



**AMAJUBA DISTRICT  
MUNICIPALITY**

**FINAL ANNUAL BUDGET REPORT**

**2025/2026- 2027/2028 MTREF**

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## *Glossary*

**Annual budget** – Prescribed in Chapter 4 of the MFMA.

**Allocations** – Money received from Provincial or National Government or other municipalities.

**Budget** – The financial plan of the Municipality.

**Budget related policy** – Policy of a municipality affecting or affected by the budget, examples include tariff policy, rates policy and credit control and debt collection policy.

**Capital expenditure** - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.

**Cash flow statement** – A statement showing when actual cash will be received and spent by the Municipality. Cash payments do not always coincide with budgeted expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.

**DORA** – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.

**Equitable share** – An unconditional grant paid to municipalities. It is predominantly targeted to help with free basic services.

**Fruitless and wasteful expenditure** – Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

**GFS** – Government Finance Statistics. An internationally recognized classification system that facilitates like-for-like comparison between municipalities.

**GRAP** – Generally Recognized Accounting Practice. The new standard for municipal accounting.

**IDP** – Integrated Development Plan. The main strategic planning document of the Municipality

**MBRR** – Municipal budget and reporting regulations April 2009

**MFMA** – The Municipal Finance Management Act – No. 56 of 2003. The principle piece of legislation relating to municipal financial management.

**mSCOA** – Municipal Standard Chart of Accounts

**MTREF** – Medium Term Revenue and Expenditure Framework. A medium-term financial plan, usually 3 years, based on a fixed first year and indicative further two years budget allocations

**Operating expenditure** – Spending on the day-to-day expenses of the Municipality such as salaries and wages.

**SDBIP** – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

**Strategic objectives** – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

**Unauthorized expenditure** – Generally, spends without, or in excess of, an approved budget.

**Virement** – means transfer of funds between function / votes within a budget.

**Virement policy** - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be endorsed by Council through an Adjustments Budget.

**Vote** – One of the main segments into which a budget, in Amajuba District Municipality's case this means the different GFS classification the budget is divided into.

**Operating expenditure** – Spending on the day-to-day expenses of the Municipality such as salaries and wages.

**SDBIP** – Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

**Strategic objectives** – The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

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**Vote** – One of the main segments into which a budget, in Amajuba District Municipality's case this means the different GFS classification the budget is divided into.

## **Legislative Framework**

This report has been prepared in terms of the following enabling legislation.

### **The Municipal Finance Management Act – No. 56 of 2003**

Section 16 & 17 Annual Budgets

### **Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations, April 2009**

Draft A Schedule budget format

## **PART 1 – BUDGET**

### **SECTION 1 – MAYORAL SPEECH**

Honorable Speaker, Deputy Mayor, Councillors, Municipal Manager, officials and members of the public, I want to welcome you at this stage of the agenda.

It is a privileged to be here and to table 2025/2026 MTREF Final Budget to Council. The Final 2025/2026 MTREF Budget per the municipality's IDP Strategic Objectives:

**The following 2025/2026 Annual Budget is presented to Council for consideration:**

#### **1. HIGH-LEVEL SUMMARY: BUDGET 2025/2026**

Description	Current Financial Year			MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK	
	2024/25	2024/25	2025/26	2026/27	2027/28
	Original Budget	Adjustment	Final	Budget Year+1	Budget Year+2
<b>REVENUE PER SOURCE</b>					
WaterSales	36 363 012	36 363 012	30 000 000	31 350 000	32 760 750
SanitationSales	9 854 577	9 854 577	8 900 000	9 300 500	9 719 023
Interest on Investments	7 502 697	7 502 697	8 100 000	8 464 500	8 845 403
Interest on Overdue Account	23 371 539	23 371 539	24 376 515	25 473 458	26 619 764
Equitable Share-FBS Portion	222 325 000	222 325 000	231 528 000	241 946 760	252 834 364
Finance Management Grant;	3 800 000	3 800 000	3 800 000	3 971 000	4 149 695
Rural Road Asset Management Grant	2 476 000	3 045 800	2 587 000	2 703 415	2 825 069
Public Works Grant(EPWP)	1 551 000	1 551 000	2 070 000	2 163 150	2 260 492
Tender Deposits	404 167	404 167	421 546	440 516	460 339
Sundry Income	10 716 786	10 716 786	1 000 000	1 045 000	1 092 025
Rental facilities-Hall Hire	57 695	57 695	3 000 000	3 135 000	3 276 075
Skills Development Grant ;	132 949	135 900	141 744	148 123	154 788
Municipal Systems Improvement Grant	-	-	-	-	-
Municipal Infrastructure Grant Top Slice	2 427 571	2 315 750	2 414 350	2 522 996	2 636 531
Municipal Disaster Recovery Grant	10 010 000	34 940 139	10 011 000	10 461 495	10 932 262
Free Basic Services	-1 205 955	-1 205 955	-1 300 000	-1 358 500	-1 419 633
<b>TOTAL DIRECT OPERATING INCOME</b>	<b>329 787 037</b>	<b>355 178 107</b>	<b>327 050 155</b>	<b>341 767 412</b>	<b>357 146 946</b>
<b>EXPENDITURE PER CATERGORY</b>					
Salaries , Wages & Allowances	128 710 846	130 323 030	135 831 562	141 943 982	148 331 461
Remuneration of Councillors	11 791 367	7 910 602	9 656 588	10 091 135	10 535 145
Depreciation	18 629 667	18 613 062	18 726 061	19 568 733	20 429 758
Repairs & Maintenance	3 103 162	5 771 452	6 222 017	6 502 008	6 788 096
Bulk Water Purchases (Inventory Consumed)	15 000 000	15 000 000	20 000 000	20 900 000	21 819 600
Contracted Services	35 327 765	71 894 172	57 457 330	60 042 910	62 684 798
General Costs-Other	34 785 179	38 133 779	47 216 671	49 341 422	51 512 444
Free Basic Services	360 972	360 972	360 972	377 216	393 814
Contributions to funds (Provision for bad debts)	8 677 674	8 677 674	8 677 674	9 068 170	9 467 169
Interest -External Loans	228 336	77 046	-	-	-
<b>TOTAL DIRECT OPERATING EXPENDITURE</b>	<b>256 614 967</b>	<b>296 761 789</b>	<b>304 148 876</b>	<b>317 835 575</b>	<b>331 962 284</b>
Contributions to capital	-	-	-	-	-
<b>TOTAL OPERATING EXPENDITURE</b>	<b>256 614 967</b>	<b>296 761 789</b>	<b>304 148 876</b>	<b>317 835 575</b>	<b>331 962 284</b>
Capital Transfers	129 406 800	128 977 800	145 872 650	152 291 047	158 991 853
Own Revenue-Capital	-	-	-	-	-
Capital Expenditure	(129 406 800)	(128 977 800)	(145 872 650)	(152 291 047)	(158 991 853)
<b>Surplus/(Deficit)</b>	<b>73 172 070</b>	<b>58 416 318</b>	<b>22 901 280</b>	<b>23 931 837</b>	<b>25 184 662</b>

## Municipal Budgeting

In addition to the legal requirement for every Municipality to compile an Integrated Development Plan, the Municipal Systems Act, Act 32 of 2000 (MSA) also requires that:

- the IDP be implemented; the Municipality monitors the implementation of the IDP;
- the Municipality evaluates its performance regarding the IDP's implementation; and
- the IDP be reviewed annually to effect improvements where necessary.

A common perception of IDP's are that they are "wish lists" that are not linked to budgets, dependent on sector departments, and are unrealistic due to them not being linked to the powers and functions allocated to the respective municipalities. These negative perceptions have resulted in the credibility of IDPs is questioned. In understanding what is a "credible" IDP one needs to look at what credible means with the word "credible" being derived from the Greek word for "credulous" which means "realistic". In other words, a "credible" IDP should be one that is "doable" and implementable.

National Treasury has released Version 6.9 of Schedule A1 (the Excel Formats) which is aligned to Version 6.9 of the mSCOA classification framework and must be used when compiling the 2025/2026 MTREF budget. Refer to Annexure B for the changes to this version of Schedule A1.

ALL municipalities MUST use this version for the preparation of their 2025/2026 MTREF budget. It is imperative that all municipalities prepare their 2025/2026 MTREF budgets in their financial systems and that Schedule A1 be produced directly from their financial system. Vendors have recently demonstrated their budget modules to the National Treasury and provincial treasuries. All financial

systems have this functionality to assist and prepare budgets and to generate the prescribed Schedule A1 directly from the financial system. Municipalities must start early enough to capture their tabled budget (and later the adopted budget) in the budget module provided.

### Operating and Capital Budget

- The budget is prepared and presented to Council in line with Chapter 4, Section 16 of the Municipal Finance Management Act, No 56 of 2003 (MFMA) requirements. The MFMA requires that the mayor must table the draft budget 90 days before the start of the financial year.
- After the draft budget has been tabled in Council, the Mayor must conduct a public participation process whereby the public is afforded the opportunity to comment on the budget and make any recommendations to be considered during the budget process.
- The final budget as tabled, confirms the heavy dependence of Amajuba DM on grant funding to fund service delivery.

### What is a budget?

- A budget is a spending plan that indicates how available funds will be used to cater for community needs.
- It is also a financial planning tool used to project future income and expenditure which the municipality is expected to engage in.

### Why do we need a Budget?

- To provide a forecast of revenues and expenditures;
- To enable the actual financial operations of the municipality to be measured against the forecast; and
- To promote access to information by informing the residents how the municipality will utilize the resources available.

### Budget Parameters

#### Headline inflation forecasts

The following macroeconomic forecasts must be considered when preparing the 2025/2026 MTREF municipal budgets.

FISCAL YEAR	2025/2026	2026/2027	2027/2028
CPI INFLATION	4.3%	4.6%	4.4%

Source: Budget Review 2025.

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

### Budget Funding

- Even though the Municipality is entirely compliant with the MSCOA framework the municipality's proposed final budget shows a budget surplus.
- Salary-related costs consume almost 48% of the budgeted operational revenue.
- Our core mandate of water and sanitation has been prioritized with the rest of the budget provided for funded programmes. These are normally funded by grants.
- The government has repeatedly emphasized the importance of municipalities focusing on growing their own revenue base in order to expand resources available for local service delivery. Municipalities with significant revenue bases are expected to invest more of their own resources, offsetting some of the impacts of reductions to infrastructure grants, while building partnerships with the private sector for infrastructure delivery over the period ahead.
- Many municipalities continue to adopt unrealistic spending plans which is not fully supported by the budget.

### Political Guidance and Support

- MFMA (2003) requires the municipal mayor to provide general political guidance and support in the development of the grant.
- It is important in keeping up with the legislation and presents this Annual Budget in this context.

### **Economic Conditions:**

They reflect on the conditions and context wherein the 2025/2026 Final Annual Budget is represented i.e.:

- The global and national economic financial climate continues to have a negative and devastating effect on the financial status of our municipality and country in general;
- The effects of historical factors emanating from the way the municipality dealt with and regarded the budgetary and financial management.
- The effect of the digression from the core business of the municipality thereby expending the limited budget allocations on non-essential services;
- The discrepancy in the allocations for the services delivery from staff-related costs, and
- The casual effect of the above situation is the inability to settle invoices for services thereby exposing the municipality to litigations.

These and other salient features affecting our budget and service delivery, in general, should be dealt with and resolved in a very short space of time. We need to improve on the implementation of the Financial Recovery Plan and the Cost Containment measures as approved by the Council. We need to drastically improve our revenue through measures such as the collection of water provision. Councilors and officials have come up with means to collect the money we spend on water provision.

### **Core mandate and revenue enhancement**

The municipality will continue to provide safe and clean basic services to the community. Equally, the community should pull its weight and pay for the services they receive from the municipality. Payment for services is one guarantee that the service provided will be sustainable. National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality. The Consumer Price Index (CPI) inflation is forecasted to be within the upper limit of the 3 to 6 per cent target band. The municipality will ensure a minimal increase in the water and sanitation related tariffs.

The municipality has been actively engaging with sector departments such as Department, Public Works, Emadlangeni Municipality, and Dannhauser Municipality to make payment arrangements for their outstanding debts. These departments have confirmed that they will commence paying for current accounts in the beginning of new financial year.

### **Strategic direction**

It is also important that, on behalf of the leadership collective of Amajuba District Municipality, I articulate and reflect on the critical goals that this budget should seek to achieve in the 2025/2026 Financial Year. This will shed light on both our internal and stakeholders on the developmental trajectory that we are pursuing with and on their behalf.

It is noted that the budget belongs to the people of Amajuba District Municipality. Therefore, it is important for those of us who are charged with the responsibility to lead and champion the cause of development to always share with the community the manner in which their resources are managed.

### **Radical socio-economic change**

Through the 2025/2026 Integrated Development Plan, the municipality has adopted a radically and aggressive approach to the socio-economic development of its people. Key to our approach is to focus

our energy, resources, and strength on the core business of the municipality; i.e., the provision of water and sanitation. This will not lead to the neglect of our important services which are part of the legislated functions of a district municipality. In conjunction with the national and provincial sector departments, the municipality has prioritized the development of young people, women, and disabled people.

## Financial Recovery

Council establishment of a Budget Steering Committee (BSC) will go a long way in ensuring that the objectives and intentions of the Financial Recovery Plan are achieved and reported on. The pre-requisites for the realization of our plan to deal with the financial challenges facing the municipality is the commitment and dedication of both the political leadership and the administration to the course of change.

## IDP/Budget alignment

The municipality have ensured that each IDP Strategic Objective, Strategies and Indicators are directly linked with the Budget. This will ensure a seamless implementation of the developmental service delivery priorities as enshrined in the Council IDP. We have also moved and are continuing to move towards the compliance of the municipality IDP and Budget with the Municipal Standard Charts of Accounts (MSCOA); even though the municipality started very late with the process. The hands-on support of the KZN Provincial Treasury is much appreciated.

## GOVERNMENT GRANTS AND SUBSIDIES

The following table indicates the grants allocations as indicated in the Division of Revenue Bill as well as Provincial allocations as indicated:

### GAZETTED GOVERNMENT GRANT ALLOCATION 2025-2026-2027/2028

GOVERNMENT GRANTS & SUBSIDIES ALLOCATIONS	2024/2025	Roll Over	2025/2026	2026/2027	2027/2028
	Adjustment Budget		Final	Budget Year+2	Budget Year+3
<b>National Grant Allocations<sup>1</sup></b>					
1. Municipal Infrastructure Grant	46 315 000		48 287 000	50 685 000	52 888 000
2. Financial Management Grant	3 800 000		3 800 000	3 800 000	3 900 000
3. Equitable Share	213 997 000		231 528 000	242 022 000	252 973 000
4. Municipal Systems Improvement Grant	-		-	-	-
5. Municipal Water Infrastructure Grant	100 000 000		100 000 000	100 000 000	105 000 000
6. Expanded Public Works Programme Grant	1 551 000		2 070 000	2 173 500	2 282 175
7. Rural Road Asset Management Grant	2 587 000	569 800	2 587 000	2 706 000	2 827 000
8. Municipal Disaster Recovery Grant	34 940 139	24 930 137	10 011 000		
<b>Total-National Grant Allocations</b>	<b>321 590 000</b>		<b>398 283 000</b>	<b>401 386 500</b>	<b>419 870 175</b>

## Conditional grants usage

Conditional grant funds may only be used for the purposes, and subject to the conditions specified in the framework for each conditional grant. These conditions are binding in terms of sections 11 and 12 of the annual Division of Revenue Act. Any instruction by a municipal, provincial, or national official or politician that is inconsistent with the framework of a conditional grant is invalid. Municipalities are reminded that in terms of section 32 of DoRA, spending of a grant that is inconsistent with DoRA is considered irregular or unauthorised expenditure.

## Unconditional grant usage

The equitable share and the allocation of the general fuel levy to local government constitute unconditional funding. Municipalities are reminded that this funding allocation is formula driven and designed to fund the provision of free basic services to disadvantaged communities.

## Budget Highlights

In view of this, the following table is a consolidated overview of the proposed 2025/2026 Final Medium-Term Revenue and Expenditure Framework (MTREF).

Table 1 and Table 2 and Table 3 provide an executive summary of both the revenue budget and expenditure budget.

**TABLE 1: TOTAL OPERATING REVENUE AND CAPITAL BUDGET 2025/2026 MTREF**

Description	Current Financial Year			MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK	
	2024/25	2024/25	2025/26	2026/27	2027/28
	Original Budget	Adjustment	Final	Budget Year+1	Budget Year+2
Operating Income	329 787 037	355 178 107	327 050 155	341 767 412	357 146 946
Capital Income	129 406 800	128 977 800	145 872 650	152 291 047	158 991 853
<b>Total Income</b>	<b>459 193 837</b>	<b>484 155 907</b>	<b>472 922 805</b>	<b>494 058 459</b>	<b>516 138 799</b>

- The total revenue budget for the Amajuba District Municipality 2025/2026 increased from the 2024/2025 original Budget by R13 798 968
- The increase on revenue budget was attributed mainly by increased allocations from National Treasury (DORA) for Equitable Share.
- The municipality has taken into account the comments by Provincial Treasury to adjust revenue budget from the service charges that was overstated during the Draft Budget. This adjustment has now been incorporated into the Final Budget taking into account the balances of the Audited Financial Statements and actual billing in the current financial year.

**TABLE 2: TOTAL OPERATING EXPENDITURE AND CAPITAL EXPENDITURE BUDGET 2025/2026 MTREF**

Description	Current Financial Year			MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK	
	2024/25	2024/25	2025/26	2026/27	2027/28
	Original Budget	Adjustment	Final	Budget Year+1	Budget Year+2
Operating expenditure	256 614 967	296 761 789	304 148 876	317 835 575	331 962 284
Capital expenditure	129 406 800	128 977 800	145 872 650	152 291 047	158 991 853
<b>Total Expenditure</b>	<b>386 021 767</b>	<b>425 739 589</b>	<b>450 021 526</b>	<b>470 126 622</b>	<b>490 954 137</b>

- The total Operating and Capital Expenditure Budget for the Amajuba District Municipality 2025/2026 increased from the 2024/2025 original Budget by **R85 771 263** and in the 2024/2025 Adjustment Budget by **R46 053 442**
- During the engagement with Provincial Treasury for Draft Budget assessment, it was suggested that municipality increases the budget debt impairment based on the 2023/2024 audited annual financial statements. It must be noted that the municipality has implemented the Council resolution to write-off bad debts that had previously increased the provision for bad debts. However, the municipality has planned to implement revenue strategies, there is also a service provider appointed for data cleansing and therefore, there will be more collections expected and there are no planned write-off planned for medium terms expenditure framework.

**TABLE 3: TOTAL OPERATING REVENUE AND EXPENDITURE BUDGET 2023/24 MTREF**

Description	Current Financial Year			MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK	
	2024/25	2024/25	2025/26	2026/27	2027/28
	Original Budget	Adjustment	Final	Budget Year+1	Budget Year+2
TOTAL DIRECT OPERATING INCOME	329 787 037	355 178 107	327 050 155	341 767 412	357 146 946
TOTAL OPERATING EXPENDITURE	256 614 967	296 761 789	304 148 876	317 835 575	331 962 284
<b>Surplus/(Deficit)</b>	<b>73 172 070</b>	<b>58 416 318</b>	<b>22 901 280</b>	<b>23 931 837</b>	<b>25 184 662</b>

The Municipality has a funded draft budget of **R 22 901 280** for the 2025/2026 financial year

- The importance of tabling funded budgets is highlighted in MFMA Circulars No. 129 and 130. Adopting a funded budget has become more critical now than before as it has direct bearing on the financial sustainability of the institution. It has been agreed that no municipality will adopt an unfunded budget in the future. This will be essential when the National and provincial treasuries are assessing the budget to determine its credibility.
- The National Treasury would like to emphasize that where municipalities have not adhered to the Municipal Budget and Reporting Regulations, *they will be required to go back to the municipal Council and table a complete budget document aligned to the requirement of the Municipal Budget and Reporting Regulations. In addition, where municipalities have adopted an unfunded budget, they will be required to correct the budget to ensure they adopt and implement a funded budget*

**1. SUMMARY: TOTAL OPERATING EXPENDITURE AND TOTAL OPERATING REVENUE**

**MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK FOR FINANCIAL YEARS 2025-2026/2026-2027  
EXECUTIVE SUMMARY**

Description	Current Financial Year			MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK	
	2024/25	2024/25	2025/26	2026/27	2027/28
	Original Budget	Adjustment	Final	Budget Year+1	Budget Year+2
<b>REVENUE PER SOURCE</b>					
WaterSales	36 363 012	36 363 012	30 000 000	31 350 000	32 760 750
SanitationSales	9 854 577	9 854 577	8 900 000	9 300 500	9 719 023
Interest on Investments	7 502 697	7 502 697	8 100 000	8 464 500	8 845 403
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Equitable Share-FBS Portion	222 325 000	222 325 000	231 528 000	241 946 760	252 834 364
Finance Management Grant;	3 800 000	3 800 000	3 800 000	3 971 000	4 149 695
Rural Road Asset Management Grant	2 476 000	3 045 800	2 587 000	2 703 415	2 825 069
Public Works Grant(EPWP)	1 551 000	1 551 000	2 070 000	2 163 150	2 260 492
Tender Deposits	404 167	404 167	421 546	440 516	460 339
Sundry Income	10 716 786	10 716 786	1 000 000	1 045 000	1 092 025
Rental facilities-Hall Hire	57 695	57 695	3 000 000	3 135 000	3 276 075
Skills Development Grant ;	132 949	135 900	141 744	148 123	154 788
Municipal Systems Improvement Grant	-	-	-	-	-
Municipal Infrastructure Grant Top Slice	2 427 571	2 315 750	2 414 350	2 522 996	2 636 531
Municipal Disaster Recovery Grant	10 010 000	34 940 139	10 011 000	10 461 495	10 932 262
Free Basic Services	-1 205 955	-1 205 955	-1 300 000	-1 358 500	-1 419 633
<b>TOTAL DIRECT OPERATING INCOME</b>	<b>329 787 037</b>	<b>355 178 107</b>	<b>327 050 155</b>	<b>341 767 412</b>	<b>357 146 946</b>
<b>EXPENDITURE PER CATERGORY</b>					
Salaries , Wages & Allowances	128 710 846	130 323 030	135 831 562	141 943 982	148 331 461
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Depreciation	18 629 667	18 613 062	18 726 061	19 568 733	20 429 758
Repairs & Maintenance	3 103 162	5 771 452	6 222 017	6 502 008	6 788 096
Bulk Water Purchases (Inventory Consumed)	15 000 000	15 000 000	20 000 000	20 900 000	21 819 600
Contracted Services	35 327 765	71 894 172	57 457 330	60 042 910	62 684 798
General Costs-Other	34 785 179	38 133 779	47 216 671	49 341 422	51 512 444
Free Basic Services	360 972	360 972	360 972	377 216	393 814
Contributions to funds (Provision for bad debts)	8 677 674	8 677 674	8 677 674	9 068 170	9 467 169
Interest -External Loans	228 336	77 046	-	-	-
<b>TOTAL DIRECT OPERATING EXPENDITURE</b>	<b>256 614 967</b>	<b>296 761 789</b>	<b>304 148 876</b>	<b>317 835 575</b>	<b>331 962 284</b>
Contributions to capital	-				-
<b>TOTAL OPERATING EXPENDITURE</b>	<b>256 614 967</b>	<b>296 761 789</b>	<b>304 148 876</b>	<b>317 835 575</b>	<b>331 962 284</b>
Capital Transfers	129 406 800	128 977 800	145 872 650	152 291 047	158 991 853
Own Revenue-Capital	-	-	-	-	-
Capital Expenditure	(129 406 800)	(128 977 800)	(145 872 650)	(152 291 047)	(158 991 853)
<b>Surplus/(Deficit)</b>	<b>73 172 070</b>	<b>58 416 318</b>	<b>22 901 280</b>	<b>23 931 837</b>	<b>25 184 662</b>

- Operating Expenditure has increased for the 2025/2026 as the CPI also increases.
- Operating Revenue has decreased for the 2025/2026 from the service charges that was previously overstated as per comments from Provincial Treasury.
- The municipality has recently renting out some properties and the expected rental income is R3 million per year.

**COST CONTAINMENT**

- Cost containment measures must be implemented to eliminate wasteful expenditure, reprioritize spending and ensure savings on the following focus areas among others; engagement of consultants, travel and subsistence costs, issuing of credit cards, accommodation costs, office furnishing costs, advertising or sponsorship costs, catering and events related costs.
- Cost Containment has been developed and taken to the Council for review and financial recovery must be implemented.

- During the 2025/2026 budget the municipality is planning to implement strict cost control measures. Employee related costs need to be managed and stick to budget especially for acting allowances and additional benefits.
- Fleet management to follow proper SCM procedures to ensure cost effectiveness, efficiency, transparency, and value for money.

### SALARY/REMUNERATION RELATED EXPENDITURE (ADM):

- Councilor allowances have been budgeted based on the actual costs approved in accordance with the gazette No 5435 of 2024 on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances, and Benefits of different members of municipal councils published 17 October 2024. The MEC of Corporate Governance and Traditional Affairs (COGTA) has granted that Councillors remuneration be approved at 95% of the upper limits for 2024/2025. The application for 2024/2025 FY has been finalized. The Municipality has provided for the increases in the 2024/2025 FY.

TABLE: SENIOR MANAGERS AND MUNICIPAL OFFICIAL REMUNERATION BUDGET 2025/2026

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

Summary of Employee and Councillor remuneration	Ref	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousand		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>	1									
Basic Salaries and Wages		-	-	9 087	10 674	7 881	7 881	14 126	14 776	15 426
Pension and UIF Contributions		-	-	-	-	-	-	-	-	-
Medical Aid Contributions		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		-	-	-	1	1	1	1	1	1
Cellphone Allowance		-	-	163	342	29	29	30	31	32
Housing Allowances		-	-	-	-	-	-	-	-	-
Other benefits and allowances		-	-	-	774	-	-	-	-	-
<b>Sub Total - Councillors</b>		-	-	9 250	11 791	7 911	7 911	14 157	14 808	15 459
<b>% increase</b>	4	-	-	-	27,5%	(32,9%)	-	79,0%	4,6%	4,4%
<b>Senior Managers of the Municipality</b>	2									
Basic Salaries and Wages		2 530	3 114	4 282	5 430	5 430	5 430	2 490	2 605	2 719
Pension and UIF Contributions		186	183	164	162	162	162	123	128	134
Medical Aid Contributions		52	12	1	50	50	50	53	55	58
Overtime		-	-	-	-	-	-	-	-	-
Performance Bonus		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance	3	74	-	-	-	-	-	-	-	-
Cellphone Allowance	3	8	45	52	-	-	-	25	26	27
Housing Allowances	3	-	-	-	-	-	-	-	-	-
Other benefits and allowances	3	0	(13)	1	1	1	1	0	0	0
Payments in lieu of leave		136	139	-	-	-	-	-	-	-
Long service awards		-	-	-	-	-	-	-	-	-
Post-retirement benefit obligations	6	-	-	-	-	-	-	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		-	-	-	-	-	-	-	-	-
In kind benefits		-	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>		2 986	3 481	4 499	5 642	5 642	5 642	2 691	2 815	2 939
<b>% increase</b>	4	-	16,6%	29,3%	25,4%	-	-	(52,3%)	4,6%	4,4%
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		67 797	76 671	87 717	75 317	75 317	75 317	85 989	-	-
Pension and UIF Contributions		9 177	9 888	10 644	9 784	9 784	9 784	10 993	-	-
Medical Aid Contributions		4 619	4 438	4 751	4 757	4 757	4 757	5 368	-	-
Overtime		10 620	10 023	9 597	8 129	8 129	8 129	6 781	-	-
Performance Bonus		4 993	5 290	5 963	5 331	5 331	5 331	5 986	-	-
Motor Vehicle Allowance	3	6 485	7 976	10 479	10 728	10 728	10 728	11 430	-	-
Cellphone Allowance	3	675	805	815	1 386	1 386	1 386	985	-	-
Housing Allowances	3	509	514	626	628	628	628	695	-	-
Other benefits and allowances	3	3 428	3 662	3 427	3 383	3 383	3 383	3 707	-	-
Payments in lieu of leave		712	1 552	129	506	506	506	792	-	-
Long service awards		770	1 470	1 287	-	-	-	-	-	-
Post-retirement benefit obligations	6	42	47	47	-	-	-	-	-	-
Entertainment		-	-	-	-	-	-	-	-	-
Scarcity		-	-	-	-	-	-	-	-	-
Acting and post related allowance		425	1 072	953	1 641	1 641	1 641	481	-	-
In kind benefits		-	-	-	-	-	-	-	-	-
<b>Sub Total - Other Municipal Staff</b>		110 251	123 409	136 435	121 590	121 590	121 590	133 208	-	-
<b>% increase</b>	4	-	11,9%	10,6%	(10,9%)	-	-	9,6%	(100,0%)	-
<b>Total Parent Municipality</b>		113 237	126 889	150 185	139 024	135 143	135 143	150 056	17 623	18 398

TABLE: CAPITAL PROJECTS AND PROGRAMMES BUDGET 2025/2026 MTREF

Description	Original Budget Year 2024/2025	Adjustment Vat Inclusive	Draft Vat Inclusive 2025/2026	Budget Year 2026/2027	Budget Year 2027/2028
<b>CAPITAL EXPENDITURE IDP-GRANT FUNDED PROJECTS</b>					
<b>MIG GRANT FUNDING PROJECTS</b>					
<i>Contr : Out &gt; Admin &amp; Supp Staff</i>	2 337 200,00	2 337 200,00	2 436 713,30	2 214 230,78	2 313 871,16
DC25_EMANDLANGENI SANITATION-MIG/Acquisition	16 631 547,34	16 434 390,00	17 134 133,43	15 569 712,55	16 270 349,62
CE0011_Goedehoop bulk water and sanitation/Acquis	17 847 752,65	17 215 910,00	17 948 928,99	16 310 113,73	17 044 068,85
Zaaihook WTW & Bulk Water Supply	0,00	200 000,00	208 515,60	189 477,22	198 003,69
Pipeline Replacement in Utrecht	0,00	200 000,00	208 515,60	189 477,22	198 003,69
ADM Operation and Maintenance	9 927 500,01	9 927 500,00	10 350 193,08	9 405 175,45	9 828 408,35
	<b>46 744 000,00</b>	<b>46 315 000,00</b>	<b>48 287 000,00</b>	<b>43 878 186,96</b>	<b>45 852 705,37</b>
<b>WSIG GRANT FUNDED PROJECTS</b>					
CE0004_New Refurbishment of water and waste wat	10 000 000,00	3 338 478,00	3 927 621,18	3 569 012,29	4 104 364,13
DC25_Emergency water supply to Ramaphosa, Hilltop	55 000 000,00	66 341 836,00	78 049 218,82	70 922 985,80	81 561 433,67
DC25_Water Distribution Management Program/Acqui	12 000 000,00	3 766 583,00	4 431 274,12	4 026 679,52	4 630 681,45
COVID-19 Intervention MIG/WSIG Reprioritisation /Ac	8 000 000,00	11 553 103,00	13 591 885,88	12 350 887,61	14 203 520,75
Sewer AC pipe replacement in danhauser danercol			-	0,00	0,00
	<b>85 000 000,00</b>	<b>85 000 000,00</b>	<b>100 000 000,00</b>	<b>90 869 565,22</b>	<b>104 500 000,00</b>
<b>TOTAL GRANT FUNDED IDP PROJECTS ENG</b>	<b>131 744 000,00</b>	<b>131 315 000,00</b>	<b>148 287 000,00</b>	<b>134 747 752,17</b>	<b>150 352 705,37</b>

- This is a detailed Breakdown of the Capital Projects which are mostly funded from MIG and WSIG.
- Conditional grant funding targets the delivery of the national government's service delivery priorities. It is imperative that municipalities understand and comply with the conditions stipulated in the Division of Revenue Act (DoRA) in order to access this funding.

TABLE: WATER AND SANITATION TARIFFS 2025

**Tariff Summary Table – 2025/26 (Excl. VAT)**

Service Description	2024/25 Tariff	% Increase	2025/26 (4.5%) Tariff
Water Basic Charge – Residential	R123.50	4.5%	R129.06
Water Consumption (per kL) – Residential	R15.80	4.5%	R16.51
<b>Free Basic Services (Indigent Households)</b>	<i>0–6kl free</i>	<i>N/A</i>	<i>0–6kl free (no charge)</i>
Sanitation Basic Charge – Residential	R95.00	4.5%	R99.28
Sanitation per kL (linked to water usage)	R10.50	4.5%	R10.97
<b>Flat Rate – Unmetered Households (Indigent)</b>	<i>New</i>	<i>N/A</i>	<b>R150.00 / household</b>
Business/Commercial Water – per kL	R22.40	4.5%	R23.41
Business/Commercial Sanitation – per kL	R18.20	4.5%	R19.02
Industrial Water – per kL	R26.00	4.5%	R27.17
Industrial Sanitation – per kL	R22.00	4.5%	R22.99

**Notes:**

- Tariffs exclude VAT.
- FBS applies to all approved indigent households as per the indigent register.
- The flat rate is applied to unmetered indigent households based on IDP roadshow feedback.
- Tariff increases are CPI-linked and aligned with cost recovery principles.
- The Municipality has budgeted for a 4.3% increase for Water and Sanitation Tariffs for the 2025/2026 FY.
- National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability of poorer households and other customers while ensuring the financial sustainability of the municipality. The Consumer Price Index (CPI) inflation is forecasted to be within the upper limit of the 3 to 6 per cent target band. The municipality will ensure a minimal increase in the water and sanitation-related tariffs.
- Drought conditions make it difficult for some municipalities to improve revenue generation from this service. It is now more important to improve demand management, infrastructure maintenance, loss management, meter reading, and tariff setting in respect of water service.

**SECTION 2 – RESOLUTIONS***Municipal Financial Management (Act, 56 of 2003) - SECTION 16 & 17 Municipal budgets.*

These are the resolutions being presented to Council in terms of Municipal Finance Management Act, in respect of the annual budget and related information.

- 1) That the draft annual budget of Amajuba District Municipality for the financial year 2025/26 as set out in the schedules contained in Section 4 and Annexure A be noted:
  - (i) Table A1 Consolidated Budget Summary;

**Part 3 – Supporting Documentation****3.1 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 Executive Committee members, 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:

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

### 3.1.1 Budget Process Overview

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2025) a time schedule that sets out the process to revise the IDP and prepare the budget.

With the compilation of the 2025/2026 MTREF, each department / function had to review the business planning process, including the setting of priorities and targets after reviewing the mid-year performance against the 2024/25 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.

### 3.1.2 Budget Preparation Process

The preparation of the Final MTREF 2025/26 followed all legislative requirements as outlined in the MFMA and National Treasury frameworks. The municipality implemented its budget preparation timetable and held engagements through the Budget Steering Committee, including departmental consultations to ensure alignment with the IDP and available funding.

The final budget was presented to all departments through the MANCO forum, where the methodology and assumptions were confirmed. Feedback from departments was used to refine service delivery targets, costing, and prioritisation. Adjustments flagged in the Corporate Services Vote have also been noted and were incorporated through a formal adjustment process following further feedback and resolution.

Community participation was conducted through the IDP roadshows, where key feedback, such as support for flat-rate tariffs and improved basic services, was incorporated into the final budget. Engagements with Provincial Treasury were held during the draft review process, and all recommendations have been considered.

This budget was prepared using mSCOA version 6.9, in accordance with the requirements outlined in MFMA Circular No. 130.

### DATES OF KEY IDP, BUDGET AND PMS EVENTS

Table 1: IDP Activity schedule 2025/26

QUARTER ONE		
ACTIVITY	DUE DATE	DEPARTMENT RESPONSIBLE
Submission of Final IDP 2025/26 to COGTA	10 July 2025	Planning and Development
First IDP Steering Committee meeting (DAPDF)	14 July 2025	Planning and Development
Submission of draft Framework & Process Plan – KZN COGTA	30 July 2025	Planning and Development
Advertisement on the Process for Review 2025/26	10 August 2025	Planning and Development
ExCo approval of IDP Framework and Process Plan 2025/26	25 August 2025	Planning and Development
Council approval of IDP Framework and Process Plan 2025/26	31 August 2025	Planning and Development
Advertisement of approval of Framework and Process Plan 2025/26	11 September 2025	Planning and Development
QUARTER TWO		
ACTIVITY	DUE DATE	DEPARTMENT RESPONSIBLE
IDP 2025/26 Review – Consultative process	16, 18 and 20	Office of the Speaker & Office

(Need's analysis)	October 2025	of the Mayor
Second IDP Steering Committee meeting (DAPDF)	07 November 2025	Planning and Development
ADM CoGTA Alignment Session	15 November 2025	CoGTA & ADM
First IDP Representative Forum meeting	23 November 2025	Planning and Development
<b>QUARTER THREE</b>		
<b>ACTIVITY</b>	<b>DUE DATE</b>	<b>DEPARTMENT RESPONSIBLE</b>
Second IDP Representative Forum meeting	07 March 2025	Planning and Development
Third IDP Steering Committee meeting (DAPDF)	14 March 2025	Planning and Development
ExCo Approval of Draft IDP 2025/26	22 March 2025	Planning and Development
Council Approval of Draft IDP 2025/26	29 March 2025	Planning and Development
<b>QUARTER FOUR</b>		
<b>ACTIVITY</b>	<b>DUE DATE</b>	<b>DEPARTMENT RESPONSIBLE</b>
Submission of Draft IDP 2025/26 to COGTA	10 April 2025	Planning and Development
Draft IDP/Budget 2025/26 Consultative process	18 – 22 – 24 April 2025	Office of the Speaker & Office of the Mayor
Draft IDP assessment feedback	22 April 2025	Planning and Development
Third IDP Representative Forum meeting	14 June 2025	Planning and Development
Fourth IDP Steering Committee meeting (DAPDF)	20 June 2025	Planning and Development
ExCo approval of Final Draft IDP 2025/26	24 June 2025	Planning and Development
Council approval of final Draft IDP 2025/26	30 June 2025	Planning and Development

TABLE 2: BUDGET REVIEW SCHEDULE

<b>TIME SCHEDULE FOR BUDGET REVIEW PROCESS 2025/2026</b>			
<b>NO</b>	<b>ACTIVITY/TASK</b>	<b>RESPONSIBLE OFFICIAL</b>	<b>TARGET DATES</b>
			<b>BUDGET</b>
<b>JULY 2025</b>			
1.	Submit monthly report on the budget for period ending 30 June 2025 within 10 working days to the Executive Mayor	Assistant Director Budget	14/07/2025
2.	Senior Management to discuss the Draft Budget Process Plan	CFO	29/07/2025
<b>AUGUST 2025</b>			
3.	Submit Draft Budget Process Plan to Council for adoption	CFO	12/08/2025
4.	Submit monthly report on the budget for period ending 31 July 2025 within 10 working days to the Executive Mayor	Assistant Director Budget	12/08/2025
5.	Table Draft Annual Performance Report and Annual Financial Statements to Council	Municipal Manager	31/07/2025
6.	Submit the Annual Performance Report and Annual Financial Statements to the Auditor-General	CFO	31/08/2025
<b>SEPTEMBER 2025</b>			
7.	Advertisement of IDP/Budget Process Plan on website/local newspaper/notice boards	CFO	09/09/2025
8.	Submit monthly report on the budget for period ending 31 August 2025 within 10 working days to the Executive Mayor	Assistant Director Budget	14/09/2025
<b>OCTOBER 2025</b>			
9.	Submit monthly S71 report on the budget for period ending 30 September 2025 within 10 working days to the Executive Mayor	Assistant Director Budget	14/10/2025

	Submit S52(D) Quarterly Report to Council for adoption.		31/10/2025
<b>NOVEMBER 2025</b>			
10.	Submit monthly S71 report on the budget for period ending 31 October 2023 within 10 working days to the Executive Mayor	Assistant Director Budget	14/11/2025
<b>DECEMBER 2025</b>			
11.	Submit monthly report on the budget for period ending 30 November 2025 within 10 working days to the Executive Mayor	Assistant Director Budget	14/12/2025
<b>JANUARY 2026</b>			
12.	Submit monthly report on the budget for period ending 31 December 2025 within 10 working days to the Executive Mayor	Assistant Director Budget	13/01/2026
13	Submit Mid-Year Budget & Performance Assessment Report to Executive Mayor (Section 72) Submit S52(D) Quarterly Report to Council for adoption	CFO/MM	13/01/2026 31/01/2026
14.	Submit Mid-Year Budget and Performance Report to Council	CFO/MM	25/01/2026
15	Submit Mid-Year Budget and Performance Report to Provincial Treasury, National Treasury and Department of Local Government Treasury and Department of Local Government	MUNICIPAL MANAGER /CFO	31/01/2026
16	Make public the Mid-Year Budget and Performance report	MUNICIPAL MANAGER /CFO	31/01/2026
17.	Submit monthly report on the budget for period ending 31 January 2026 within 10 working days to the Executive Mayor	Assistant Director Budget	14/02/2026
<b>FEBRUARY 2026</b>			
18.	Council considers and adopts 2025/2026 Adjustment Budget and potential revised 2025/2026 SDBIP	Municipal Manager	28/02/2026
<b>MARCH 2026</b>			
19.	Advertise the approved 2025/2026 Adjustments Budget and submit budget and B Schedules to National Treasury and Provincial Treasury as required per legislation (within 10 working days)	Municipal Manager	14/03/2026
	Prepare Draft MTREF Budget 2026/2027-29		15/03/2026
	Submit Draft MTREF Budget 2026/2027-29 to Budget Steering Committee		24/03/2026
	Submit Draft MTREF Budget 2026/2027-29 to Executive Committee (EXCO)		27/03/2026
	Submit Draft MTREF Budget 2026/2027-29 to Council for Approval		29/03/2026
<b>APRIL 2026</b>			
20.	Submit the Electronic Approved Draft Annual Budget 2026/2027 MTREF and corresponding data- strings to National Treasury and relevant Provincial Departments	CFO	03 /04/2025
	Submit monthly report on the budget for period ending 31 March 2026 within 10 working days to the Executive Mayor	Assistant Director Budget	14/04/2025
	Submit S52(D) Quarterly Report to Council for adoption	CFO/MM	28/04/2025
<b>MAY 2026</b>			
21	Submit monthly report on the budget for period ending 30 April 2024 within 10 working days to the Executive Mayor	Assistant Director Budget	12/05/2026
22	Budget Steering Committee Meeting	CFO	17/05/2026
23	Council to adopt Revised IDP and the 2026/2027 budget (at least 30 days before the start of the budget year)	Municipal Manager	31/05/2026
<b>JUNE 2026</b>			

24	Approved annual budget must be submitted to both National Treasury and the relevant provincial treasury <b>within ten working days</b> after the council has approved the annual budget (Electronic Copies)  Place the IDP, 2026/2027 multi-year budget, all budget-related documents and all budget-related policies on the website	CFO	02/06/2026
25.	Submit approved budget 2026/2027 to National and Provincial Treasuries ( printed formats)	CFO	13/06/2026
26.	Submit monthly report on the budget for period ending 31 May 2025 within 10 working days to the Executive Mayor	Assistant Director Budget	13/06/2026
27.	Draft Annual Financial statement preparation plan	CFO	05/06/2026

TABLE 3: PMS REVIEW DATE

OUTPUT	CORE ACTIVITIES	TIMEFRAMES
PMS policy and framework	Review of PMS Policy and Framework Guide	31 May
OPMS & IPMS	Establishment of Draft SDBIP	March/April
	Establishment of Final SDBIP	28 days after budget approval
	Development and signing of performance agreements	31 July
	Make public SDBIP and submit to relevant stakeholders	14 days after SDBIP approval
Performance monitoring and evaluation	Quarterly assessment of the 2025/2026 SDBIP	October, January, April, July
	Individual performance assessments	November, February, May, August
Performance reporting	Tabling of the draft annual report to Council by the Mayor	31 January
	Tabling of the oversight report to Council by the MPAC	31 March
	Tabling of the final annual report to Council by the Mayor	31 March
	Make public annual report and invite community inputs into report	21 days in February
	Publicize Annual Report and Submit copy to Provincial Legislature	April
Performance auditing	Quarterly audit of performance measurements	November, February, May, August
	Audit Committee	Towards end of: November, February, May, August

### 3.1.3 Financial Modelling and Key Planning Drivers

As part of the compilation of the 2025/2026 MTREF; extensive financial modelling was undertaken to ensure affordable tariffs and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the Final 2025/2026 MTREF:

- Municipality's growth;
- Policy priorities and strategic objectives;
- Asset maintenance;
- Economic climate and trends (i.e., inflation, Eskom increases, household debt, migration patterns);
- Performance trends;
- The approved 2025/2026 adjustments budget and performance against the SDBIP;
- Cash Flow Management Strategy;
- Debtor payment levels;
- Loan and investment possibilities;
- The need for tariff increases versus the ability of the community to pay for services; and
- Improved and sustainable service delivery.

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 129 - 130 has been taken into consideration in the planning and prioritization process.

### **3.1.4 Community Consultation**

The Final 2025/26 MTREF budget reflects all Council-approved allocations, aligned to available resources, community priorities, and legislative compliance. The figures presented are consolidated and reflect all known adjustments made during the preparation process.

### **3.1.5 IDP/Budget Roadshows**

This final submission is supported by the required schedules, funding compliance confirmation, and narrative alignment with MFMA Circular No. 130. All inputs from the community, internal departments, and Provincial Treasury have been considered and are reflected in this report.

### **3.1.6 Submitting budget documentation and schedules for 2025/2026 MTREF**

**To facilitate oversight of compliance with the Municipal Budget and Reporting Regulations, accounting officers are reminded that:**

- Section 22(b)(l) of the MFMA requires that, ***immediately*** after an annual budget is tabled in the municipal council, it must be submitted to the National Treasury and the relevant provincial treasury in both printed and electronic formats. If the annual budget is tabled to the council on 31 May 2025, the final date of submission of the electronic budget documents and corresponding data strings is **14 June 2025**. The deadline for submission of hard copies including the council resolution is **21 June 2025**.
- Section 24(3) of the MFMA, read together with regulation 20(1), requires that the approved annual budget must be submitted to both National Treasury and the relevant provincial treasury ***within ten working days*** after the council has approved the annual budget. If the council only approves the annual budget on 30 June 2025, the final date for such submission is **14 July 2025**, otherwise an earlier date applies.

**The municipal manager must submit:**

- the budget documentation as set out in Schedule A (version 6.3) of the Municipal Budget and Reporting Regulations, including the main Tables (A1 - A10) and ALL the supporting tables (SA1 – SA38) in both printed and electronic formats;
- the draft Service Delivery and Budget Implementation Plan (SDBIP) in both printed and electronic format;
- Procurement Plan;
- the council resolution;
- signed Quality Certificate as prescribed in the Municipal Budget and Reporting Regulations;
- the budget locking certificate; and
- schedules D specific for the entities

**3.1.7 ALL municipalities MUST** use this version for the preparation of their 2025/2026 MTREF budget.

It is imperative that all municipalities prepare their 2025/2026 MTREF budgets in their financial systems and that Schedule A1 be produced directly from their financial system. Vendors have recently demonstrated their budget modules to the National Treasury and provincial treasuries. All financial systems have this functionality to assist and prepare budgets and to generate the prescribed Schedule A1 directly from the financial system. Municipalities **must** start early enough to capture their tabled budget (and later the adopted budget) in the budget module provided and **must** ensure that they produce their Schedule A1 directly out of the budget module.

### **3.2 Overview of budget-related policies**

The municipality's budgeting process is guided and governed by relevant legislation, frameworks, approve strategies, and related policies:

- 3.2.1 Credit Control and Debt Collection Policy
- 3.2.2 Asset Management Policy
- 3.2.3 Budget Policy
- 3.2.4 Supply Chain Management Policy
- 3.2.5 Budget and Virement Policy
- 3.2.6 Cash Management and Investment Policy
- 3.2.7 Tariff Policies
- 3.2.8 Indigent policy
- 3.2.9 Policy on Irregular Expenditure
- 3.2.10 Irregular Expenditure Policy
- 3.2.11 Debt Impairment Policy
- 3.2.12 Contract Management Policy
- 3.2.13 Retention Policy
- 3.2.14 Petty Cash Policy
- 3.2.15 Cost Containment Policy
- 3.2.16 Funding and Reserves Policy
- 3.2.17 Debtors and Write Offs Policy
- 3.2.18 Budget Implementation Management Policy
- 3.2.19 Long Term Financial Plan Policy
- 3.2.20 Revenue Enhancement Policy

Most of the above policies are currently being revised and once adopted by Council they will be placed on the municipality's website

### **3.3 Overview of budget assumptions**

#### **The Municipal Budget and Reporting Regulations**

### **3.3.1 The impact of VAT on tariffs**

- VAT remains at 15 percent, which will be an increase from 1 May 2025. To mitigate the effects of this increase on low-income households, the MTBPS announced various zero-rated items, wherein the VAT would be charged at 0 percent.
- Whether the additional amount is recoverable from the customer or not, the supplier must account for VAT on any supplies made on or after 1 May 2025 at the increased VAT rate. (See MFMA Circular No. 130 on the relevant supporting documentation regarding the VAT guides).

### **3.4 Council Adoption Summary**

The Final MTREF 2025/26 budget was presented to Council for consideration. The presentation included a detailed overview of revenue, expenditure, surplus, and service priorities. Following engagement and review, the budget was formally adopted in line with MFMA provisions. This report reflects the adopted position, incorporating inputs from Provincial Treasury, departments, and the community.

## Section 12- Municipal Manager's Quality Certificate

I, TS Buthelezi Acting Municipal Manager of Amajuba 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** : Mr. T.S. Buthelezi

**Acting Municipal Manager of** : Amajuba District Municipality (DC25)

**Signature** : \_\_\_\_\_

**Date** : \_\_\_\_\_

