	1 067	1 172	1 172	381	1 219	1 268	1 318
Cellular and Telephone	1 237	1 196	1 239	1 313	1 426	1 426	848	1 483	1 543	1 604
Housing Benefits	847	1 045	1 103	1 098	1 194	1 194	744	1 242	1 292	1 343
Non-pensionable	223	240	275	309	415	415	256	432	449	467
Travel or Motor Vehicle	21 223	20 996	10 606	23 106	22 415	22 415	6 422	23 311	24 244	25 214
Voluntary Work	-	-	-	-	-	-	-	-	-	-
Total Allowance	24 592	24 167	13 823	26 892	26 622	26 622	8 652	27 687	28 795	29 947
Service Related Benefits										
Acting	215	335	207	507	648	648	205	716	744	772
Bonus	10 259	10 668	11 323	12 566	13 783	13 783	7 646	13 888	14 444	15 022
Danger Allowance	-	-	-	-	-	-	-	-	-	-
Entertainment	-	-	-	-	-	-	-	-	-	-
Fire Brigade	-	-	-	-	-	-	-	-	-	-
In-kind Benefits	-	-	-	-	-	-	-	-	-	-
Leave Pay	1 750	1 020	1 841	2 592	3 652	3 652	1 188	3 846	3 998	4 156
Lifeguard/Duty Squads	-	-	-	-	-	-	-	-	-	-
Long Service Award	-	-	-	1 205	1 205	1 205	807	1 253	1 303	1 355
Overtime	19 197	21 207	24 078	7 174	25 329	25 329	16 995	26 342	27 395	28 492
Scarcity	-	-	-	-	-	-	-	-	-	-
Standby Allowance	4 910	5 315	4 899	5 321	5 897	5 897	3 382	6 132	6 378	6 633
Tools Allowance	-	-	-	-	-	-	-	-	-	-
Uniform-Special-Protective Clothing	-	-	-	-	-	-	-	-	-	-
Leave gratuity	-	-	-	-	-	-	-	-	-	-
Long Term Service Award	-	-	-	-	-	-	-	-	-	-
Total Service Related Benefits	36 333	38 545	42 348	29 385	50 513	50 513	30 224	52 178	54 263	56 429
Total Salaries and Allowances	207 717	216 907	220 278	249 088	269 125	269 125	156 421	280 053	291 190	302 746
Social Contributions										
Bargaining Council	53	58	59	68	185	185	42	192	200	208
Group Life Insurance	-	-	-	-	-	-	-	-	-	-
Medical	10 478	10 953	11 510	14 670	12 926	12 926	7 967	13 338	13 869	14 421
Pension	20 665	21 591	22 977	26 620	27 237	27 237	16 015	28 375	29 501	30 672
Unemployment Insurance	1 004	1 043	1 064	1 295	1 336	1 336	725	1 303	1 356	1 410
Total Social Contributions	32 200	33 645	35 610	42 653	41 683	41 683	24 750	43 208	44 926	46 710
Post-retirement Benefit										
Medical	3 094	3 093	3 409	-	-	-	-	-	-	-
Other Benefits										
Pension	1 150	1 082	1 815	-	-	-	-	-	-	-
Total Post-retirement Benefit	4 244	4 175	5 225	-	-	-	-	-	-	-
Sub-Total	244 161	254 727	261 114	291 721	310 807	310 807	181 170	323 261	336 115	349 456
Less: Employees costs capitalised to PPE										
Total Employee Related Cost	244 161	254 727	261 114	291 721	310 807	310 807	181 170	323 261	336 115	349 456

Table 47 MBRR Table SA1 - Supporting detail to budgeted financial performance (Continued)

DC43 Harry Gwala - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

Description	2022/23	2023/24	2024/25	Current Year 2025/26				2025/27 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pro-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
R thousand										
EXPENDITURE ITEMS:										
Remuneration of Councillors										
Allowances and Service Related Benefits										
Basic Salary	3 902	4 686	5 095	5 349	5 349	5 349	3 561	5 563	5 786	6 0
Cell phone Allowance	491	547	518	545	545	545	348	567	590	6
Housing Allowance										
In-kind Benefits										
Market Related Non-pensionable Allowance										
Motor Vehicle Allowance	-	-	-	-	-	-	-	-	-	-
Office-bearer Allowance	631	390	484	530	568	568	378	560	614	6
Out of pocket Expenses	167	8	10	2	5	5	5	5	5	5
Travelling Allowance	1 176	1 295	1 388	1 573	1 575	1 575	950	1 638	1 703	1 7
Use of Personal Facilities										
Total Allowances and Service Related Benefits	6 366	6 786	7 455	8 000	8 042	8 042	5 231	8 363	8 688	9 0
Social Contributions										
Medial Aid Benefits	153	33	2	3	3	3	(9)	3	4	4
Pension Fund Contributions	469	133	84	56	56	56	12	59	61	61
Total Social Contributions	622	166	86	80	60	60	9	62	65	65
Total Remuneration of Councillors	6 988	6 952	7 581	8 059	8 101	8 101	5 240	8 426	8 783	9 1
Inventory Consumed										
Agricultural										
Consumables	4 561	4 946	9 621	8 783	9 178	9 178	6 697	8 373	8 649	8 9
Finished Goods										
Materials and Supplies	3 464	770	15 961	1 456	1 315	1 315	444	1 731	1 789	1 8
Water	25 396	27 882	33 244	29 416	35 537	35 537	26 595	29 592	30 569	31 5
Sub-total	33 421	33 598	58 827	39 635	46 030	46 030	33 736	39 696	41 007	42 3
Less: Capitalisation of inventory consumed										
Total Inventory Consumed	33 421	33 598	58 827	39 635	46 030	46 030	33 736	39 696	41 007	42 3
Debt Impairment										
Trade and Other Receivables from Exchange Transactions										
Electricity										
Shared Services										
Waste Management										
Waste Water Management	(6 846)	(6 015)	7 224	7 987	7 987	7 987	-	8 306	8 580	8 8
Water	5 644	15 811	(4 317)	23 543	23 543	23 543	-	24 485	25 293	26 1
Non Specific Accounts	-	-	-	-	-	-	-	-	-	-
Total Trade and Other Receivables from Exchange Transactions	(1 202)	10 796	2 907	31 530	31 530	31 530	-	32 791	33 873	34 9
Total Other Receivables from Non-exchange Revenue	-	-	-	-	-	-	-	-	-	-
Total Debt Impairment	(1 202)	10 796	2 907	31 530	31 530	31 530	-	32 791	33 873	34 9
Depreciation, Amortisation and Impairment										
Amortisation										
Intangible Assets	134	202	110	288	288	288	64	4 807	4 966	5 1
Total Amortisation	134	202	110	288	288	288	64	4 807	4 966	5 1
Depreciation										
Biological or Cultivated Assets										
Coastal Infrastructure										
Community Assets	129	113	84	177	177	177	49	189	195	2
Computer Equipment	2 492	1 646	2 111	3 243	3 243	3 243	1 167	3 372	3 486	3 6
Electrical Infrastructure	1 549	1 521	1 485	1 826	1 826	1 826	345	1 899	1 961	2 0
Furniture and Office Equipment	594	691	707	830	830	830	541	867	888	9
Heritage Assets										
Information and Communication Infrastructure	39	69	84	41	41	41	60	43	45	
Investment Property										
Land										
Libraries										
Living resources										
Machinery and Equipment	548	624	770	722	722	722	483	747	772	7
Other Assets	1 178	1 193	1 193	1 372	1 372	1 372	696	1 427	1 474	1 5
Rail Infrastructure										
Roads Infrastructure	4	4	4	5	5	5	2	5	5	
Sanitation Infrastructure	6 813	6 776	7 746	8 006	8 006	8 006	4 740	8 327	8 602	8 8
Solid Waste Infrastructure										
Storm water Infrastructure										
Transport Assets	7 409	5 060	6 547	12 024	12 024	12 024	4 580	10 723	11 077	11 4
Water Supply Infrastructure	71 318	80 483	93 379	79 255	79 255	79 255	56 955	82 434	85 154	87 8
Zoo, Marine and Non-biological Animals										
Total Depreciation	92 074	98 211	114 090	107 500	107 500	107 500	69 617	110 032	113 688	117 3

Table 48 MBRR Table SA1 - Supporting detail to budgeted financial performance (Continued)

DC43 Harry Gwala - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

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										
EXPENDITURE ITEMS:										
Remuneration of Councillors										
Capital Impairment Losses and Reversals										
Electrical Infrastructure	26	255	-	-	-	-	-	-	-	-
Furniture and Office Equipment	2	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure	249	1 122	-	-	-	-	-	-	-	-
Water Supply Infrastructure	302	137 141	2 117	-	-	-	-	-	-	-
Zoo, Marine and Non-biological Assets										
Total Property, Plant and Equipment	579	138 517	2 117	-	-	-	-	-	-	-
Total Capital Impairment Losses and Reversals	579	138 517	2 117	-	-	-	-	-	-	-
Total Depreciation, Amortisation and Impairment	92 787	236 830	116 317	107 788	107 788	107 788	69 681	114 839	118 634	122 4
Interest, Dividends and Rent on Land										
Dividends Paid										
Interest Paid	113	2	-	54	54	54	-	56	58	
Rent on Land										
Total Interest, Dividends and Rent on Land	113	2	-	54	54	54	-	56	58	
Contracted Services										
Consultants and Professional Services	9 378	11 929	17 017	19 373	19 590	19 590	6 973	20 351	21 189	21 8
Contractors	57 234	44 214	66 743	74 652	75 864	75 864	47 113	49 356	52 821	54 4
Outsourced Services	67 651	66 551	75 355	79 832	108 571	108 571	60 802	94 699	98 311	101 4
Total Contracted Services	134 263	122 694	159 115	173 856	204 025	204 025	114 888	164 407	172 301	177 8
Operational										
Allocations In-kind	-	-	-	-	-	-	-	-	-	-
Monetary Allocations	15 290	-	-	23 360	23 360	23 360	14 000	23 374	25 889	25 4
Total Operational	15 290	-	-	23 360	23 360	23 360	14 000	23 374	25 889	25 4
Total Transfers and Subsidies	15 290	-	-	23 360	23 360	23 360	14 000	23 374	25 889	25 4
Irrecoverable Debts Written Off										
Bad debt written off										
Exchange										
Electricity	-	-	-	-	-	-	-	-	-	-
Non Specific Accounts	-	-	-	-	14	14	10	14	15	
Waste Management	-	-	-	-	-	-	-	-	-	-
Waste Water Management	-	-	-	8 504	8 504	8 504	253	9 014	9 311	9 6
Water	-	-	16 809	33 823	33 823	33 823	9 321	35 852	37 035	38 2
Total Exchange	-	-	16 809	42 327	42 340	42 340	9 585	44 690	46 352	47 8
Non-exchange										
Non Specific Accounts	-	-	742	-	-	-	-	-	-	-
Property Rates	-	-	-	-	-	-	-	-	-	-
Service Charges	-	-	-	-	-	-	-	-	-	-
Total Non-exchange	-	-	-	-	-	-	-	-	-	-
Total Irrecoverable Debts Written Off	-	-	16 809	42 327	42 340	42 340	9 585	44 690	46 352	47 8

Table 49 MBRR Table SA1 - Supporting detail to budgeted financial performance (Continued)

DC43 Harry Gwala - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

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										
EXPENDITURE ITEMS:										
Operational Cost and Other Cost										
Operational Cost										
Achievements and Awards	-	-	-	637	780	780	-	809	836	8
Advertising, Publicity and Marketing	1 925	2 749	2 135	3 187	3 561	3 561	1 701	3 646	3 767	3 8
Assets less than the Capitalisation Threshold	-	-	78	-	-	-	-	-	-	-
Atmospheric Emission Licence										
Bank Charges, Facility and Card Fees	212	127	129	259	141	141	81	147	152	1
Bargaining Council										
Bond Issue Amortisation Costs										
Brokers Fees										
Bursaries (Employees)	343	63	120	114	422	422	320	200	207	2
Cash Discount										
Cleaning Services										
Commission	416	595	589	767	423	423	404	439	453	4
Communication	4 170	3 630	4 648	3 263	3 714	3 714	2 505	3 904	4 033	4 1
Contribution to Provisions										
Eskom Connection Fees										
External Audit Fees	4 660	4 572	5 765	5 827	7 783	7 783	5 902	8 591	8 879	9 1
External Computer Service	4 026	4 527	5 528	6 494	9 753	9 753	6 958	9 506	9 823	10 1
Fines and Penalties										
Hire Charges	476	1 188	1 119	2 802	1 216	1 216	175	2 322	2 399	2 4
Honoraria (Voluntary Workers)										
Indigent Relief										
Insurance Underwriting	1 184	2 382	2 180	3 097	3 770	3 770	2 078	3 760	3 886	4 0
Capitalisation of Wet Fuel Costs (Credit Account)										
Land Alienation Costs										
Leasings and Internships	95	167	-	-	-	-	-	-	-	-
Levies Paid - Water Resource Management Charges										
Licences	425	453	433	2 317	2 317	2 317	449	2 408	2 489	2 5
Management Fee										
Municipal Services	22 644	24 422	36 641	25 678	30 573	30 573	21 830	27 272	28 175	29 0
Office Decorations										
Parking Fees	-	-	-	-	-	-	-	-	-	-
Permits										
Personnel Agency Fees (Personnel Recruitment Costs)										
Printing, Publications and Books	773	1 137	2 065	1 000	1 850	1 850	1 139	1 834	1 895	1 9
Professional Bodies, Membership and Subscription	2 656	2 889	2 928	3 322	3 394	3 394	3 100	3 675	3 796	3 9
Registration Fees	117	711	238	4 174	4 477	4 477	562	4 307	4 272	4 3
Remuneration to Section 79 Committee Members										
Servitudes and Land Surveys										
Signage	-	-	37	107	260	260	130	200	207	2
Skills Development Fund Levy	1 868	1 984	2 011	2 511	2 566	2 566	1 440	2 663	2 751	2 8
Small Differences Tolerances	(0)	-	(0)	-	-	-	-	-	-	-
Toll Gate Fees										
Transport Provided as Part of Departmental Activities	147	562	-	-	-	-	-	-	-	-
Travel Agency and Visas										
Travel and Subsistence	2 828	2 990	4 197	7 218	7 770	7 770	3 029	7 456	7 704	7 9
Uniform and Protective Clothing	3 289	2 740	4 116	4 690	7 257	7 257	3 428	6 865	7 092	7 3
Vehicle Tracking	258	206	245	545	322	322	164	334	345	3
Ward Committees										
Warranties and Guarantees										
Wet Fuel	10 524	12 947	12 398	18 980	19 904	19 904	13 116	20 130	20 815	21 5
Witness Fees										
Workmens Compensation Fund	894	930	-	1 818	2 000	2 000	-	2 000	2 066	2 1
Total Operational Cost	63 882	71 981	87 600	98 810	114 256	114 256	68 512	112 469	116 052	119 7

Table 50 MBRR Table SA1 - Supporting detail to budgeted financial performance (Continued)

DC43 Harry Gwala - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'

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										
EXPENDITURE ITEMS:										
Operating Lessee										
Biological Assets										
Community Assets										
Computer Equipment	53	106	-	125	125	125	-	130	134	130
Furniture and Office Equipment	-	-	-	909	909	909	-	943	974	1 000
Intangible Assets										
Investment Properties	1 254	481	417	545	481	481	361	468	515	515
Other Assets										
Transport Assets	3 933	1 715	804	455	614	614	24	222	229	229
Zoo, Marine and Non-biological Animals										
Total Operational Leases	5 240	2 302	1 221	2 035	2 129	2 129	384	1 793	1 852	1 852
Discontinued Operations										
Statutory Payments other than Income Taxes										
Total Operational Cost and Other Cost	69 121	74 283	68 621	100 844	116 385	116 385	68 896	114 262	117 904	121 700
Disposal of Fixed and Intangible Assets										
Living resources										
Property, Plant and Equipment	2 875	1 190	-	-	-	-	1 067	4 654	4 807	4 807
Total Disposal of Fixed and Intangible Assets	2 875	1 190	-	-	-	-	1 067	4 654	4 807	4 807
Total Other Losses	-	-	-	-	-	-	-	-	-	-
Total Expenditure	597 618	741 152	711 491	819 174	890 421	890 421	498 263	870 647	905 714	936 000
Surplus/(Deficit)	(37 403)	(149 267)	(55 249)	(95 360)	(166 858)	(166 858)	613	(129 426)	(124 241)	(130 241)
Transfers and subsidies - capital (monetary allocations)										
Households	-	-	-	-	-	-	-	-	-	-
National Government	283 338	332 319	293 629	293 458	293 458	293 458	174 464	328 867	369 426	373 700
Non-Profit Institutions										
Provincial Governments	-	-	24 064	-	-	-	-	-	-	-
Public Corporations										
Total Transfers and subsidies - capital (monetary allocations)	283 338	332 319	317 693	293 458	293 458	293 458	174 464	328 867	369 426	373 700
Provincial Governments	3 036	-	-	-	-	-	-	-	-	-
Public Corporations										
Total Transfers and subsidies - capital (in-kind)	3 036	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers and contributions	249 822	183 052	262 444	198 099	126 600	126 600	175 077	199 441	265 185	243 100
Total Income Tax	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax	249 822	183 052	262 444	198 099	126 600	126 600	175 077	199 441	265 185	243 100
Share of Surplus/Deficit attributable to Joint Venture										
Share of Surplus/Deficit attributable to Minorities										
Surplus/(Deficit) attributable to municipality	249 822	183 052	262 444	198 099	126 600	126 600	175 077	199 441	265 185	243 100
Share of Surplus/Deficit attributable to Associate										
Intercompany/Parent-Subsidiary Transactions	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	249 822	183 052	262 444	198 099	126 600	126 600	175 077	199 441	265 185	243 100
Repairs and Maintenance by Expenditure Item										
Employee related costs										
Inventory Consumed (Project Maintenance)	3 055	-	-	-	-	-	-	-	-	-
Contracted Services	49 412	43 781	40 466	45 192	47 246	47 246	30 306	30 805	31 822	32 800
Operational Costs										
Total Repairs and Maintenance Expenditure	52 467	43 781	40 466	45 192	47 246	47 246	30 306	30 805	31 822	32 800

Table 63 MBRR Table SA2- Matrix financial performance budget (revenue source/expenditure type and department)

DC43 Harry Gwala - Supporting Table SA2 Consolidated Matrix Financial Performance Budget (revenue source/expenditure type & dept.)

Description	Vote 01 - Summary Council	Vote 02 - Summary Municipal Manager	Vote 03 - Summary Budget And Treasury Office	Vote 04 - Summary Corporate Services	Vote 05 - Summary Social Services & Development Planning	Vote 06 - Summary Infrastructure Services	Vote 07 - Summary Water Services	Total
R thousand								
Revenue								
Exchange Revenue								
Service charges - Electricity								-
Service charges - Water						1 519	75 978	77 497
Service charges - Waste Water Management						3 575	10 766	14 341
Service charges - Waste Management								-
Sale of Goods and Rendering of Services			159		-			159
Agency services								-
Interest								-
Interest earned from Receivables			46				13 477	13 523
Interest earned from Current and Non Current Assets			26 056		1 516			27 572
Dividends								-
Rent on Land								-
Rental from Fixed Assets								-
Licence and permits								-
Special rating levies								-
Construction Contract Revenue								-
Development Charges								-
Operational Revenue			162	435	89		-	686
Non-Exchange Revenue								
Property rates								-
Surcharges and Taxes								-
Fines, penalties and forfeits			354		-		-	354
Licences or permits								-
Transfer and subsidies - Operational			550 084	-	23 000	34 005	-	607 089
Interest								-
Fuel Levy								-
Operational Revenue								-
Gains on disposal of Fixed and Intangible Assets		-	-	-	-	-	-	-
Other Gains								-
Discontinued Operations								-
Total Revenue (excluding capital transfers and contributions)	-	-	576 861	435	24 605	39 099	100 221	741 220
Expenditure								
Employee related costs	3 506	18 126	43 744	33 124	48 994	31 261	144 507	323 261
Remuneration of councillors	8 426							8 426
Bulk purchases - electricity								-
Inventory consumed	26			259	3 381		36 031	39 696
Debt impairment							32 791	32 791
Depreciation, amortisation and impairment			68	19 546	915	92 674	1 636	114 839
Interest, Dividends and Rent on Land				15	42			56
Contracted services	5 963	11 082	17 431	47 011	10 168	23 403	49 348	164 407
Transfers and subsidies					23 374			23 374
Irrecoverable debts written off			14				44 866	44 880
Operational costs	5 712	3 043	15 635	37 030	15 863	3 988	32 991	114 262
Disposal of Fixed and Intangible Assets			50	4 519	70	9	7	4 654
Other Losses								-
Total Expenditure	23 633	32 251	76 942	141 503	102 806	151 334	342 177	870 647
Surplus/(Deficit)	(23 633)	(32 251)	499 919	(141 068)	(78 202)	(112 235)	(241 957)	(129 426)
Transfers and subsidies - capital (monetary allocations)								328 867
Transfers and subsidies - capital (in-kind)								-
Surplus/(Deficit) after capital transfers & contributions	(23 633)	(32 251)	499 919	(141 068)	(78 202)	216 632	(241 957)	199 441

Table 51 MBRR Table SA3 – Supporting detail to Statement of Financial Position

DC43 Harry Gwala - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	2022/23	2023/24	2024/25	Current Year 2025/26				2025/27 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										
Call Deposits and Investments	128 096	143 508	129 017	114 996	162 411	162 411	121 977	99 149	113 178	181 009
Cash at Bank	(3 456)	65 922	132 652	58 655	50 695	50 695	(75 450)	121 716	133 570	78 003
Cash on Hand	0	0	0	16	16	16	-	16	16	16
Total Cash and Cash Equivalents	124 641	209 430	261 670	173 668	213 121	213 121	46 527	220 880	246 764	259 028
Short term Investments										
Deposit Taking Institutions										
Trade and other receivables from exchange transactions										
Electricity										
Waste Management										
Waste Water Management	63 018	56 527	63 880	55 385	60 719	60 719	(1 192)	51 959	46 650	45 404
Water	178 639	176 499	171 769	147 466	153 997	153 997	(7 434)	135 159	116 159	97 056
Other trade receivables from exchange transactions	1 103	1 143	1 116	1 143	1 116	1 116	23	1 116	1 116	1 116
VAT Receivable Input Tax Accrued										
Gross: Trade and other receivables from exchange transactions	242 761	234 169	236 765	203 985	215 832	215 832	(6 603)	189 234	165 925	143 576
Less: Impairment for debt										
Impairment for Electricity										
Impairment for Waste Management	(19 368)	(20 099)	(19 369)	(20 099)	(19 369)	(19 369)	-	-	-	-
Impairment for Waste Water Management	(55 457)	(50 442)	(57 431)	(44 425)	(56 914)	(56 914)	4 896	(49 900)	(44 589)	(40 590)
Impairment for Water	(135 177)	(150 990)	(146 589)	(115 150)	(136 309)	(136 309)	-	(112 457)	(90 421)	(72 201)
Impairment for other trade receivables from exchange transactions	(602)	(602)	(602)	(602)	(602)	(602)	-	(14 561)	(14 561)	(14 561)
Total Less: Impairment for debt	(210 625)	(222 133)	(223 991)	(180 276)	(213 194)	(213 194)	4 896	(175 918)	(149 572)	(127 742)
Total net Trade and other receivables from Exchange Transactions	32 136	12 036	12 773	23 710	2 638	2 638	(3 707)	11 315	16 354	15 835
Receivables from non-exchange transactions										
Property rates										
Agricultural Properties	4 424	4 418	3 570	4 418	3 570	3 570	(11)	3 570	3 570	3 570
Business and Commercial Properties										
Property Rates General										
Gross: Property rates	4 424	4 418	3 570	4 418	3 570	3 570	(11)	3 570	3 570	3 570
Less: Impairment of Property rates	(2 106)	(2 106)	(2 000)	(2 106)	(2 000)	(2 000)	-	(2 000)	(2 000)	(2 000)
Net Property rates	2 318	2 312	1 570	2 312	1 570	1 570	(11)	1 570	1 570	1 570
Other receivables from non-exchange transactions	-	-	-	-	-	-	-	-	-	-
Less: Impairment for other receivables from non-exchange transactions	-	-	-	-	-	-	-	-	-	-
Net other receivables from non-exchange transactions	-	-	-	-	-	-	-	-	-	-
Total net Receivables from non-exchange transactions	2 318	2 312	1 570	2 312	1 570	1 570	(11)	1 570	1 570	1 570
Water	716	858	963	858	963	963	26	963	963	963
Work-in-progress										
Total Inventory	716	858	963	858	963	963	26	963	963	963
VAT Receivable										
Input Tax Capital	9 081	(4 439)	4 388	(4 439)	4 388	4 388	(3 168)	4 388	4 388	4 388
Input Tax General	25 515	23 604	24 720	23 604	24 720	24 720	(5 992)	24 720	24 720	24 720
VAT Control (Receivable)	-	(9)	3 017	-	3 017	3 017	(926)	3 017	3 017	3 017
Total VAT Receivable	34 596	19 164	32 125	19 165	32 125	32 125	(10 086)	32 125	32 125	32 125
Other current assets										
Construction Contracts and Receivables										
Control, Clearing and Interface Accounts	(5)	(229)	(307)	(229)	(307)	(307)	(224)	(307)	(307)	(307)
Deposits	-	-	-	-	-	-	-	-	-	-
Fair Value Adjustments										
Income Tax Receivable										
Operating Lease - Straight Lining										
Intercompany/Parent-Subsidiary Transactions										
Total Other current assets	(5)	(229)	(307)	(229)	(307)	(307)	(224)	(307)	(307)	(307)
Total Current Assets	194 402	243 572	308 794	219 492	250 110	250 110	32 524	266 547	297 469	309 214

Table 52 MBRR Table SA3 – Supporting detail to Statement of Financial Position (Continued)

DC43 Harry Gwala - Supporting Table SA3 Supporting detail to '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
ASSETS										
Property, Plant and Equipment										
Property, Plant and Equipment at Cost / Revaluation	2 949 320	3 209 119	3 512 403	3 855 625	3 893 860	3 893 860	182 589	4 251 934	4 663 832	5 076 896
Leases recognised as Property, Plant and Equipment	-	-	-	1 180	1 180	1 180	119	1 157	1 078	1 040
Less: Accumulated Depreciation	(764 630)	(860 642)	(955 761)	(1 062 767)	(1 079 813)	(1 079 813)	(85 173)	(1 188 227)	(1 298 744)	(1 412 307)
Less: Accumulated Impairment	(12 293)	(26 315)	(28 389)	10 054	(28 389)	(28 389)	1 571	(17 959)	(17 684)	(17 409)
Total Property, Plant and Equipment	2 172 396	2 322 162	2 528 253	2 804 092	2 786 838	2 786 838	99 106	3 046 905	3 348 482	3 650 023
Construction Work-in-progress										
Acquisitions	(91 926)	45 797	16 923	-	-	-	-	-	-	-
Opening Balance	609 931	718 005	783 802	753 802	780 726	780 726	-	780 726	780 726	780 726
Prior period corrections	-	-	-	-	-	-	-	-	-	-
Transfer to Heritage asset	-	-	-	-	-	-	-	-	-	-
Transfer to Intangible Assets	-	-	-	-	-	-	-	-	-	-
Transfer to Investment property	-	-	-	-	-	-	-	-	-	-
Transfer to PPE	-	-	-	-	-	-	-	-	-	-
Less: Accumulated Impairment	-	(124 278)	(124 278)	(124 278)	(124 278)	(124 278)	-	(124 278)	(124 278)	(124 278)
Total Construction Work-in-progress	718 005	639 524	656 447	639 524	656 447	656 447	-	656 447	656 447	656 447
Intangible Assets										
Intangible Assets at Cost / Revaluation	1 607	614	614	4 443	1 568	1 568	-	3 003	3 098	3 182
Less: Accumulated Amortisation	(615)	(208)	(318)	(1 487)	(318)	(318)	(82)	(318)	(318)	(318)
Less: Accumulated Impairment	(276)	(92)	-	(129)	-	-	-	-	-	-
Total Intangible Assets	515	313	296	2 827	1 250	1 250	(82)	2 685	2 780	2 864
Total Non Current Assets	2 890 917	2 961 999	3 184 956	3 446 443	3 444 536	3 444 536	99 024	3 706 037	4 007 710	4 309 334
TOTAL ASSETS	3 085 318	3 205 572	3 493 790	3 665 935	3 694 646	3 694 646	131 547	3 972 984	4 305 178	4 618 548
Liabilities										
Financial Liabilities										
Concessionary Loan	12 806	12 806	12 806	8 006	10 406	10 406	(1 500)	8 006	5 606	3 206
Short-term Borrowings	-	-	-	-	-	-	-	-	-	-
Total Financial Liabilities	12 806	12 806	12 806	8 006	10 406	10 406	(1 500)	8 006	5 606	3 206
Consumer Deposits										
Sewer	-	-	-	-	-	-	-	-	-	-
Street Closure	-	-	-	-	-	-	-	-	-	-
Valuation Appeal	-	-	-	-	-	-	-	-	-	-
Water	2 415	3 179	3 441	3 748	4 010	4 010	74	4 010	4 010	4 010
Wayleave	-	-	-	-	-	-	-	-	-	-
Total Consumer Deposits	2 415	3 179	3 441	3 748	4 010	4 010	74	4 010	4 010	4 010
Trade and Other Payable Exchange Transactions										
Accrued Interest	-	-	-	-	-	-	-	-	-	-
Advance Payments	6 582	6 389	6 487	6 389	6 487	6 487	(173)	6 487	6 487	6 487
Affiliates, Related Parties and Associated Companies	-	-	-	-	-	-	-	-	-	-
Agency Fees Payable	-	-	-	-	-	-	-	-	-	-
Auditor-General of South Africa	(303 122)	(388 828)	-	-	(15 621)	(15 621)	-	-	-	-
Bonus	4 407	4 608	5 136	4 608	5 136	5 136	-	5 136	5 136	5 136
Compensation Commission (COID)	-	-	-	-	-	-	-	-	-	-
Control, Clearing and Interface Accounts	4 792	(731)	(1 428)	(344)	(344)	(344)	(103)	(344)	(344)	(344)
Leave Accrual	-	-	-	-	-	-	-	-	-	-
Long Service Award	-	-	-	-	-	-	-	15 209	15 209	15 209
Municipal Debt Relief	-	-	-	-	-	-	-	-	-	-
Overtime	-	-	-	-	-	-	-	-	-	-
Payables and Accruals	333 980	406 295	75 528	19 500	93 183	93 183	(64 900)	77 561	77 561	77 561
PAYE Deductions	-	-	-	-	-	-	-	-	-	-
Pension and Retirement Contributions	-	-	-	-	-	-	-	19 767	19 767	19 767
Retentions	45 690	59 369	62 463	56 369	64 463	64 463	(16 752)	66 463	68 463	70 463
Standby	-	-	-	-	-	-	-	-	-	-
Tender documentation	-	-	-	-	-	-	-	-	-	-
Unallocated Deposits	(461)	(167)	(46)	(167)	(46)	(46)	-	(46)	(46)	(46)
Water Inventory Bulk Purchases	-	-	-	-	-	-	-	-	-	-
VAT Payables Output Tax Accrual	-	-	-	-	-	-	-	-	-	-
VAT Payables Output Tax Provision for Doubtful Debt Impairment	-	-	-	-	-	-	-	-	-	-
Total Trade and Other Payable Exchange Transactions	91 868	86 935	148 140	86 356	153 257	153 257	(61 926)	190 233	192 233	194 233

Table 53 MBRR Table SA3 – Supporting detail to Statement of Financial Position (Continued)

DC43 Hany Gwala - Supporting Table SA3 Supporting detail to '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
R thousand										
Transfers and Subsidies Unspent										
Capital	48 145	41 556	64 819	1 169	1 169	1 169	78 825	1 169	1 169	1 169
Operational	(26 969)	(31 456)	(64 819)	314	314	314	(18 790)	314	314	314
Total Transfers and Subsidies Unspent	21 177	10 500	(0)	1 483	1 483	1 483	60 035	1 483	1 483	1 483
VAT Payables Output Tax Accrual	-	-	-	-	-	-	-	-	-	-
VAT Payables Output Tax Provision for Doubtful Debt Impairment	-	-	-	-	-	-	-	-	-	-
Total Trade and Other Payable Non-exchange Transactions	21 177	10 500	(0)	1 483	1 483	1 483	60 035	1 483	1 483	1 483
Provision										
Leave	16 171	16 385	16 527	16 385	16 527	16 527	-	16 527	16 527	16 527
Litigation	-	-	-	-	-	-	-	-	-	-
Total Provision	16 171	16 385	16 527	16 385	16 527	16 527	-	16 527	16 527	16 527
VAT Payable										
VAT Payable: Output Tax	7 635	5 282	6 655	5 282	6 655	6 655	(946)	6 655	6 655	6 655
VAT Payable: VAT Control	-	-	-	-	-	-	-	-	-	-
Total VAT Payable	7 635	5 282	6 655	5 282	6 655	6 655	(946)	6 655	6 655	6 655
Other current liabilities										
Total Other current liabilities	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	151 972	135 087	187 569	121 261	192 338	192 338	(24 265)	226 914	226 514	226 114
Non-current Liabilities										
Financial Liabilities										
Borrowings										
Annuity and Bullet Loans	(0)	(0)	(0)	-	-	-	-	-	-	-
Bankers Acceptance Certificate	-	-	-	-	-	-	-	-	-	-
Total Borrowings	(0)	(0)	(0)	-	-	-	-	-	-	-
Operating Lease Liability	-	-	-	-	-	-	-	-	-	-
Total Financial Liabilities	(0)	(0)	(0)	-	-	-	-	-	-	-
Total non current liabilities	(0)	(0)	(0)	-	-	-	-	-	-	-
TOTAL LIABILITIES	151 972	135 087	187 569	121 261	192 338	192 338	(24 265)	226 914	226 514	226 114
CHANGES IN NET ASSETS	2 933 346	3 070 465	3 306 222	3 544 674	3 902 308	3 502 308	155 812	3 745 670	4 078 664	4 392 434
COMMUNITY WEALTH/EQUITY										
Accumulated Surplus/(Deficit)										
Changes in Accounting Policy	-	-	-	-	-	-	-	-	-	-
Correction of Prior Period Error	(1 052)	(1 602)	(164)	-	-	-	1 228	-	-	-
Depreciation Effects	-	-	-	-	-	-	-	-	-	-
Opening Balance	2 729 825	2 941 983	3 075 127	3 316 039	3 340 732	3 340 732	-	3 545 229	3 813 479	4 149 263
Transfers to/from operating revenue and expenditure	213 210	322 381	230 268	196 644	196 644	198 644	183 499	200 117	278 048	256 450
Transfers to/from Reserves	-	-	-	-	-	-	-	-	-	-
Total Accumulated Surplus/(Deficit)	2 941 983	3 262 762	3 306 231	3 514 683	3 539 376	3 539 376	184 727	3 746 346	4 091 527	4 405 713
TOTAL COMMUNITY WEALTH/EQUITY	2 941 983	3 262 762	3 306 231	3 514 683	3 539 376	3 539 376	184 727	3 746 346	4 091 527	4 405 713

Table 654 MBRR Table SA9- Social, economic and demographic statistics and assumptions

DC43 Harry Gwala - Supporting Table SA9 Social, economic and demographic statistics and assumptions

Description of economic indicator	Basis of calculation	2001 Census	2007 Survey	2011 Census	2022/23	2023/24	2024/25	Current Year 2025/26	2026/27 Medium Term Revenue & Expenditure Framework	2026/27 Medium Term Revenue & Expenditure Framework	2026/27 Medium Term Revenue & Expenditure Framework
					Outcome	Outcome	Outcome	Original Budget	Outcome	Outcome	Outcome
Demographics											
Population	Stats SA Community survey	-	-	-	-	-	-	564	564	564	
Females aged 5 - 14	Stats SA Community survey	-	-	-	-	-	-	195	195	195	
Males aged 5 - 14	Stats SA Community survey	-	-	-	-	-	-	185	185	185	
Females aged 15 - 34	Stats SA Community survey	-	-	-	-	-	-	105	105	105	
Males aged 15 - 34	Stats SA Community survey	-	-	-	-	-	-	79	79	79	
Unemployment		-	-	-	-	-	-	133	133	133	
Monthly household income (no. of households)											
No income		-	-	-	-	-	-	-	-	-	
R1 - R1 600	Stats SA Community survey	-	-	-	-	-	-	204 265	204 265	204 265	
R1 601 - R3 200	Stats SA Community survey	-	-	-	-	-	-	100 000	100 000	100 000	
R3 201 - R6 400	Stats SA Community survey	-	-	-	-	-	-	150 000	150 000	150 000	
R6 401 - R12 800	Stats SA Community survey	-	-	-	-	-	-	50 000	50 000	50 000	
R12 801 - R25 600	Stats SA Community survey	-	-	-	-	-	-	20 000	20 000	20 000	
R25 601 - R51 200	Stats SA Community survey	-	-	-	-	-	-	15 000	15 000	15 000	
R51 201 - R102 400	Stats SA Community survey	-	-	-	-	-	-	9 000	9 000	9 000	
R102 401 - R204 800	Stats SA Community survey	-	-	-	-	-	-	7 000	7 000	7 000	
R204 801 - R409 600	Stats SA Community survey	-	-	-	-	-	-	4 500	4 500	4 500	
R409 601 - R819 200	Stats SA Community survey	-	-	-	-	-	-	3 900	3 900	3 900	
> R819 200	Stats SA Community survey	-	-	-	-	-	-	228	228	228	
Poverty profiles (no. of households)											
< R2 060 per household per month	Stats SA Community survey	-	-	-	0,00	0,00	0,00	2346,00	2346,00	2346,00	2346,00
Insert description											
Household/demographics (000)											
Number of people in municipal area	Stats SA Community survey	-	-	-	-	-	-	564	564	564	
Number of poor people in municipal area	Stats SA Community survey	-	-	-	-	-	-	2	2	2	
Number of households in municipal area	Stats SA Community survey	-	-	-	-	-	-	115	115	115	
Number of poor households in municipal area	Stats SA Community survey	-	-	-	-	-	-	2	2	2	
Definition of poor household (R per month)		-	-	-	-	-	-	-	-	-	
Housing statistics											
Formal	Stats SA Community survey	-	-	-	-	-	-	76 128	76 128	76 128	76
Informal	Stats SA Community survey	-	-	-	-	-	-	34 973	34 973	34 973	
Total number of households		-	-	-	-	-	-	111 101	111 101	111 101	76
Dwellings provided by municipality		-	-	-	-	-	-	-	-	-	
Dwellings provided by provinces		-	-	-	-	-	-	-	-	-	
Dwellings provided by private sector		-	-	-	-	-	-	-	-	-	
Total new housing dwellings		-	-	-	-	-	-	-	-	-	
Economic											
Inflation/inflation outlook (CPI)					0,0%	0,0%	0,0%	4,4%	4,5%	2,5%	3,7%
Interest rate - borrowing											
Interest rate - investment					0,0%	0,0%	0,0%	9,0%	9,0%	9,0%	0,0%
Remuneration increases					0,0%	0,0%	0,0%	4,7%	4,7%	0,0%	0,0%
Consumption growth (electricity)					0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Consumption growth (water)											
Collection rates											
Property tax/service charges					0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Rental of facilities & equipment											
Interest - external investments					0,0%	0,0%	0,0%	9,0%	9,0%	0,0%	0,0%
Interest - debtors					0,0%	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
Revenue from agency services											

1.1 MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I Gamakulu Ma'art Sineke, Municipal Manager of Harry Gwala District Municipality hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name Gamakulu Ma'art Sineke

Municipal Manager of Harry Gwala District Municipality (DC43)

Signature

A handwritten signature in black ink, appearing to read 'pp Gamakulu Ma'art Sineke', is written over a horizontal line.

Date 202~~5~~/03/24