

**MANDENI MUNICIPALITY
(KZN 291)
mSCOA DRAFT BUDGET
2026/27 MTREF**



**MEDIUM TERM REVENUE AND
EXPENDITURE FORECASTS**

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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	Municipality 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 City 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
HSRC	Human Science Research Council	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 Enterprise

Part 1 – mSCOA Annual Budget

1.1 Mayor’s Report

**SPEECH BY HIS WORSHIP, THE MAYOR CLLR TP MDLALOSE ON TABLING OF THE DRAFT
REVIEWED IDP AND ANNUAL MSCOA BUDGET FOR 2026/27 FINANCIAL YEAR –
MEETING HELD ON 26 MARCH 2026 AT MUNICIPAL COUNCIL CHAMBER**

PRESENTATION

OF:

REVIEWED IDP AND MSCOA BUDGET FOR 2026/27



**Honorable Speaker,
Amakhosi Asendlunkulu
Deputy Mayor**

Members of the Executive Committee
Chairperson of MPAC and the respected Committee
Honorable Councillors
Municipal Manager
Senior Management, Managers, and staff
Ward Committees,
and all protocol observed.

Honourable Speaker, my responsibility today is to table the Mandeni Municipality's draft 2026/2027 Integrated Development Plan (IDP) annual review, and Draft 2026/2027 MSCOA Municipal Budget as guided by the Municipal Systems Act in the case of IDP and the Municipal Finance Management Act in the case of the Budget and further to obtain approval from Council to publish the draft IDP review and Budget in the local media domain for public comment. Furthermore, Council will have to embark on an intensive Public and Stakeholders consultation process where communities from all 18 Municipal Wards will be offered an opportunity to make inputs on these draft documents.

This year government has dedicated this year: "Fix Local Government – Every Municipality must work" as part this year effort to enhance service and restore public confidence. This initiative focuses on active citizenry, improving municipal accountability, and resolving key service delivery challenges.

This year is especially significant, as we mark 30 years of the constitution of South Africa – a constitution that stands as a beacon of hope, justice and equality. It represents our collective commitment to overcoming the justices of our past and building a society rooted in human dignity. However, today we are called to go beyond celebration. The them "Bill of Rights at 30: Making Human Dignity Real" reminds us that rights must not only exist on paper – they must be lived and experienced by every person in Mandeni.

Somlomo, ngokomthetho, oMasipala kumele baqinisekise ukuthi izinsiza zifinyelela ngendlela efanele emphakathini, siphinde siqinisekise ukuthi zifika ngesikhathi futhi zisesimweni esifanele. Inhloso ukulwisana nobubha, ukuhlinzeka izidingo kanye nokuvula igebe lokungalingani phakthi kwabantu bakithi. Ngaphezulu kwakho konke, umthetho uyasiphoqa ukuthi sihlinzeke ingqalasizinda ezolekelela umphakathi isikhathi eside.

In accordance with legislation (Section 34 of the Municipal Systems Act), the Municipality revises its IDP on an annual basis to ensure that it remains relevant to its specific operating environment. This includes political, socio-economic, or other changes that may occur. This annual review also enables the Municipality to update its IDP based on its overall performance.

Madam Speaker and Council, as reflected above, I am satisfied that the processes of drafting this Draft Reviewed IDP for 2026/27 met all the requirements as outlined in the Municipal Systems Act as per Chapter 4 and 5 of the said Act. Also, Madam Speaker and Council, the consideration of this item of the Draft Budget for 2026/27 by this Council today is in full compliance with Section 16(2) of the Municipal Finance Management Act 56 of 2003 which stipulates that the Mayor of the municipality must table Annual budget at a Council meeting at least 90 days before the start of a new financial year.

The Act further emphasizes that once the Annual Budget tabled at Council, the municipal Council must make a Budget public and invite the local Community to submit representations in connection with the budget hence it will be necessary that Council embark on full Public Consultation during the month of April and May 2026. Somlomo nomkhandlu wakho, ngicela ukuphakamisa ukuthi siqale sibe nomhlangano naMakhosi ezizwe ezakhele iMandeni ukuwethulela usomqulu odidiyelwe kanye nohlahlo lwabiwa mali (Budget) ngaphambi kokuhambela yonke imiphakathi.

Njengo Masipala, sihlulelwa ngedlela esikwazi ngayo ukuletha izidingo emphakathini, njengo meya, kuyijoka lami ukuqinisekisa ukuthi inqubomgomo ka Masipala ilandelwa ngedlela futhi onke amagumbi ase Mandeni ayahlinzekwa ngezidingo. Kukhokonke esikwenzayo, inhloso ukuqinisekisa ukuthi abantu base Mandeni bahlezi emphakathini obavumelayo ukuthi baphile, bakhulise izizukulwane baphinde bazifukule kwabona ngokwempilo jikelele.

Honorable Speaker, Chapter 2 of the Municipal Finance Management Act, Section 53(l) (c) (l) says I quote, "***The mayor must take all reasonable steps to ensure that the municipality approves its annual budget before the start of the budget year.***"

Madam Speaker and Council, the consideration of this item of the Draft Budget for 2026/27 by this Council today is in full compliance with Section 16(2) of the Municipal Finance Management Act 56 of 2003 which stipulates that the Mayor of the municipality must table Annual budget at a Council meeting at least 90 days before the start of a new financial year.

It is for this reason that we are here today, to pronounce what the council has to approve the Draft MSCOA Budget and IDP for 2026/2027 financial years. We have also undertaken the following matters to improve the lives of our citizens:

2026 Local Government Elections and the budget process

Madam Speaker and Council, the 2025/26 municipal financial year represents the last year of the current municipal councils' electoral term. The next municipal election to usher in new councils is expected to take place between November 2026 and January 2027 in terms of section 24(2) of the Municipal Structures Act, 2000 (Act No. 32 of 2000) (MSA).

It is acknowledged that the period within which the coming election's date is expected to take place after the start of a new financial year. This scenario poses a latent challenge in so far as adherence to legislated timeframes regarding the adoption of the 5-year Integrated Development Plan (IDP) and the subsequent implementation.

Given the fact that the IDP and budget would need to be reviewed and adopted by 30 June 2026, the current council has an obligation to ensure that these stipulations are complied with. In this regard, the current council is expected to continue reviewing the IDP and ensuring that it is adopted within the legislated timeframe.

Section 25 (3) of the MSA does allow the municipal council to adopt the IDP of the preceding council.

Organizational overview

Human Resource Management

The staff turnover at Senior Management and middle Management level is stable as all the critical position have been filled. The attached revised Organisational Structure has considered the fact that the Council is focusing service delivery especially rural gravel roads maintenance.

Madam Speaker, our administration remains committed to strengthening anti-corruption measures to root out fraud and maladministration. Enhancing community engagement through our IDP processes and public participation in ensuring that residents have a voice in municipal decisions, improving responsiveness of municipal departments, cutting red tape and accelerating service delivery and as well as to ensure regular performance evaluations for senior officials, ensuring that every leader is accountable for their responsibilities.

Madam Speaker, while the Council subscribe to non-discrimination policy in terms of location, it is our wish to first check the availability of skills locally for the prioritised posts before extending the cast beyond the boundaries of the municipality.

Local Economic Development

Madam Speaker, the LED Unit of our Municipality has been reasonably staffed to enhance its operations. We have seen significant changes in our local economy which has created opportunities for our people. Hundred of jobs have been created both in public and private sector. Madam Speaker we have identified tourism, creative art, agriculture and manufacturer sectors as key drivers of our economy. We intend to attract more investors into our municipality and for us to achieve that we need to put the following in place:

- Accelerate investment in social and economic infrastructure.
- Skills Development.
- Investment in ICT.
- Creating and maintaining sound stakeholder relations.
- Developing sector specific investment and development strategies.
- Developing investment attraction incentives.

Somlomo, lapha eMandeni we have vast amounts of agricultural land and tourism attractions that have not been explored fully. To create more food security and job opportunities we need to put more investment into agriculture and related services. Ngokubambisana noMnyango wezoLimo sizoqhubeka njalo sifundise umphakathi wakithi izindlela zokulima ngenkolelo yokuthi ezolimo zingasilekelela kakhulu ukulwa nobumpofu nokuthi sikwazi ukwakha amathuba omsebenzi.

Madam Speaker, today, we are here to celebrate such a seed, a remarkable young lady from our own township Sundumbili, Miss Awande Lindelwa Dladla whose journey is about to take her far beyond our borders, to pursue advanced studies in animal production in Denmark. By pursuing her studies abroad, she is not just chasing personal success, but she is carrying the hopes of our community, the vision of a self-sufficient nation, and the responsibility to bring back knowledge that will transform our agricultural landscape.

Madam Speaker, we continue collaborate with EDTEA and Enterprise Ilembe Economic Development Agency to unleash the economic potential of our municipality. The collaboration with other spheres of government on EPWP and CWP is valued for continued job opportunities creation. The 2026/2027 Integrated Development Plan is also focusing on changing the lives of people of Mandeni by ensuring the strengthening of Local Economic Development. During the community engagements a significant number of wards indicated that, there is a great need for more local economic development projects to alleviate poverty and promote SMME and Co-operative development. This IDP is clearly provides the Local Economic Initiatives, Social programs, and drive Infrastructure projects that will strives to expand and maintain our road infrastructure in order, and as well as to promote Local Economic Development including infrastructure in rural areas and the maintenance of storm water facilities.

Planning and Development

Madam Speaker, as we are implementing Spatial Planning and Land Use Development Act, Act No. 16 of 2013, we have taken a significant step towards a unified system for Spatial Planning and Land Use Management. To date we have Municipal Planning Tribunal in place established in line with Chapter 6, Section 35 of the Spatial Planning and Land Use Management Act, Act No. 16 of 2013. These Tribunal Madam Speaker will assist the municipality on consider and decide land development applications and ensuring that development decisions are made in line with the principles of the Spatial Planning and Land Use Management Act. Asikhohliwe esakusho Madam Speaker, that we want to see a fair representation to the Tribunal, kungabi nje abesilisa bodwa kuphela kodwa siyafuna ukubona nembokodo imelelekile kulelikomidi.

BUDGET SUMMARY

The Medium-Term Expenditure Framework proposes a total budget of R 621.5 million for the 2026/27 financial year. It appropriates a total operating expenditure of R 504.4 million and capital expenditure of R 117.1 million. An amount of R107.2 million has been funded from cash backed reserves which has funded Capital Budget Internally of R68.6 million and Depreciation of R 38.6 million.

Total operating revenue of R 473.9 million has increased by 2.6 per cent or R 11.9 million for the 2026/2027 financial year when compared to the 2025/2026 Adjustments Budget. **Transfer and subsidies capital** is R 55,9 million which has decreased by 6.1 per cent or R 3.6 million for 2026/27 financial year.

Total operating expenditure for the 2026/2027 financial year has been appropriated at R 504.4 million and translates into a deficit budget of R 30.5 million, which is in contravention with guideline as per MFMA Circular No.126.

However, it should be noted that has been reduction of **R 11.5 million** for operating deficit when comparing to an Adjustment budget for 2025/26 financial year. The municipality is working on turning around the situation of tabling an operating deficit budget to Council.

Further to that, the municipality has developed strategies that are trying to address operating deficit, however these will be phased out over a period of three years. For 2026/27 Financial year the municipality has undertaken an assessment and implemented cost reflective tariffs for Service Charges: Electricity & Waste Management and resuscitated implementation of cost containment initiatives which have contributed towards reducing the operational deficit budget. However, it should be noted that for outer year's, the municipality has improved and budget for operating surplus.

Operational expenditure has increased by 0.01 per cent in the 2026/2027 budget and by 0.05 and 1.6 per cents for each of the respective outer years of the MTREF. Further to that it should also be noted that budget allocated has excluded VAT on all VATABLE Items in line with guidelines.

Total capital budget of **R 117,1 million** has been committed for 2026/2027 however this shows a decrease by 7.6 per cent when compared to the 2025/2026 Adjustment Budget where the municipality had to counter-fund some of the capital projects such as Hlomendlini, Khenana Sportsfields and Completion for Rehabilitation of Bumbanani Road in Sundumbili: Ward 13, 14 & 15 - Phase 1.

It must be noted that when draft budget is being prepared, all budget related policies must be reviewed to support implementation of the 2026/27 Municipal Annual MSCOA Budget. Also, the following macro-economic forecasts were considered when preparing the 2026/27 MTREF municipal budget:

Fiscal Year	2024/25	2025/26	2026/27	2027/28	2028/29
	Actual	Estimate	Forecast		
CPI Inflation	4.6%	4.4%	3.7%	3.3%	3.2%

The ability of the municipality to collect outstanding debt has been considered when estimating the cash flows. At the collection rate of 80 per cent as the municipality will always closely monitor its performance in this regard.

In consideration of its own revenue, the municipality is entering the fourth year of the General Valuation Roll implementation. The tariffs have increased by 3.7% in line with the projected inflation increase, apart from the R 15 000 statutory reduction for residential customers, a further R185 000 reduction is afforded to all residential customers which in essence means a household with a Market Value of R200 000 or less is exempted from Paying Rates.

Having analyzed the local Economic enablers and being motivated by our vision of becoming a sustainable economic hub by 2030, we have further afforded a 40% rebate for Industrial Properties as well as the 80% rebate for Agricultural Properties. The Municipality deem these two sectors as the biggest employers in our locality and believe that such rebates will ensure the eradication of disinvestments and further attract new investments.

Revenue enhancement and Improved debt collection

Although different methods and tools are available to municipalities for improving revenue and debt collection through external sources, National Treasury is encouraging municipalities to productively make use of the available revenue tools developed and available.

The correct use of **National Treasury Cost Reflective Tariff** and **Valuation Roll Reconciliation Tools**, together with the statistical data from the municipal billing system, must be utilised to ensure the maximum levying of revenue.

Indigent Management

It is critical to progressively manage the restriction of free basic services to national policy limits. Therefore, free basic services to indigent households must be restricted. Where any unlimited supply or supply above national policy limits is provided, the budget narrative must explicitly articulate how this is funded, also in a context of facilitating adequate asset management and adequate provision for related debt impairment and ability to maintain payment of Eskom, bulk water, and other creditors.

Electricity Tariffs

The National Energy Regulator of South Africa (NERSA) announced that the Energy Regulator, at its meeting held on 5 March 2026, considered and approved the Eskom Retail Tariffs and Structural Adjustment (ERTSA) application, at an average tariff increase of **8.76 percent** for Eskom Bulk Electricity and **9.01 percent** for municipal tariffs which will be implemented from 1 July 2026.

However, it should be noted that the municipality is still expected to submit tariff application and Cost of Study Supply (COS) to NERSA as per conditions of the license authority, which will be implemented in 2026/27 financial year.

SETTING OF COSTS REFLECTIVE TARRIFS

The setting of cost-reflective tariffs is a requirement of Section 74(2) of the Municipal Systems Act is meant to ensure that municipalities set tariffs that enable them to recover the full cost of rendering the service.

As part of the budget process, the municipality must annually undertake an assessment to determine if the intended / implemented tariffs are cost reflective, whether all critical cost components were considered in the tariff calculation(s), whether the Local Government Equitable Share component relating to basic services were allocated to the actual service(s) and to demonstrate that the Revenue Component of the budget is credible and funded.

Other sources of revenue have been aligned to the Consumer Price Index (CPI) inflation of 3.7 per cent. Siyakuqonda ukuthi abantu bakithi bathwele kanzima ngakwezomnotho njengoba nentengo kaPetrol inyuka ngamandla okunomthelele kumanani okudla kanye nezokuthutha, yingakho nomkhandlu unyuse izindleko ngo kuhambisana ne CPI.

If tariffs are not cost reflective already, the municipality needs to set out a path to achieve cost-reflective tariffs over the 2026/27 MTREF period.

All grants to be received by the Municipality during 2026/27 FY are summarised as follow:

- Equitable Share allocation is R 240,6 million which has been decreased by R 3.6 million.
- MIG allocation is R 43,7 million which has been decreased by R 4.5 million, further to that it should be noted that R3.5 million has been ringfenced towards the construction of Khenana Sports field in Ward 10.
- EPWP allocation is R 1.5 million which has been decreased by R 190 thousand.
- FMG allocation is R 2.0 million which has been increased by R 100 thousand.
- Library Grant allocation is R 5.3 million which has increased by R 501 thousand.
- Disaster Recovery Grant allocation of R 20 million has been received in this current financial year, where R8 million has been considered in the adjustment budget of 2025/26 financial year, the remaining balance of R 12 million has been budgeted to be spent in 2026/27 financial year.
- INEP allocation is R 0, but budget provision has been made for two outer years.

Employee Related Costs and Remuneration of Cllrs

The salary and wage increase for employee related costs is four comma seven five percent (4.75%) with effect from 1 July 2026, in terms of Clause 6.6 of the Collective agreement.

The Remuneration of Councillors and Remuneration of MM and Directors is in accordance with determination by National Minister of Cogta, however the municipality has budgeted for a proposed increase of four comma one percent (4.1%) percent for Councillors and four comma five percent (4.5%) for MM and Directors.

This increase has been based on the last issued Government Gazette on the Remuneration and Determination of Upper Limits as issued by COGTA.

The employee related costs and remuneration of Cllrs budget is currently sitting at 38% which is within the norm range of 25- 40 percent as per MFMA Circular No.71 for 2026/27 financial year.

Asset Management

Given the current challenges of aging and dilapidated infrastructure faced by the municipality, which contributes to high level of losses, the municipality has allocated 49 percent of the capital expenditure towards renewal/ upgrading of the existing assets and 51 percent has been allocated acquire new assets.

Another factor which causes losses is lack of maintenance during the lifespan of the assets which National Treasury encourages the municipalities to allocate at least 8 per cent towards repairs and maintenance as outlined in MFMA Circulars No. 55 and 71. The municipality has allocated a budget of **4.9 percent** towards repairs and maintenance which is below the norm as per Treasury guidelines. This is one of the critical areas where the municipality still needs to prioritize so as to ensure that municipal infrastructure does not end up in a dilapidated condition.

CAPITAL BUDGET

Somlomo and Council, the municipality has allocated a total budget of **R 41.4 mill** from the MIG Allocation for capital infrastructure development. The municipality has allocated R 11.9 million for Construction of a Sportsfield in Mangqakaza, Ward 1; R 9.7 million for Construction of a Sportsfield in Emthaleni, Ward 2; R 7.5 million Construction of High Mast Lights in Wards 1,2,6,7,8,13,14 & 15; R7.6 million for Rehabilitation of Quartz Road and a portion of Platinum Drive in Mandeni, Ward 4; R 4.0 million allocated towards completion of construction of a Khenana Sportfield in Ward 10.

Further to that the municipality received a Disaster Recovery Grant of **R 20 million** in March 2026, R 8 million was considered during adjustment budget of 2025/26 financial year based on cashflow projections of the approved disaster related projects which will be implemented. Remaining balance of **R 12 million** has been prioritized in the 2026/27 financial year's budget as these projects will be implemented over multi year period.

The municipality has allocated R 3 million for Construction of Gravel Road from P266 to Emachunwini Road in Ward 6; R 3 million for Construction of Gravel Road Kwamazitapele in Ward 2; R 1.5 million for Construction of Gravel Road from R102 to KwaNqqofela in Ward 9; R 1.5 million Construction of Gravel Road from Carwash to Nqofela in Ward 9 and R 3 million Construction of Gravel Road Grape Vine in Ward 11.

A total amount of **R 61.4 mil** has been allocated for internal projects which amongst others include construction of New Office Block at R47 mil; R1.4 million for Completion of mechanical workshop and office block at Technical Services; R900 thousand has been allocated for Supply and delivery of 4x RMU.

An amount of **R 2.8 mil** set aside where **R 1.3 mil** will be directed toward construction of Bus Shelters in Ward 3, 4, 13, 14 and 15; **R**

1.5 mil set aside for the construction of Pedestrian bridges in Ward 8, 10, 11 and 17.

A total amount of **R2.4 mil** has been allocated from internal funding towards construction of roads in the form of concrete surfacing in wards 5, 6, and 12, these projects were prioritized in 2025/26

financial year, due to delays in they will be completed in 2026/27 financial year. An amount of **R 1 mill** has been allocated towards Upgrading of Storm Water at (Masomonco) Ward 10

An amount of **R 4.3 mil** has been set aside as a top up toward finalization of Construction of Khenana Sportfield Ward 10 for R 1.1 million and Construction of Hlomendlini sportsfield- Ward 4 for R 3.2 million.

Hon Speaker and Council, an amount of **R 4 mil** has been set aside for the construction of Market Stalls in the Town Centre and **R4 mil** set aside for the finalization of Phase 2 of Construction of Mini factories in Khenana Housing.

A total amount in excess of **R 5.9 mil** has been set aside for the Department of Community Services where amongst other projects will be the Beautification of Mandeni: Phase 1 at **R 1.0 mil**; Installation of Borehole at Dokodweni Beach at **R 300 000**; establishment of Waste Transfer Station at **R 899 000**; construction of Life guard house in Tugela mouth at **R 1.5 mil**; procurement of new 15 waste skips at **R 950 000** and procurement of 3 Rescue Boats at **R 180 000**.

Hon Speaker and Council, the above is a summary of projects funded through capital budget but the detail breakdown and specific project names per wards are outlined in the IDP and Budget. We have further allocated an amount of **R 12,7 mil** towards repairs and maintenance of municipal assets, which will ensure adequate maintenance to prevent breakdowns and interruptions of service delivery.

OPERATIONAL BUDGET

Somlomo kanye ne Council kukhona futhi imali esiyibeke ecaleni engaphezulu kuka **R 6.8mil** ethinta izinhlelo zokuthuthukiswa kwabantu abasha ngaphansi kwehhovisi labo uma ngibala okumbalwa- ukusizwa kwabantu abasha nge Driver's License Programme; School Bursaries; Sports and Artistic Development, SALGA Games. It be noted that the approach on Drivers License Programme, will be to consider training of Youth on heavy duty plant machines.

Siphinde sabeka imali engaphezulu kuka **R 3.0 mil** ukubhekelela izinhlelo zokuthuthukiswa kwabantu besifazane ngaphansi kohlelo lwe Womens Caucus. Futhi siphinde sabeka nemali engaphezulu kuka **R 2.5 million** ukubhekelele izihlelo ezithinta iGender and Disability kanye nezinhlelo zama Special Programmes.

Siphinde sabeka imali engaphezulu kuka **R 1.9 mil** ukubhekelela izinhlelo zokuthuthukiswa zosomabhizinisi abafufusayo ngaphansi kohlelo lakwa Local Economic Development (SMME).

Siphinde sabeka imali engaphezulu kuka **R 1.0 mil** ukubhekelela izimo zezinhlekelele ezingeni likamasipala noma sazi ukuthi kuye kungenelele kakhulu uhulumeni ongasenhla uma kuvele izinhlekelele.

Hon Speaker and Council, this was just a high-level summary as the detailed overall Municipal Budget which is part of the Agenda Documents. I am very much aware of the list of priorities per Ward as submitted by the Communities and Ward Cllrs, but the available budget is not sufficient enough to carter for all community priorities hence other priorities will be implemented under 2026/27 Financial Year.

The 2026/2027 Integrated Development Plan focusses on changing the lives of people of Mandeni from service delivery; socio-economic development and social upliftment of all categories of the

Community hence it is important that we all work together in ensuring implementation, constant reporting to the community on progress made on implementation of this IDP and Budget.

Somlomo and Council, after having considered the First Draft Integrated Development Plan and Budget for 2026/27, we further considered the element of human resources to drive the implementation of these two critical Municipal Strategic Service Delivery Plans hence the reviewed Organisational Structure for 2026/27 FY which is also aligned with the IDP and Budget.

It is therefore my pleasure to present to this Council and the Community at large the total Municipal Budget of **R 621,496 million** for the 2026/27 Financial Year, kancane kancane uyakhula loMasipala wethu. Asiphumeni sonke siyoxhumana nomphakathi emaWadini ngale Draft IDP and Budget for 2026/27 Financial Year.

Together we can build a better tomorrow.

- Our role as active citizens does not end with voting; we are called to work together to move our nation forward.
- Let us all unite towards a common goal of improving everyday life for the better.
- In the spirit of keeping our democracy alive, South Africans are encouraged to work with their elected leaders.
- As a young democracy we have come a long way in our 30 Years of Freedom and Democracy.
- Government remains committed to working together with all citizens to build a better tomorrow for all.
- This active participation of citizens is needed in building a vibrant and representative nation.

Register to vote: With this Draft budget 2026 /27 we will fix local government, deal with the basic of service service's delivery: Fix streetlight, cutting grass etc.

In Conclusion:

Therefore, I recommend that:

The Council considers and adopts the Draft Reviewed IDP and mSCOA Budget for 2026/2027 MTREF and the Proposed Draft Organisational Structure for 2026/27 as stated on the document of the Council Agenda (**C93, C94, C95 and C96**) with all recommendations under each item.

I thank you all

CLLR TP Mdlalose
The Mayor

**COUNCIL MEETING HELD ON THURSDAY, 26 MARCH 2026 AT 9H30
AT MANDENI MUNICIPAL COUNCIL CHAMBER, NO.02 KINGFISHER
RD, MANDENI**

**DELEGATED MATTER
FOR CONSIDERATION**

1.2 Council Resolutions
Resolution No: C95

COUNCIL:26/03/2026

TABLING OF DRAFT mSCOA ANNUAL BUDGET 2026/27 MTREF

On a proposal by Cllr TP Mdlalose seconded by Cllr ST Thwala, it was

RESOLVED

1. THAT the Council acting in terms of section 16(1) & (2) of the Municipal Finance Management Act, (Act 56 of 2003) met at Mandeni Council Chamber to consider the municipality's mSCOA Draft Annual Budget 2026/27 MTREF. The Council approved and adopted the following resolutions:

1.1 THAT the mSCOA Annual Budget of the Municipality for the financial year 2026/27 and the multi-year and single-year capital appropriations as set out in the following tables of the budget document:

1.1.1 Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 13 on page 31;

1.1.2 Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 14 on page 33;

1.1.3 Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 15 on page 35; and

1.1.4 Multi-year and single-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table 16 on page 38.

1.2 THAT 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 of the budget document:

1.2.1 Budgeted Financial Position as contained in Table 17 on page 39;

1.2.2 Budgeted Cash Flows as contained in Table 18 on page 41;

1.2.3 Cash backed reserves and accumulated surplus reconciliation as contained in Table 19 on page 43;

1.2.4 Asset management as contained in Table 20 on page 39 to 44; and

1.2.1 Basic service delivery measurement as contained in Table 21 on page 46.

2. THAT the Council of Mandeni Municipality, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approved and adopted with effect from 1st July 2026:

- 2.1 The tariffs for property rates – as set out in Annexure A,
- 2.2 The tariffs for electricity – as set out in Annexure A
- 2.3 The tariffs for solid waste services – as set out in Annexure A
- 2.4 The tariffs for other services, as set out in Annexure A respectively.

3 THAT, to give proper effect to the municipality’s mSCOA Annual Budget, the Council of Mandeni Municipality approves: That cash backing is implemented through the utilisation of a portion of the revenue generated from property rates 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.

4 THAT the 2026/27 Draft Organisational structure as budgeted for be approved;

5 THAT the Council of Mandeni Municipality, acting in terms of Section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) and Section 17 (3)(a) of the MFMA approved and adopted with effect from 1st July 2026 the tariffs and other services.

6 THAT the Council of Mandeni Municipality, acting in terms of Section 17(3)(e) of the Local Government: Municipal Finance Management Act (Act 56 of 2003) approved and adopted with effect from 1st July 2026 the reviewed budget related policies.

7 THAT the Draft mSCOA Road Map as per MFMA Circular No. 107 be approved; and

8 THAT the Draft Service Level Standards as per MFMA circular No.72 be approved.

CERTIFIED TRUE EXTRACT OF THE MINUTES OF THE MEETING

SIGNED BY:

MUNICIPAL MANAGER

DATE

1.3 Executive Summary

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

The Municipality's 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.

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

National Treasury's MFMA Circular No. 51,82, 93,98,107,115,122,123,126,128 and 129, mSCOA Circular No.13 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 summarized as follows:

The ongoing difficulties in the national and local economy;
Aging and poorly maintained electricity, roads and municipal 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;
Wage increases for municipal staff that continues to exceed consumer inflation, as well as the need to fill critical vacancies;
The continued difficulty in collecting all that is due to the municipality by consumers: and
Affordability of capital projects – original allocations had to be reduced and the operational expenditure associated with prior year's capital investments needed to be factored into the budget as part of the 2026/27 MTREF process.

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

The 2025/26 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;
The commitments made with Auditor General in maintaining the clean audit initiatives;
The need to fulfill the municipal mandate on the provision of services on disaster management and public safety;
Tariff and property rates increase 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 electricity.
In addition, tariffs need to remain or move towards being cost reflective, and should consider the need to address infrastructure backlogs;

Municipal Standard Chart of Accounts (mSCOA)

The mSCOA Regulations applied to all municipalities and municipal entities with effect from 1 July 2017. Mandeni municipality has compiled its 2026/27 MTREF Budget transacting across all the mSCOA seven segments in Version 7.1 as per MFMA Circular 129. Furthermore, we have ensured seamless integration of the Integrated Development Plan (IDP), Service Delivery and Budget Implementation Plan (SDBIP) and Budget facilities into the core financial system as these documents create a point of departure for the transacting.

Mandeni municipality has tabled its mSCOA Draft Annual Budget & IDP for 2026/27 MTREF in an mSCOA classification framework and the data string (IDP and Budget) will be uploaded to the LG Database portal on the 26th March 2026 immediately after tabling at a Council Meeting. The municipality has also ensured that our main core system (SAGE Evolution) and all subsystems are integrating seamless.

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

Table 1 Consolidated Overview of the 2026/27 & MTREF

KZN291 Mandeni - Table A1 Budget Summary										
Description	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue &		
R thousands	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
Financial Performance										
Total Revenue (excluding capital transfers and contributions)	401,560	422,381	430,797	454,622	463,028	463,028	382,097	473,913	482,742	506,492
Total Expenditure	340,534	398,397	474,482	487,944	504,021	504,021	314,415	504,395	482,684	505,769
Surplus/(Deficit)	61,026	23,983	(43,684)	(33,322)	(40,993)	(40,993)	67,682	(30,482)	57	723
Transfers and subsidies - capital (monetary allocations)	45,387	55,093	47,668	46,017	59,528	59,528	26,374	55,889	48,209	49,733
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	106,413	79,077	3,984	12,694	18,535	18,535	94,056	25,407	48,266	50,456
Surplus/(Deficit) for the year	106,413	79,077	3,984	12,694	18,535	18,535	94,056	25,407	48,266	50,456
Capital expenditure & funds sources										
Capital expenditure	93,331	139,662	(409,669)	130,596	126,749	126,749	58,936	117,102	66,798	68,936
Transfers recognised - capital	12,628	51,789	(190,228)	40,058	51,806	51,806	25,171	48,479	24,580	25,366
Borrowing	0	-	(3,881)	-	-	-	-	-	-	-
Internally generated funds	80,703	87,873	(215,561)	90,538	74,943	74,943	33,765	68,623	42,218	43,569
Total sources of capital funds	93,331	139,662	(409,669)	130,596	126,749	126,749	58,936	117,102	66,798	68,936

Total operating revenue has increased by 2.35 per cent or R10.9 million for the 2026/27 financial year when compared to the 2025/26 Adjustments Budget. For the two outer years, operating revenue is projected to increase by 1.86 per cent and 4.92 per cent respectively, resulting in a total revenue growth of R43.5 million over the MTREF when compared to the 2025/26 Adjustments Budget.

Total operating expenditure for the 2026/27 financial year has been appropriated at R504.4 million, resulting in an operating deficit of R30.5 million when compared to total operating revenue of R473.9 million. Operating expenditure shows a marginal increase of 0.1 per cent from the 2025/26 Adjustments Budget of R504.0 million to R504.4 million in 2026/27. Over the MTREF, operating

expenditure decreases to R482.7 million in 2027/28 and then increases to R505.8 million in 2028/29, reflecting ongoing expenditure reprioritisation and cost containment measures.

The capital budget for 2026/27 amounts to R117.1 million, which represents a decrease of R9.6 million or 7.6 per cent when compared to the 2025/26 Adjustments Budget of R126.7 million. The capital programme decreases to R66.8 million in 2027/28 and slightly increases to R68.9 million in 2028/29, mainly due to the reduction in capital grant allocations and internally generated funding over the MTREF period.

1.4 Operating Revenue Framework

For Mandeni 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 reviewed revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy;
- Growth in the Municipality and continued economic development;
- Efficient revenue management, which aims to ensure a 70 per cent annual collection rate for property rates and other key service charges;
- The Municipality tariff increases as approved by the National Energy Regulator of South Africa (NERSA);
- Achievement of full cost recovery of specific user charges especially in relation to trading services;
- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA);
- Increase ability to extend new services and recover costs;
- The municipality's Indigent Policy and rendering of free basic services; and
- The Tariff policies of the Municipality.

The following table is a summary of the 2026/27 MTREF (classified by main revenue source):

Table 2 Summary of revenue classified by main revenue source

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Revenue											
Exchange Revenue											
Service charges - Electricity	2	49,864	61,164	64,753	82,686	90,708	90,708	60,323	100,149	103,454	106,764
Service charges - Water	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Management	2	11,577	12,380	13,073	14,713	14,713	14,713	9,958	18,557	19,024	19,606
Sale of Goods and Rendering of Services	2	1,039	1,257	978	1,513	1,383	1,383	763	1,454	1,502	1,551
Agency services	2	-	-	-	-	-	-	-	1,500	1,549	1,599
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables	2	1,229	919	1,487	2,016	2,016	2,016	1,052	1,716	1,772	1,829
Interest earned from Current and Non Current	2	20,010	26,748	19,863	25,000	25,000	25,000	8,295	20,000	20,660	21,321
Dividends	2	-	-	-	-	-	-	-	-	-	-
Rent on Land	2	106	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets	2	248	294	593	755	755	755	401	643	665	686
Licence and permits	2	22	-	-	-	-	-	-	1,015	1,048	1,082
Special rating levies	2	-	-	-	-	-	-	-	-	-	-
Construction Contract Revenue	2	6,815	10,561	1,304	-	-	-	-	-	-	-
Development Charges	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	2,548	1,507	1,355	1,252	1,875	1,875	714	39	40	42
Non-Exchange Revenue											
Property rates	2	50,660	58,321	63,942	64,913	64,913	64,913	46,519	72,815	75,217	77,624
Surcharges and Taxes	2	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	2	1,002	1,584	3,569	1,367	1,367	1,367	113	1,071	1,107	1,142
Licences or permits	2	525	985	969	998	998	998	449	-	-	-
Transfer and subsidies - Operational	2	223,107	241,981	253,010	254,956	254,848	254,848	251,447	251,101	252,722	269,139
Interest	2	2,628	3,460	3,570	4,453	4,453	4,453	2,063	3,853	3,980	4,108
Fuel Levy	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	-	-	-	-	-	-	-	-	-	-
Gains on disposal of Fixed and Intangible Assets	2	-	-	-	-	-	-	-	-	-	-
Other Gains	2	30,181	1,221	2,331	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and grants)		401,560	422,381	430,797	454,622	463,028	463,028	382,097	473,913	482,742	506,492

Table 3 Percentage growth in revenue by main revenue source

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Expenditure											
Employee related costs	2	116,754	133,709	160,030	167,901	167,901	167,901	107,928	171,799	177,101	182,760
Remuneration of councillors	2	14,325	14,955	15,151	17,043	17,043	17,043	10,116	17,742	18,327	18,914
Bulk purchases - electricity	2	45,293	52,475	58,515	66,107	72,107	72,107	46,778	77,424	79,979	82,538
Inventory consumed	2,8	4,371	3,835	6,135	5,918	5,450	5,450	1,645	4,295	2,786	2,463
Debt impairment	2,3	(1,919)	6,048	24,403	32,077	30,077	30,077	16,039	30,925	31,084	31,244
Depreciation, amortisation and impairment	2	32,437	33,728	46,319	36,240	36,240	36,240	26,888	38,641	38,672	39,910
Interest, Dividends and Rent on Land	2	325	137	0	3,050	3,050	3,050	-	600	620	640
Contracted services	2	62,194	85,801	79,982	89,650	87,841	87,841	53,618	83,659	77,118	81,065
Transfers and subsidies	2	-	-	2,450	-	2,350	2,350	2,200	2,000	2,066	2,132
Irrecoverable debts written off	2	16,941	4,388	10,696	6,637	6,637	6,637	-	7,263	7,503	7,743
Operational costs	2	43,672	62,365	71,100	62,722	74,726	74,726	49,192	69,449	46,807	55,722
Disposal of Fixed and Intangible Assets	2	6,080	501	965	600	600	600	-	600	620	640
Other Losses	2	61	456	(1,264)	-	-	-	12	-	-	-
Total Expenditure		340,534	398,397	474,482	487,944	504,021	504,021	314,415	504,395	482,684	505,769

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

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise just below one third of the total revenue mix. In the 2026/27 financial year, revenue from rates and services charges totaled R145.9 million or 32.2 per cent.

This increases to R157.1 million and R158.8 million in the respective financial years of the MTREF. There has been no much increase in the total percentage revenue generated from rates and service charges from 1 per cent in 2026/27 as it's still reflecting 1 percent in 2027/28.

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 53 MBRR SA1 (see page 109).

The second largest source is service charges from electricity revenue source totaling R80.9 million or 17.9 percent, contributing is the proposed approved increase of 11.83 per cent for municipal electricity tariffs for 2026/27 as approved guideline on municipal electricity price increase tariff. Property rates are the third largest revenue source totaling to 14.3 per cent or R65 million and increases to R68 or 14.9 per cent by 2026/27.

NERSA has published guidelines on the municipal electricity price tariffs for the 2026/27 municipal financial year and approved an increase of 11.83%. The municipality has increased its electricity tariff in alignment with the circular, however this increase will be changed during Draft budget so as to align with the Draft approved increase by NERSA.

Interest on outstanding debtors both for exchange and non-exchange has increased from R2 million to R2.1 million with an increase of 4.4 per cent which has considered current year to date

performance and also considered 2 per cent interest rate as approved by municipal council. The interest rate will be 2 per cent however the debt in question will still increase and we anticipate that given the collection rate, the increase in the actual debt will result to an increase the interest category regardless of the decrease in the actual rate itself.

Operating grants and transfers total R255 million in the 2026/27 financial year and increase to R264.4 million by 2026/27. Note that there is a year-on-year increase of 1.83 per cent and then increases to 3.7 per cent 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:

Table 4 Operating Transfers and Grant Receipts

KZN291 Mandeni - Supporting Table SA18 Transfers and grant receipts										
Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27	Medium Term	Revenue &
		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	1.2									
Operating										
National Government										
Monetary Allocations										
Local Government Equitable Share	-	212,818	230,823	243,588	244,198	244,198	244,198	240,637	248,435	264,752
EPWP Incentive	-	4,807	3,784	1,815	1,714	1,714	1,714	1,524	-	-
Integrated National Electrification Programme	-	7,200	7,200	1,500	-	-	-	-	-	-
Finance Management	-	1,850	1,850	1,800	1,900	1,900	1,900	2,000	2,100	2,200
Municipal Infrastructure Grant	-	17,023	17,023	-	2,411	2,411	2,411	2,187	2,187	2,187
KwaZulu-Natal_Capacity Building and Other_Speci	-	13,680	19,093	4,619	4,933	4,825	4,825	4,753	-	-
KwaZulu-Natal_Capacity Building and Other_Specify (Add grant description)_Receipts						600	600			
Total Monetary Allocations		257,378	279,773	253,322	255,156	255,648	255,648	251,101	252,722	269,139
Total Operating/National Government		257,378	279,773	253,322	255,156	255,648	255,648	251,101	252,722	269,139
District Municipalities										
KwaZulu-Natal_DC 29 - Ilembe_Infrastructure_Specify (Add grant description)_RECEIPTS	-	-	-	1,284	-	-	-	-	-	-
Other transfers/grants [insert description]										
Total Monetary Allocations		-	-	-	-	-	-	-	-	-
Allocations In-kind										
Other transfers/grants [insert description]										
Total Allocations In-kind		-	-	-	-	-	-	-	-	-
Total Operating/District Municipalities		-	-	-	-	-	-	-	-	-
Total Operating/Other Grant Providers		-	-	-	-	-	-	-	-	-
Total Operating	5	308,012	330,406	253,322	255,156	255,648	255,648	251,101	252,722	269,139
Capital										
National Government										
Monetary Allocations										
Municipal Infrastructure Grant (MIG)	-	82,276	128,668	41,101	45,817	45,817	45,817	41,554	46,143	47,601
Integrated National Electrification Programme Grant	-	-	3,576	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Total Monetary Allocations		82,276	132,244	41,101	45,817	45,817	45,817	41,554	46,143	47,601
Total Capital/National Government		82,276	132,244	41,101	45,817	45,817	45,817	41,554	46,143	47,601
Provincial Government										
Monetary Allocations										
Municipal Disaster Recovery Grant	-	-	-	5,182	-	20,000	20,000	-	-	-
KwaZulu-Natal_Infrastructure_Infrastructure_RECE	-	50,633	50,633	-	-	1,000	1,000	2,000	2,066	2,132
KwaZulu-Natal_Capacity Building and Other_Specify (Add grant description)_Receipts							335			
Total Monetary Allocations		50,633	50,633	5,182	-	21,000	21,000	2,335	2,066	2,132
Allocations In-kind										
Other transfers/grants [insert description]										
Total Allocations In-kind		-	-	-	-	-	-	-	-	-
Total Capital/Provincial Government		50,633	50,633	5,182	-	21,000	21,000	2,335	2,066	2,132
Total Capital/Other Grant Providers		-	-	-	-	-	-	-	-	-
Total Capital	5	132,909	182,877	46,283	45,817	66,817	66,817	43,889	48,209	49,733
TOTAL RECEIPTS OF TRANSFERS AND GRANTS		440,921	513,284	299,605	300,973	322,465	322,465	294,990	300,931	318,872

Setting Cost Reflective Tariffs

As part of the budget process, the municipality must annually undertake an assessment to determine if the intended and implemented tariffs are cost reflective, whether all critical cost components were considered in the tariff calculation(s), whether the Local Government Equitable Share component relating to basic services were allocated to the actual service(s) and to demonstrate that the Revenue Component of the budget is credible and funded; etc.

To facilitate this exercise, the municipality must complete and submit this calculation(s) and or tariff assessment in the format of the National Treasury Tariff Tool as part of its tabled, adopted and adjusted MTREF submissions to the National Treasury GoMuni portal.

The Cost Reflective Tariff Tool outcomes must also be reported to and approved by Council as part of the respective tabled and adopted MTREF submissions.

If the Tariff Tool indicates significant tariff shortfalls, any major tariff increases should be phased in over two to three years and can be approved for the outer years (2027/28, 2028/29 and 2029/30). Thus, the indicative tariffs should be phased in over a period of three years. Should the municipality through the completion of the Tariff Tool identify major flaws and or gaps in any tariff, the National Treasury recommend it is prudent for the municipality to undertake a full Cost of Supply study (COS) for that service since tariff gaps may be indicative of an unfunded revenue component of the municipality's MTREF.

1.5 Property Rates

Reference is made to MFMA Circulars No. 93, paragraph 3, 98 paragraph 4.1 and 123 paragraph 5.1. The emphasis in these MFMA Circulars is to ensure that municipalities are using their entire revenue base for the revenue budget projections. The status quo remains; however, it is essential that municipalities reconcile their most recent consolidated valuation roll data to that of the current billing system to ensure that revenue anticipated from property rates is realistic. The municipalities should implement a data management strategy and develop internal capacity to perform these reconciliations and investigations to improve completeness of billing.

The periodic general valuation of properties can result in significant changes in the market values of properties, especially where regular supplementary valuations are not done during the period of validity of the valuation roll. In the year in which a new valuation roll is implemented, where the general valuation of properties results in significant increases in the market values of a significant proportion of the properties, it would be advisable to reduce the cent in the Rand rates for categories of rateable properties for which the greater proportion of the market values increased significantly in the general valuation.

To do this, the municipality must run various permutations of different cent in the Rand rates against different categories of properties to ascertain the rates payable against the different permutations.

The use of the Valuation Roll Reconciliation tool of the National Treasury, can assist in testing the various permutations of tariffs. After running the different permutations, the municipality can then determine the percentage in the Rand rates for the different categories of rateable properties that do not cause rates shocks that increase the rates payable by property owners excessively.

The Municipality is entering the fourth year of the General Valuation Roll implementation; the atmosphere is stable with less Market Value enquiries and disputes. It can be indicated that almost all disputes and objections have been resolved fortunately without the involvement of the Valuation Advisory Board. The tariffs have increased by 3.7 percent in line with the projected inflation increase, apart from the R15 000 statutory reduction for residential customers, a further R185 000 reduction is afforded to all residential customers which in essence means a household with a Market Value of R200 000 or less is exempted from Paying Rates.

Having analyzed the local Economic enablers and being motivated by our vision of becoming a sustainable economic hub by 2030, we have further afforded a 40% rebate for Industrial Properties as well as the 80% rebate for Agricultural Properties. The Municipality deem these two sectors as the biggest employers in our locality and believe that such rebates will ensure the eradication of disinvestments and further attract new investments.

Table 5 Comparison of proposed rates to be levied for the 2026/27 financial year.

Cartegories	Tariff 2025/26	Tariff 2026/27
Farms Agricultural Purpose	0.0043	0.0044
Business and Commercial	0.0287	0.0298
Industrial	0.0287	0.0298
Mining Properties	0.0287	0.0298
Municipal Properties	0.0268	0.0278
Public Benefit Organisation	0.0043	0.0044
Public Service Infrastructure	0.0042	0.0044
State Trust Land	-	-
PublicServices Purpose	0.0268	0.0278
Residential	0.0169	0.0175
Vacant Land	0.0268	0.0278
Place of Worship	0.0268	0.0278

1.6 Sale of Electricity and Impact of Tariff Increases

The National Energy Regulator of South Africa (NERSA) announced that the Energy Regulator, at its meeting held on 5 March 2026, considered and approved the Eskom Retail Tariffs and Structural Adjustment (ERTSA) application, at an average tariff increase of **8.76 percent** for Eskom Bulk Electricity and **9.01 percent** for municipal tariffs which will be implemented from 1 July 2026.

The municipality has undertaken Cost of study supply for provision of electricity; this will be submitted to NERSA when applying for municipal tariff of 2026/27 Financial year.

However, it should be noted that this tariff will be submitted to NERSA for their consideration and approval prior implementation for next financial year.

Prepaid smart metering system has been fully implemented although they are few consumers who have not fully converted to prepaid. Thukela water works by Umngeni

Water is fully functioning a further increase in our revenue base has been considered in the Draft Annual budget.

Service Charges- electricity revenue have increased from R90.7 million to R100 million in the 2026/27 financial year by R9.4 million or 9.4 per cent. Electricity revenue increase has considered proposed increase of 9.01 per cent for municipal electricity tariffs and considered the level of demand by Umngeni Water based on actual performance to date.

Then revenue budget has been increased by R9.4 million. The breakdown of the calculation applied in obtaining the budget amount has taken into consideration the conversion to the prepaid system that the municipality has significantly implemented the system and Umngeni water works level of demand. The municipality has a challenge in forecasting demand by Umngeni water for budget estimated allocated, however the municipality will continuously monitor the revenue generated so as to ensure realistic estimates are allocated.

The number of households receiving the above minimum service level in respect of electricity has remained the same at 1094 for 2026/27 financial year, increase in budget has been based on the current year's performance and increase in electricity tariff as proposed by NERSA.

Electricity Revenue has also considered an agreement entered between Municipality and Umngeni water works for the implementation of bulk supply for water scheme within Mandeni as we are the supply authority, the contract will also continue in the 2026/27 financial year. The agreement between Umngeni water is that the municipality will pay for consumption as per billing raised by Eskom and this will then be topped by 9.01 per cent to bill Umngeni as per agreement.

Eskom is providing free basic electricity on behalf of the municipality to all its registered indigent beneficiaries of which they have increased from 1573 to 1600 households. The municipality reviews its indigent register on an annual basis so as to confirm if the qualifying beneficiaries are still qualifying as indigent. Budget allocated for FBE has slight increase from R1.41 million to R1.46 million which has considered an increase in the number of qualifying beneficiaries and the proposed increase in electricity of 9.01 per cent.

Further to that it should be noted that the municipality has 18 wards within the area, however we have license authority to provide electricity in ward 3 only and there are no qualifying indigent beneficiaries within this ward. Therefore, Eskom is providing this service of FBE within the 17 wards of municipality on its qualifying beneficiaries.

The inadequate electricity bulk capacity and the impact on service delivery and development remains a challenge for the Municipality. Most of the suburbs and inner Municipality reticulation expectancy. The upgrading of the Municipality's network has therefore become a strategic priority, especially the substations and transmission lines.

During the 2026/27 financial year we did not receive funding for INEP.

The municipality is in a process of determining its tariffs through the tariff modelling and determining all the cost drivers associated to providing this service which will then assist the municipality in ensuring that we maintain financial sustainability in providing this service.

The Electricity Service for the 2026/27 financial year has been analyzed by comparing electricity revenue and electricity-related expenditure. The municipality has budgeted electricity revenue of

R100 million, while bulk electricity purchases amount to R77 million and free basic electricity amounts to R1.46 million. The municipality continues to monitor electricity tariffs, distribution losses, and operational costs to ensure the service remains financially sustainable.

1.7 Waste Removal and Impact of Tariff Increases

Refuse is removed at least once a week, number of properties that are billed on the system have remained at 4695 customers for 2026/27 financial year.

Number of households for free basic refuse service have increased from 32 001 to 32300 with an increase of 299 households, which has taken into consideration additional properties around the municipality (Low-cost housing) that have been added as part of areas where the municipality is providing free basic service. Additional properties have been noted during transfer of ownership for low-cost housing at Inyoni area.

Currently solid waste removal service is operating at a surplus of R2.9 million with exclusion of Debt Impairment of R5.9 million. However, municipality is still working on a process of fully implementing cost reflective tariffs which will ensure that all the costs associated with providing this service have been considered and refuse service is provided at an improved surplus.

Projected revenue constitutes of R15.0 million for billing to debtors and R944 thousand allocated from equitable share towards free basic services thus totaling R14.1 million.

Projected expenditure is R21.9 million which has been broken down as follows:

Employee Related cost of R1.2 million, contracted services of R6.5 million for (rental fee paid towards usage of King Cetshwayo landfill site for dumping of refuse as the municipality does not have its own landfill site and procurement of refuse bags). Inventory Consumed and Operational cost of R4 million and Debt Impairment provision of R10 million.

The Consumer Price Index (CPI) inflation is forecasted at Three coma seven percent (3.7%); and revenue tariffs have been increased with the same percentage, which has excluded Electricity and Waste Management Tariffs, as they have been determined through cost reflective tariffs. We are introducing the flat rate for Refuse subject to public consultations that are to take place during April 2026.

While it is noted that the number of properties have remained the same as 2025/26 financial year as per the consolidated valuation roll for demand for this service, business refuse forms a significant part of our refuse collection revenue which has been considered during budget preparation process.

Service Charges- refuse revenue increased from R14.1 million to R18.6 million in the 2026/27 financial year with an increase of 20.7 per cent. Increase in refuse is not aligned with the CPI

increase of 3.7 per cent, this is due to level of performance noted as at to date, which will ensure that budget allocated for this item is not understated.

Increase has considered the introduction of flat rate and the number of properties from 32 001 to 32 300 with an increase of 299 which the municipality will be providing this service. Refuse collection is split between two categories for Refuse removed at least once a week which are billed monthly and number of households receiving free basic service. To which most consumers are deemed to be indigent for this service hence they receive the free basic service.

1.7.1 Overall impact of tariff increases on households.

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 flat for property rates, 3.7 per cent and 9.01 per cent for electricity.

Table 6 MBRR Table SA14 – Household bills

KZN291 Mandeni - Supporting Table SA14 Household bills

Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Rand/cent								% incr.			
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		1,124.64	1,114.03	1,167.51	1,167.51	1,167.51	1,167.51	3.5%	1,224.71	1,281.05	1,339.98
Electricity: Basic levy		567.06	590.73	647.44	744.55	744.55	744.55	14.3%	829.43	867.58	907.49
Electricity: Consumption		2,575.84	2,683.32	2,940.92	3,382.05	3,382.05	3,382.05	14.3%	3,767.61	3,940.92	4,122.20
Water: Basic levy		-	-	-	-	-	-	-	-	-	-
Water: Consumption		-	-	-	-	-	-	-	-	-	-
Sanitation		-	-	-	-	-	-	-	-	-	-
Refuse removal		147.67	148.37	155.50	163.74	163.74	163.74	10.5%	243.97	255.19	266.93
Other		-	-	-	-	-	-	-	-	-	-
sub-total		4,415.21	4,536.45	4,911.35	5,457.85	5,457.85	5,457.85	11.1%	6,065.72	6,344.74	6,636.60
VAT on Services		-	-	-	-	-	-	-	-	-	-
Total large household bill:		4,415.21	4,536.45	4,911.35	5,457.85	5,457.85	5,457.85	11.1%	6,065.72	6,344.74	6,636.60
% increase/-decrease			2.7%	8.3%	11.1%	-	-		11.1%	4.6%	4.6%
Monthly Account for Household - 'Affordable Range'	2										
Rates and services charges:											
Property rates		609.01	603.27	632.22	632.22	632.22	632.22	3.5%	663.20	693.71	725.62
Electricity: Basic levy		331.89	345.74	378.93	435.77	435.77	435.77	14.3%	485.45	507.78	531.14
Electricity: Consumption		511.96	533.32	584.52	672.20	672.20	672.20	14.3%	748.83	783.27	819.30
Water: Basic levy		-	-	-	-	-	-	-	-	-	-
Water: Consumption		-	-	-	-	-	-	-	-	-	-
Sanitation		-	-	-	-	-	-	-	-	-	-
Refuse removal		141.69	142.37	149.20	157.11	157.11	157.11	10.5%	164.81	172.39	180.32
Other		-	-	-	-	-	-	-	-	-	-
sub-total		1,594.55	1,624.70	1,744.88	1,897.30	1,897.30	1,897.30	8.7%	2,062.29	2,157.15	2,256.38
VAT on Services		-	-	-	-	-	-	-	-	-	-
Total small household bill:		1,594.55	1,624.70	1,744.88	1,897.30	1,897.30	1,897.30	8.7%	2,062.29	2,157.15	2,256.38
% increase/-decrease			1.9%	7.4%	8.7%	-	-		8.7%	4.6%	4.6%
				2.91	0.18	(1.00)	-				
Monthly Account for Household - 'Indigent' Household receiving free basic services	3										
Rates and services charges:											
Property rates		-	-	-	-	-	-	-	2100900	2100900	-
Electricity: Basic levy		-	-	-	-	-	-	-	-	-	-
Electricity: Consumption		-	-	-	-	-	-	-	-	-	-
Water: Basic levy		-	-	-	-	-	-	-	-	-	-
Water: Consumption		-	-	-	-	-	-	-	-	-	-
Sanitation		-	-	-	-	-	-	-	-	-	-
Refuse removal		-	-	-	-	-	-	-	91,637.58	91,637.58	-
Other		-	-	-	-	-	-	-	-	-	-
sub-total		-	-	-	-	-	-	-	2192537.58	2192537.6	-
VAT on Services		-	-	-	-	-	-	-	0	0	-
Total small household bill:		-	-	-	-	-	-	-	2192537.58	2192537.6	-
% increase/-decrease										0.0%	(100.0%)

1.8 Operating Expenditure Framework

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

Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit;

Funding of the budget over the medium-term as informed by Section 18 and 19 of the MFMA;

The capital programme is aligned to the asset renewal strategy and backlog eradication plan;

Operational gains and efficiencies will be directed to funding the capital budget and other core services; and

Strict adherences to the principle of no project plan no budget. If there is no business plan no funding allocation can be made.

The municipality has budgeted for a deficit of **R30.5 million** as per the requirement of MFMA Circular No.132 for 2026/27 financial year. However, it should be noted that there is a surplus in year-on-year of over MTREF of R780 thousands.

The following table is a high-level summary of the 2026/27 budget and MTREF (classified per main type of operating expenditure):

Table 7 Summary of operating expenditure by standard classification item

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Expenditure											
Employee related costs	2	116,754	133,709	160,030	167,901	167,901	167,901	107,928	171,799	177,101	182,760
Remuneration of councillors	2	14,325	14,955	15,151	17,043	17,043	17,043	10,116	17,742	18,327	18,914
Bulk purchases - electricity	2	45,293	52,475	58,515	66,107	72,107	72,107	46,778	77,424	79,979	82,538
Inventory consumed	2,8	4,371	3,835	6,135	5,918	5,450	5,450	1,645	4,295	2,786	2,463
Debt impairment	2,3	(1,919)	6,048	24,403	32,077	30,077	30,077	16,039	30,925	31,084	31,244
Depreciation, amortisation and impairment	2	32,437	33,728	46,319	36,240	36,240	36,240	26,888	38,641	38,672	39,910
Interest, Dividends and Rent on Land	2	325	137	0	3,050	3,050	3,050	-	600	620	640
Contracted services	2	62,194	85,801	79,982	89,650	87,841	87,841	53,618	83,659	77,118	81,065
Transfers and subsidies	2	-	-	2,450	-	2,350	2,350	2,200	2,000	2,066	2,132
Irrecoverable debts written off	2	16,941	4,388	10,696	6,637	6,637	6,637	-	7,263	7,503	7,743
Operational costs	2	43,672	62,365	71,100	62,722	74,726	74,726	49,192	69,449	46,807	55,722
Disposal of Fixed and Intangible Assets	2	6,080	501	965	600	600	600	-	600	620	640
Other Losses	2	61	456	(1,264)	-	-	-	12	-	-	-
Total Expenditure		340,534	398,397	474,482	487,944	504,021	504,021	314,415	504,395	482,684	505,769

The budgeted allocation for employee related costs and remuneration of Councilors for the 2026/27 financial year totals R189.5 million, which equals 38 per cent of the total operating expenditure.

Employee-related costs increased from R184.9 million to R189.5 million, which reflects an increase of 2.4 percent. As part of the planning assumptions and interventions, an increase has taken into consideration the status of current positions filled and an increase in 4.75 per cent as per the proposed salary increase.

The salary and wage collective agreement as signed by parties of the South African Local Government Bargaining Council (SALGBC) in terms of Clause 6.6 of the Collective agreement have confirmed an increase of **Four comma seven five percent (4.75%)** with effect from 1 July 2026.

Any linked benefits and conditions of service as per clause 10 of the Collective Agreement shall increase at the same rate.

The municipality has also considered Fourteen (14) existing vacant positions which have been prioritized in the current year's budget but have not been filled as per the approved organisational structure. Budget Provision has been considered for these vacant positions as they will be filled, this is aimed at strengthening institutional capacity, improving service delivery, and ensuring effective implementation of municipal programmes.

The following vacant positions in the current financial year have been prioritized in the Draft Budget for 2026/27:

ORGANOGRAM APPROVED BUT VACANT POSITION PROVIDED FOR ON DRAFT BUDGET 2026/27		
VACANT POSITION	TASK GRADE	DEPARTMENT
Supervisor Public Facilities	10	Community Service
Driver Waste Services	7	Community Service
Coordinator EPWP	10	Community Service
Examiners Driver's License	12	Community Service
Superintendent traffic and by law	12	Community Service
Chief Fire fighter	12	Community Service
General Assistant	3	Community Service
Technician civil	11	Technical Service & Infrastructural Development
General Assistant (Old Title Small Plant Operator)	4	Technical Service & Infrastructural Development
General Assistant Road & Stormwater x2	3	Technical Service & Infrastructural Development
General Assistant Building & Maintenance	3	Technical Service & Infrastructural Development
General Assistant x1	3	Corporate Service
Administration Officer Development & Planning	10	Economic Development Planning & Human Settlement

Furthermore, employee related costs budget has included wages for EPWP wages of R1.5 million as per DORA allocation, further to that the municipality has co-funded these wages with budget of R1.2 million based on beneficiaries who have been registered on this program for 2026/27 financial year. However, it should be noted that EPWP allocation has been reduced with R190 thousand for next financial year.

Retirement benefit obligation interest costs in accordance with GRAP 25 has been budgeted under employee related cost as per mSCOA reclassification with a budget of R2.7 million which has been based on prior year audited AFS.

Number of positions for municipal staff and councilors has remained unchanged as there are no new prioritized positions but rather fill the positions that already exist in the organogram but are vacant.

The municipality has also considered in the budget the actual costs as approved in accordance with the Upper Limits of Total Remuneration Packages of Municipal Manager and Managers directly accountable to Municipal Manager as published by the Minister of Cooperative Governance and Traditional Affairs.

The proposed increase is Four comma five percent (4.5%) which is based on current years approved increase in Senior Management upper limits.

Further to that it should be noted that the municipality performs head count and payroll verification process on an annual basis once-a-year in order to identify any ghost employees.

Employee related costs and remuneration of Councilor's have been budgeted at percentage of 38 percent of the total operating expenditure, which is within the norm range of 25 percent to 40 percent as per MFMA Circular No.71.

Remuneration of Councilors has increased from R17.0 million to R17.7 million which reflects an increase of 3 per cent which is not aligned with CPI. Increase in remuneration of Councilors has considered the current year's performance as per Adjustment budget 2025/26. With the mSCOA classification SDL expenditure is allocated under Other Expenditure.

Further to that two EXCO members have been budgeted for as full-time members of the Council as per agreement with COGTA.

Bulk purchases: are directly informed by the purchase of electricity from Eskom. The annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The National Energy Regulator of South Africa (NERSA) announced that the Energy Regulator, at its meeting held on 5 March 2026, considered and approved the Eskom Retail Tariffs and Structural Adjustment (ERTSA) application, at an average tariff increase of **8.76 percent** for Eskom Bulk Electricity and **9.01 percent** for municipal tariffs which will be implemented from 1 July 2026.

Bulk purchases have increased from 66.1 million to 77.4 million in 2026/27, which is due to increase of 9.01 per cent, increase has also considered the actual consumption by Umngeni for implementation of water works and the level of demand noted during 2025/26 financial year. Further to that this item is tax levied at 15 per cent of R11.6 million.

Umngeni Water Plant. The plant increased its water generating capacity to circumvent the Hazelmere Dam shortfalls which came as a result of the KZN April 2022 and 2023 floods which resulted in a serious destruction of the Bulk Water Infrastructure particularly in Ethekewini and the Southern part of KwaDukuza. As expected, the increase in the demand for the generation and subsequent transmission resulted in a rapid increase of electricity consumption. Consequently, the

Municipal Electricity Revenue then followed the same upsurge resulting in the over performance of the initially recognized budget.

Inventory Consumed: For the 2026/27 financial year, Inventory Consumed has been allocated R4.3 million, reflecting a decrease from R5.5 million in the 2025/26 adjusted budget. The budget decreases further to R2.8 million in 2027/28 and R2.5 million in 2028/29

Further to that budget allocated for inventory consumed relates to materials and supplies and standard rated items procured by the municipality towards repairs and maintenance. The municipality procures stores items which is often used by internal staff for maintenance of infrastructure which is undertaken internally.

Debt Impairment: For the 2026/27 financial year amounts to R30.9 million and increases to R31.1 million by 2027/28 and R31.2 million in 2028/29. While this expenditure is a non-cash flow item it forms part of the total cost associated with the operational expenditure. The municipality notes increasing debtor's book and majority of the debt is as a result of residential households, budget allocated has considered the provision anticipated that it will not be collected based on previous year's audited AFS.

Debt Impairment has increased from R30.1 million to R30.9 million with an increase of 2.7 per cent. Increase in Provision for debt impairment is due to the significant increase in the volume of debts deemed irrecoverable as per guideline of MFMA Circular No.126. Budget allocated for Irrecoverable debt written off of R8.2 million has been reversed as part of impairment loss.

Any write off of irrecoverable debt previously impaired and accounted for as an impairment loss should be adjusted as a reversal of impairment loss when the write-off takes place. Failure to adjust the previous impairment loss by the reversal will impact negatively on the net receivables and therefore the funding of the budget. The receivables will be reduced by the amount of the debt written off whilst still providing for the impairment of the receivables already written off.

Reversal of Impairment loss – used to facilitate the reversal of overstated impairment losses. Any decrease in impairment is accounted for per debt type. This is treated as a gain in the Statement of Financial Performance.

Revenue Forgone have increased to R17.5 million.

Provision for debt impairment has constantly increased over the years as a result of the entrenched culture of nonpayment for services by the Township Consumers where we don't have a leverage. We have had several campaigns aimed at rehabilitating the debtor, but the overall Economic impact of the area has a negative effect in our collectability ratio. It's worth noting that the Township is populated by migrant labors so as they reach the retirement age they migrate back to their Rural Homesteads, leaving their houses with tenants or sell in the black market without following the proper property sale's procedure. This phenomenon then results in the Municipal Financial System having the owner that appears in the deeds office as the account holder where else the property in reality is now owned by a different person. Expectedly we therefore dispatch a wrong Municipal Account to a wrong consumer.

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 R38.6 million for the 2026/27 financial and equates to 7.7 per cent of the total operating expenditure. The implementation of GRAP 17 accounting standard has also been considered in determining budget for provision for depreciation.

It is anticipated that some infrastructural projects will be brought into use before the end of the current financial year.

The total amount forecasted for the next financial year amounts to R38.6 million this is after taking into consideration the forecasted Capital Expenditure on various asset classes and the implication of write-offs at year-end. The amounts for movable assets such as Computer Equipment, Furniture, Machinery and Transport assets were adjusted to cater for the forecasted Capital Expenditure for the next financial year.

Interest: Currently the municipality does not have and finance leases as the previous agreement came to an end. Budget allocated for R600 thousand which has considered any interest that is charged by Eskom for late payment which forms part of fruitless and wasteful expenditure and Interest Cost from Employee Benefit obligations.

However, the municipality has been engaging Eskom in relation to these interest as the municipality always ensures that payment is paid timeously.

Contracted Services for 2026/27 the appropriation against this group of expenditure has been decreased by 5 per cent (R4.1 million) and continue to decrease to 3.6 per cent for the two outer years of which budget allocation is in excess of R81.1 million by 2028/29.

As part of the process of identifying further cost efficiencies, a business process reengineering project will continue that commenced in the 2025/26 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 this budget cycle, and it is envisaged that additional cost savings will be implemented.

As part of the compilation of the 2026/2027 MTREF this group of expenditure was critically evaluated, and operational efficiencies were enforced as the municipality is trying to reduce the outsourcing of services. The municipality took a resolution to perform some of these contracted services internally as assessments were done and reports reflected that the municipality can be capable of delivering these services, however it was also noted that municipality is currently in no position to fully perform these services internally, such as lease of refuse truck and provision of Security Services as the municipality does not have full capacity to perform them internally.

During the compilation of the 2026/27 MTREF operational repairs and maintenance was identified as a strategic imperative owing to the aging of the Municipality's infrastructure and historic deferred maintenance and the weather pattern disasters especially to rural roads. Budget allocated for other materials in 2026/27 financial year is sufficient to cover the repairs and maintenance as the budget estimate for this item has considered the repairs and maintenance plan that is annually reviewed by the municipality.

Further to that budget allocated for this item has considered the existing contracts the municipality has in place which are outsourced.

Contracted Service	Final Adjustment 2025/26	Draft Budget 2026/27	% Increase /Decrease	Reason for movement
Municipal Security Services & VIP Security	18,072,304	16,191,921	-12%	Decrease is due new SLA signed in December and municipal has insource the VIP security which has been considered under budget for employee related costs
Catering	5,056,471.00	4,610,674.00	-10%	Decrease is due to municipality enforcing the cost containment measures even though it could not be reduced any further down due to planned programs and public participation events that affect community of which catering must be provided by the municipality. It should be noted that previous experiences has shown that community participate in events where catering has been provided.
Grass Cutting	4,434,465	3,098,539	-43%	Decrease in Budget is due to the decision that was taken to partially insource this service by recruiting 3 permanent brush cutters from last financial year.
Professional staff:	5,675,496	6,587,829	14%	Increase is due to current year's performance and also considered expired contract.
Transportation	2,817,558	3,247,000	13%	Increase is due to planned programs and public participation events that affect community of which transport must be provided by the municipality.

Maintenance	30,131,296	31,145,231	3%	Increase has been based on this current year's performance, further to that the municipality is to ensure the management of its asset.
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Operational Cost: Operational costs comprise various line items relating to the daily operations of the municipality. Operational costs have decreased from R74.7 million in the 2025/26 adjusted budget to R69.5 million in the 2026/27 budget, reflecting a decrease of 7.6 per cent.

This group of expenditure has been identified as a key area where cost savings and efficiencies can be achieved, as the municipality has identified areas in which cost-cutting measures can be implemented without negatively affecting municipal operations. The budget allocated for this item has taken into consideration the Cost Containment Regulations issued on 7 June 2020, which continue to guide municipal spending and promote prudent financial management.

Furthermore, it should be noted that other expenditure exceeds the recommended norm of 10 per cent by 14 per cent. This variance is mainly due to critical operational requirements that must be prioritised to ensure continued service delivery, including fuel and oil, licensing of the municipal fleet, and other essential operational activities. These items are necessary for the effective functioning of municipal services and will be closely monitored to ensure that spending remains within realistic and sustainable limits.

Employee related costs and other operational expenditure remain the main cost drivers within the municipality. As a result, the municipality will continue to identify alternative operational efficiencies and cost-saving measures to reduce the long-term impact of wage increases and operational expenditure growth over the MTREF period, while ensuring that service delivery objectives are not compromised.

Other Expenditure	Final Adjustment 2025/26	Draft Budget 2026/27	% Increase	Reason for movement
Insurance Premiums	3,480,436	3,758,870	7%	Increases are due to an annual increase and consideration of additional number of Assets the municipality have
Printing, Publication and Books	987,141	1,190,735	17%	Increase is due to current years performance and estimated increase in the market.
Municipal services	4,054,350	4,204,359	4%	Increase is due to current years performance which has also considered careful monitoring in electricity uses.
Travel and subsistence	4,251,429	4,145,876	-3%	Decrease is due to performance noted in this current year and consideration of cost containment measures.

All Licensing	5,520,555	6,068,170	9%	Increases are due to an annual increase and has considered the number of vehicles that are renewed annually.
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The following table gives a breakdown of the main expenditure categories for the 2026/27 financial year.

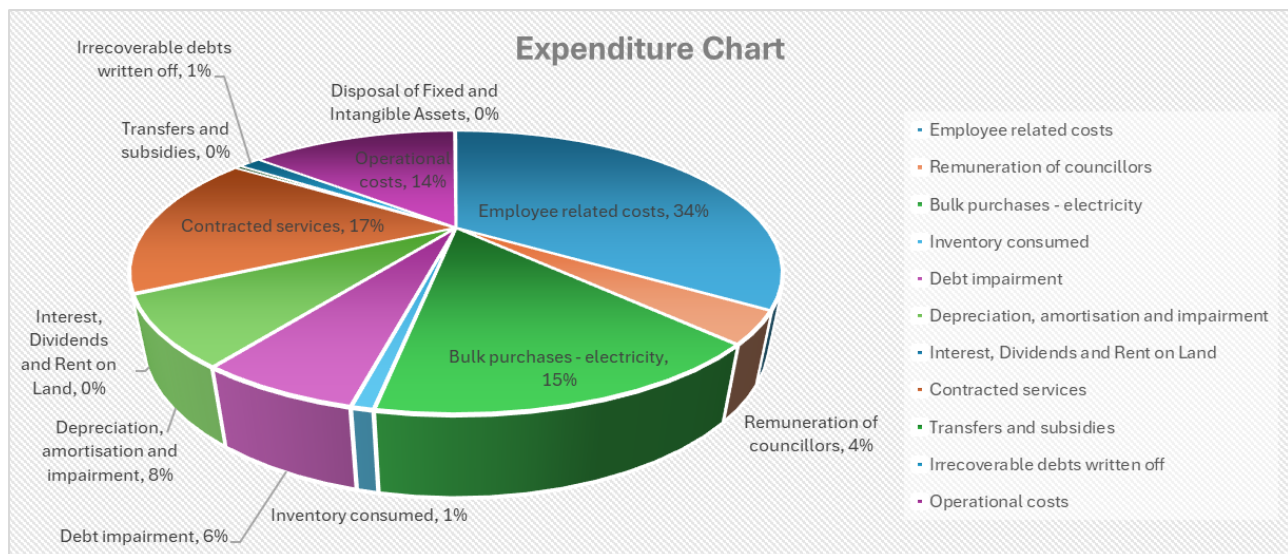


Figure 1 Main operational expenditure categories for the 2026/27 financial year

1.8.1 Priority given to repairs and maintenance

Aligned to the priority being given to preserving and maintaining the municipality’s current infrastructure, the 2026/27 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs & maintenance plan of the Municipality. 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:

During the compilation of the 2026/27 MTREF operational repairs and maintenance were identified as a strategic imperative owing to the aging of the municipality’s infrastructure.

Budget allocated for repairs and maintenance in 2025/26 is R35.8 million and increases to R36.6 million in 2026/27 financial year. Budget for repairs and maintenance has increased by 3 per cent when comparing to 2025/26 Adjusted Budget.

The increased budget against Repairs and maintenance is part of the municipality’s strategy to ensure the management of its asset base and was informed by the Repairs and maintenance plan which will ensure the ongoing health of the municipal asset. Budget allocated will be monitored during the financial year.

The repairs & Maintenance budget represents 4,9 per cent of the Property, Plant and Equipment with value of R36,6 million which is below the National Treasury MFMA Circular No.55 guideline of 8 percent.

KZN291 Mandeni - Supporting Table SA34c Repairs and maintenance expenditure by asset class										
Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term		
		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	1									
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		13,528	14,325	18,304	21,802	22,706	22,706	25,000	22,746	25,431
Roads Infrastructure		7,600	6,397	8,864	8,426	9,500	9,500	11,096	10,933	11,263
Roads		7,470	6,397	8,569	7,948	9,326	9,326	10,313	10,124	10,429
Road Structures		59	–	269	304	174	174	609	629	649
Road Furniture		70	–	26	174	0	0	174	180	185
Capital Spares		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		627	1,017	1,246	3,913	3,865	3,865	3,913	4,101	4,377
Drainage Collection		627	1,017	1,246	3,913	3,865	3,865	3,913	4,101	4,377
Storm water Conveyance		–	–	–	–	–	–	–	–	–
Attenuation		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		1,196	2,518	2,651	3,148	2,322	2,322	3,035	3,135	3,235
Power Plants		93	–	40	130	130	130	130	135	139
HV Substations		–	–	–	–	–	–	–	–	–
HV Switching Station		–	–	–	–	–	–	–	–	–
HV Transmission Conductors		–	521	169	870	739	739	696	719	742
MV Substations		9	77	(3)	61	61	61	122	126	130
MV Switching Stations		–	–	–	–	–	–	–	–	–
MV Networks		58	47	143	87	217	217	261	269	278
LV Networks		332	784	986	1,130	304	304	957	988	1,020
Capital Spares		704	1,089	1,317	870	870	870	870	898	927
Solid Waste Infrastructure		3,059	3,421	4,343	5,565	5,915	5,915	5,913	3,499	5,438
Landfill Sites		–	–	–	–	–	–	–	–	–
Waste Transfer Stations		–	–	–	–	–	–	–	–	–
Waste Processing Facilities		3,059	3,421	4,343	5,565	5,915	5,915	5,913	3,499	5,438
Waste Drop-off Points		–	–	–	–	–	–	–	–	–
Waste Separation Facilities		–	–	–	–	–	–	–	–	–
Electricity Generation Facilities		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Information and Communication Infrastructure		1,046	972	1,201	750	1,104	1,104	1,043	1,078	1,118
Data Centres		–	–	–	–	–	–	–	–	–
Core Layers		1,046	972	1,201	750	1,104	1,104	1,043	1,078	1,118
Distribution Layers		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Community Assets		1,089	1,843	1,914	2,885	3,001	3,001	2,620	2,706	2,799
Community Facilities		52	207	66	363	479	479	120	124	128
Halls		–	107	–	–	–	–	–	–	–
Centres		–	–	–	–	–	–	–	–	–
Crèches		–	–	–	–	–	–	–	–	–
Clinics/Care Centres		–	–	–	–	–	–	–	–	–
Theatres		–	–	–	–	–	–	–	–	–
Libraries		3	–	46	213	213	213	20	21	21
Cemeteries/Crematoria		–	–	–	–	–	–	–	–	–
Police		–	–	–	–	–	–	–	–	–
Parks		49	101	20	150	266	266	100	103	107
Public Open Space		–	–	–	–	–	–	–	–	–
Nature Reserves		–	–	–	–	–	–	–	–	–
Taxi Ranks/Bus Terminals		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Sport and Recreation Facilities		1,036	1,635	1,847	2,522	2,522	2,522	2,500	2,582	2,671
Indoor Facilities		–	–	–	–	–	–	–	–	–
Outdoor Facilities		1,036	1,635	1,847	2,522	2,522	2,522	2,500	2,582	2,671
Capital Spares		–	–	–	–	–	–	–	–	–
Other assets		91	30	–	348	174	174	250	258	267
Operational Buildings		91	30	–	348	174	174	250	258	267
Municipal Offices		91	30	–	348	174	174	250	258	267
Pay/Enquiry Points		–	–	–	–	–	–	–	–	–
Building Plan Offices		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Machinery and Equipment		3,970	5,289	8,094	10,438	9,916	9,916	8,713	7,952	7,794
Machinery and Equipment		3,970	5,289	8,094	10,438	9,916	9,916	8,713	7,952	7,794
Transport Assets		–	–	–	–	–	–	–	–	–
Transport Assets		–	–	–	–	–	–	–	–	–
Total Repairs and Maintenance	1	18,677	21,486	28,312	35,473	35,797	35,797	36,583	33,664	36,291
R&M as a % of PPE & Investment Property		3.4%	3.8%	4.5%	5.1%	4.6%	4.6%	4.9%	4.4%	4.7%
R&M as % Operating Expenditure		5.5%	5.4%	6.0%	7.3%	7.1%	7.1%	11.6%	6.7%	7.5%

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

Table 9 Repairs and maintenance per asset class

KZN291 Mandeni - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class										
Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
R thousand	1									
Capital expenditure on renewal of existing assets by Asset Class/Sub-class										
Infrastructure		88,983	98,122	28,744	4,439	16,943	16,943	17,074	6,859	7,078
Roads Infrastructure		66,178	74,697	23,929	3,913	16,943	16,943	17,074	6,859	7,078
Roads		-	8,520	23,929	3,913	16,943	16,943	17,074	6,859	7,078
Road Structures		47,178	47,178	-	-	-	-	-	-	-
Road Furniture		18,999	18,999	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	410	4,436	-	-	-	-	-	-
Drainage Collection		-	410	4,436	-	-	-	-	-	-
Storm water Conveyance		-	-	-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		22,805	23,015	380	526	0	0	-	-	-
MV Switching Stations		-	-	-	-	-	-	-	-	-
MV Networks		15,362	15,572	380	526	0	0	-	-	-
LV Networks		7,443	7,443	-	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Community Assets		53,395	53,395	847	4,348	1,774	1,774	3,478	-	-
Community Facilities		53,395	53,395	847	4,348	1,774	1,774	3,478	-	-
Halls		20,889	20,889	-	-	-	-	-	-	-
Centres		22,854	22,854	-	-	-	-	-	-	-
Crèches		-	-	-	-	-	-	-	-	-
Theatres		-	-	-	-	-	-	-	-	-
Libraries		7,386	7,386	-	-	-	-	-	-	-
Markets		-	-	-	-	-	-	-	-	-
Stalls		2,266	2,266	847	4,348	1,774	1,774	3,478	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Computer Equipment		7,116	6,257	-	-	-	-	-	-	-
Computer Equipment		7,116	6,257	-	-	-	-	-	-	-
Furniture and Office Equipment		8,121	7,915	-	-	-	-	-	-	-
Furniture and Office Equipment		8,121	7,915	-	-	-	-	-	-	-
Machinery and Equipment		21,441	20,245	-	-	-	-	-	-	-
Machinery and Equipment		21,441	20,245	-	-	-	-	-	-	-
Transport Assets		47,616	45,884	-	-	-	-	-	-	-
Transport Assets		47,616	45,884	-	-	-	-	-	-	-
Total Capital Expenditure on ren	1	226,672	231,818	29,591	8,787	18,717	18,717	20,552	6,859	7,078
Renewal of Existing Assets as % of total		57.2%	43.3%	23.4%	6.7%	14.8%	14.8%	17.6%	10.3%	10.3%
Renewal of Existing Assets as % of dep		754.0%	736.2%	78.2%	24.2%	51.6%	51.6%	53.2%	17.7%	17.7%

For the 2026/27 financial year 83 per cent or R17 million of total repairs and maintenance will be spent on infrastructure assets. Community assets have been allocated R3.5 million of total repairs and maintenance equating to 17 per cent.

1.9 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services, the households are required to register in terms of the Municipality's Indigent Policy. The target is to register 299 or more indigent households during the 2026/27 financial year, a process is reviewed annually to benefit in Free Basic Services offered by the municipality. Detail relating to free services, cost of free basic 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.

1.10 Capital expenditure

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

Table 10 2026/27 Medium-term capital budget per function

KZN291 Mandeni - Table A5 Budgeted Capital Expenditure											
Vote Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term		
R thousand	1	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
Capital Expenditure - Functional											
Governance and administration		54,368	16,494	(126,597)	34,549	31,778	31,778	18,678	48,434	42,218	43,569
Executive and council		–	1,932	10,538	30,000	23,540	23,540	17,185	44,783	42,218	43,569
Finance and administration		54,368	14,562	(137,135)	4,549	8,239	8,239	1,494	3,652	–	–
Internal audit		–	–	–	–	–	–	–	–	–	–
Community and public safety		17,174	6,284	(109,656)	26,644	28,699	28,699	8,707	28,124	10,917	11,266
Community and social services		21,438	772	(108,099)	8,664	8,616	8,616	4,659	1,012	180	185
Sport and recreation		(4,264)	5,512	(2,375)	8,836	10,940	10,940	3,846	26,808	10,737	11,081
Public safety		–	–	817	9,143	9,143	9,143	201	304	–	–
Housing		–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–
Economic and environmental services		15,885	108,996	(137,687)	62,038	62,478	62,478	31,154	30,174	6,948	7,171
Planning and development		11,028	19,023	(27,742)	7,522	5,208	5,208	3,301	7,009	–	–
Road transport		4,857	89,974	(109,945)	54,517	57,270	57,270	27,853	23,165	6,948	7,171
Environmental protection		–	–	–	–	–	–	–	–	–	–
Trading services		5,903	7,888	(35,730)	7,365	3,793	3,793	397	10,370	6,715	6,930
Energy sources		5,903	2,154	(31,556)	4,869	2,087	2,087	–	7,891	6,715	6,930
Water management		–	–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	870	440	440	–	870	–	–
Waste management		–	5,734	(4,174)	1,626	1,267	1,267	397	1,609	–	–
Other		–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	3	93,331	139,662	(409,669)	130,596	126,749	126,749	58,936	117,102	66,798	68,936

KZN291 Mandeni - Table A5 Budgeted Capital Expenditure											
Vote Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term		
R thousand	1	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		12,628	51,072	(190,332)	39,884	50,763	50,763	25,089	46,449	24,580	25,366
Provincial Government		-	717	104	174	1,043	1,043	83	2,030	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (National Government)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	12,628	51,789	(190,228)	40,058	51,806	51,806	25,171	48,479	24,580	25,366
Borrowing	6	0	-	(3,881)	-	-	-	-	-	-	-
Internally generated funds		80,703	87,873	(215,561)	90,538	74,943	74,943	33,765	68,623	42,218	43,569
Total Capital Funding	7	93,331	139,662	(409,669)	130,596	126,749	126,749	58,936	117,102	66,798	68,936

For 2026/27 an amount of R43.3 million has been appropriated for the construction of Other Assets which represents 37 per cent of the total capital budget which is the highest allocation toward capital expenditure.

Community assets have been allocated R34.5, which represents 29 per cent.

Infrastructure Assets have been allocated budget of R33.4 million appropriated at 29 per cent.

Transport, Machinery, Computer Furniture and Office equipment have been allocated R5.8 which represent 5 per cent.

The total Draft Capital Budget for the 2026/27 financial year amounts to R134.7 million (VAT inclusive) and will be funded through a combination of Municipal Infrastructure Grant (MIG), Disaster Grant, Library Grant, EDTEA Grant, and internally generated funds from municipal reserves.

The Municipal Infrastructure Grant (MIG) contributes R41.4 million, representing 30.7 per cent of the total capital budget. In line with national grant conditions, 95 per cent of the MIG allocation is directed towards infrastructure projects, while 5 per cent is allocated towards the Project Management Unit (PMU). The MIG funding is primarily directed towards infrastructure development projects such as sport fields, high mast lighting, rehabilitation of internal roads and stormwater, Quartz Road and Platinum Drive rehabilitation, and community halls in various wards.

The Disaster Grant amounts to R12 million, representing 8.9 per cent of the total capital budget, and will be utilized for gravel road rehabilitation projects in wards 2, 6, 9, and 11 to restore road infrastructure damaged by disasters and improve accessibility.

The Library Grant of R335 thousand, representing 0.25 per cent of the capital budget, will be used for procurement of library furniture, ICT equipment, and air conditioning to improve library services and community access to information resources.

The EDTEA Grant contributes R2 million, representing 1.5 per cent of the total capital budget, and is allocated towards the construction of Mini Factories at Khenana Phase 2, aimed at promoting local economic development and supporting small businesses.

The municipality will fund R78.9 million, representing 58.6 per cent of the total capital budget, from internally generated funds and cash-backed reserves from previous financial years. Internal funding

is mainly directed towards construction of the new municipal office block, technical services infrastructure, market stalls in the CBD, mini factories, bus shelters, pedestrian bridges, waste management infrastructure, procurement of vehicles, plant and equipment, and other service delivery-related projects.

A significant portion of the internally funded budget, R47 million, has been allocated for the construction of the new municipal office block, which is currently in the planning and design phase for the 2026/27 financial year. This project forms part of the municipality's long-term infrastructure development plan and will be implemented over the Medium-Term Revenue and Expenditure Framework (MTREF).

The Technical Services Department receives the largest share of the capital budget at R114.8 million, focusing mainly on infrastructure development such as roads, sportfields, stormwater systems, bus shelters, pedestrian bridges, and municipal facilities. The Executive and Council is allocated R4.5 million mainly for procurement of vehicles, communication equipment, and YEP infrastructure improvements. The EDPHS Department receives R8.06 million for market stalls and mini factories development, while Community Services is allocated R5.9 million for waste management, disaster management, and environmental infrastructure. Corporate Services receives R1.35 million for ICT infrastructure and office equipment.

1.11 Annual Budget Tables - Parent Municipality

The following eighteen pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2026/27 budget and MTREF as approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

Table 11 MBRR Table A1 - Budget Summary

KZN291 Mandeni - Table A1 Budget Summary										
Description	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue &		
R thousands	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
Financial Performance										
Property rates	50,660	58,321	63,942	64,913	64,913	64,913	46,519	72,815	75,217	77,624
Service charges	61,440	73,544	77,826	97,399	105,421	105,421	70,281	118,706	122,478	126,370
Investment revenue	20,010	26,748	19,863	25,000	25,000	25,000	8,295	20,000	20,660	21,321
Transfer and subsidies - Operational	223,107	241,981	253,010	254,956	254,848	254,848	251,447	251,101	252,722	269,139
Other own revenue	46,342	21,787	16,156	12,353	12,846	12,846	5,554	11,292	11,664	12,038
Total Revenue (excluding capital transfers and contributions)	401,560	422,381	430,797	454,622	463,028	463,028	382,097	473,913	482,742	506,492
Employee costs	116,754	133,709	160,030	167,901	167,901	167,901	107,928	171,799	177,101	182,760
Remuneration of councillors	14,325	14,955	15,151	17,043	17,043	17,043	10,116	17,742	18,327	18,914
Depreciation, amortisation and impairment	32,437	33,728	46,319	36,240	36,240	36,240	26,888	38,641	38,672	39,910
Interest, Dividends and Rent on Land	325	137	0	3,050	3,050	3,050	-	600	620	640
Inventory consumed and bulk purchases	49,664	56,309	64,650	72,025	77,557	77,557	48,423	81,719	82,765	85,001
Transfers and subsidies	-	-	2,450	-	2,350	2,350	2,200	2,000	2,066	2,132
Other expenditure	127,029	159,559	185,882	191,685	199,880	199,880	118,861	191,895	163,133	176,414
Total Expenditure	340,534	398,397	474,482	487,944	504,021	504,021	314,415	504,395	482,684	505,769
Surplus/(Deficit)	61,026	23,983	(43,684)	(33,322)	(40,993)	(40,993)	67,682	(30,482)	57	723
Transfers and subsidies - capital (monetary allocations)	45,387	55,093	47,668	46,017	59,528	59,528	26,374	55,889	48,209	49,733
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	106,413	79,077	3,984	12,694	18,535	18,535	94,056	25,407	48,266	50,456
Share of Surplus/Deficit attributable to Associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	106,413	79,077	3,984	12,694	18,535	18,535	94,056	25,407	48,266	50,456
Capital expenditure & funds sources										
Capital expenditure	93,331	139,662	(409,669)	130,596	126,749	126,749	58,936	117,102	66,798	68,936
Transfers recognised - capital	12,628	51,789	(190,228)	40,058	51,806	51,806	25,171	48,479	24,580	25,366
Borrowing	0	-	(3,881)	-	-	-	-	-	-	-
Internally generated funds	80,703	87,873	(215,561)	90,538	74,943	74,943	33,765	68,623	42,218	43,569
Total sources of capital funds	93,331	139,662	(409,669)	130,596	126,749	126,749	58,936	117,102	66,798	68,936
Financial position										
Total current assets	354,670	329,657	255,323	178,561	217,562	217,562	320,487	143,418	235,495	243,672
Total non current assets	602,748	713,576	793,896	805,344	883,806	883,806	825,826	961,667	937,833	968,805
Total current liabilities	78,293	85,385	86,164	88,340	114,184	114,184	89,038	92,985	131,983	136,198
Total non current liabilities	17,730	21,070	22,198	25,770	27,321	27,321	22,198	-	-	-
Community wealth/Equity	2,761,932	3,555,318	911,232	869,795	959,863	959,863	1,004,568	1,012,100	1,041,345	1,076,279
Cash flows										
Net cash from (used) operating	1,087,019	1,442,512	60,870	(82,386)	(69,804)	(69,804)	(380,293)	74,281	110,829	112,850
Net cash from (used) investing	-	-	-	(144,685)	(140,261)	(140,261)	-	(134,667)	(76,818)	(79,276)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end	1,170,007	1,310,500	291,058	(134,863)	(78,138)	(78,138)	(148,394)	1,738	35,749	69,323
Cash backing/surplus reconciliation										
Cash and investments available	1,170,007	1,310,500	291,058	(134,863)	(78,138)	(78,138)	(148,394)	1,738	35,749	69,323
Application of cash and investments	3,716	(3,755)	8,670	(7,317)	31,349	31,349	21,356	(36,321)	24,954	23,882
Balance - surplus (shortfall)	1,166,291	1,314,254	282,388	(127,547)	(109,486)	(109,486)	(169,751)	38,059	10,795	45,440
Asset management										
Asset register summary (WDV)	555,444	574,689	634,227	695,649	774,813	774,813	-	752,619	765,340	778,214
Depreciation	30,063	31,489	37,846	36,240	36,240	36,240	-	38,641	38,672	39,910
Renewal and Upgrading of Existing Assets	321,620	408,915	73,856	97,944	91,021	91,021	-	76,887	55,881	57,669
Repairs and Maintenance	18,677	21,486	28,312	35,473	35,797	35,797	-	36,583	33,664	36,291
Free services										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	-	-	-	-
Households below minimum service level										
Water:	-	38	34	34	34	34	-	34	34	-
Sanitation/sewerage:	1	(7,414)	(6,724)	(12,147)	(12,147)	(12,147)	-	(14,026)	(14,671)	-
Energy:	2	(7,413)	(6,723)	(13,036)	(13,036)	(13,036)	-	(15,012)	(15,703)	-
Refuse:	9	9	9	9	9	9	-	9	9	-

Explanatory notes to MBRR Table A1 - Budget Summary

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

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.

Financial management reforms emphasises 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.

The operating surplus/deficit (after Total Expenditure) is positive over the MTREF Capital expenditure is balanced by capital funding sources, of which Transfers recognised are reflected on the Financial Performance Budget.

Borrowing is incorporated in the net cash from financing on the Cash Flow Budget Internally generated funds are financed from accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow 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 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 2026/27, when a small surplus as reflected.

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.

Table 12 MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

KZN291 Mandeni - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)										
Functional Classification Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term		
R thousand	1	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
Revenue - Functional										
Governance and administration		319,605	323,455	339,132	342,170	339,669	339,669	337,993	349,038	368,606
Executive and council		–	–	–	8,365	8,365	8,365	8,243	8,515	8,788
Finance and administration		319,605	323,455	339,132	333,805	331,304	331,304	329,750	340,523	359,819
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		10,732	4,710	6,994	6,128	5,933	5,933	8,367	3,387	3,496
Community and social services		5,497	4,710	5,270	5,719	5,611	5,611	5,766	700	723
Sport and recreation		5,234	–	1,707	–	–	–	–	–	–
Public safety		–	–	17	408	321	321	2,602	2,687	2,773
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		46,274	63,161	51,516	52,717	66,707	66,707	61,078	52,269	53,853
Planning and development		44,726	42,536	47,129	48,740	50,219	50,219	46,494	51,174	52,723
Road transport		1,548	20,625	4,387	3,977	16,488	16,488	14,584	1,095	1,130
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		70,336	86,468	80,731	99,623	110,248	110,248	122,364	126,257	130,270
Energy sources		56,878	72,748	66,249	83,081	91,103	91,103	100,075	103,377	106,685
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		13,458	13,720	14,482	16,543	19,145	19,145	22,289	22,880	23,585
Other	4	–	–	–	–	–	–	–	–	–
Total Revenue - Functional	2	446,946	477,794	478,373	500,638	522,556	522,556	529,802	530,951	556,225
Expenditure - Functional										
Governance and administration		170,455	188,147	219,970	212,727	220,480	220,480	238,615	214,825	227,659
Executive and council		54,325	62,011	66,501	79,879	74,794	74,794	72,596	60,938	68,053
Finance and administration		116,130	126,137	153,469	132,847	145,686	145,686	166,019	153,887	159,606
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		34,639	46,599	57,060	51,805	56,250	56,250	54,520	54,451	56,363
Community and social services		26,279	33,291	41,974	36,398	40,484	40,484	41,129	41,957	43,305
Sport and recreation		8,335	12,862	13,472	13,045	13,608	13,608	11,358	11,341	11,856
Public safety		–	418	1,462	2,148	1,943	1,943	1,829	1,122	1,170
Housing		24	29	152	214	214	214	204	31	32
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		65,567	69,233	83,973	92,410	93,620	93,620	95,619	97,163	99,957
Planning and development		19,166	18,934	23,562	26,477	25,445	25,445	26,450	25,994	26,413
Road transport		43,242	46,605	55,834	60,311	62,637	62,637	64,589	66,408	68,630
Environmental protection		3,159	3,694	4,577	5,622	5,538	5,538	4,579	4,762	4,914
Trading services		71,791	88,370	88,785	102,391	107,049	107,049	115,010	115,593	121,119
Energy sources		60,265	77,057	72,643	75,903	82,005	82,005	85,347	87,983	90,798
Water management		–	–	–	–	–	–	–	–	–
Waste water management		2,487	2,543	3,063	3,048	3,048	3,048	3,362	3,473	3,584
Waste management		9,039	8,770	13,078	23,440	21,997	21,997	26,301	24,137	26,736
Other	4	–	–	292	522	531	531	630	651	672
Total Expenditure - Functional	3	342,452	392,349	450,079	459,854	477,931	477,931	504,395	482,684	505,769
Surplus/(Deficit) for the year		104,494	85,445	28,295	40,784	44,625	44,625	25,407	48,266	50,456

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 enable 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.

Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources reflected under the Budget & Treasury Office.

Table 13 MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

KZN291 Mandeni - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)										
Vote Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term		
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
Revenue by Vote	1									
Vote 1 - Executive and council		–	–	–	8,365	8,365	8,365	8,243	8,515	8,788
Vote 2 - Finance and administration		319,605	323,455	339,132	333,805	331,304	331,304	329,750	340,523	359,819
Vote 3 - Internal audit		–	–	–	–	–	–	–	–	–
Vote 4 - Community and social services		5,497	4,710	5,287	6,128	5,933	5,933	5,853	790	815
Vote 5 - Sport and Recreation		5,234	–	1,707	–	–	–	–	–	–
Vote 6 - Public safety		–	–	–	–	–	–	2,515	2,597	2,681
Vote 7 - Housing		–	–	–	–	–	–	–	–	–
Vote 8 - Planning and Development		44,726	42,536	47,129	48,740	50,219	50,219	46,494	51,174	52,723
Vote 9 - Road transport		1,548	20,625	4,387	3,977	16,488	16,488	14,584	1,095	1,130
Vote 10 - Energy sources		56,878	72,748	66,249	83,081	91,103	91,103	100,075	103,377	106,685
Vote 11 - Waste Management		13,458	13,720	14,482	16,543	19,145	19,145	22,289	22,880	23,585
Vote 12 - Environmental Protection		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	446,946	477,794	478,373	500,638	522,556	522,556	529,802	530,951	556,225
Expenditure by Vote to be appropriate	1									
Vote 1 - Executive and council		54,325	62,011	66,501	79,879	74,794	74,794	72,596	60,938	68,053
Vote 2 - Finance and administration		116,130	126,137	153,469	132,534	145,417	145,417	166,019	153,887	159,606
Vote 3 - Internal audit		–	–	–	313	269	269	–	–	–
Vote 4 - Community and social services		26,279	33,291	41,974	36,398	41,180	41,180	41,664	42,147	43,507
Vote 5 - Sport and Recreation		8,335	12,862	13,472	13,045	13,608	13,608	11,358	11,341	11,856
Vote 6 - Public safety		–	418	1,462	2,148	1,248	1,248	1,295	932	968
Vote 7 - Housing		24	29	152	214	214	214	204	31	32
Vote 8 - Planning and Development		19,166	18,934	23,854	26,998	25,976	25,976	27,081	26,645	27,085
Vote 9 - Road transport		45,730	49,148	58,897	63,359	65,685	65,685	67,952	69,881	72,215
Vote 10 - Energy sources		60,265	77,057	72,643	75,903	82,005	82,005	85,347	87,983	90,798
Vote 11 - Waste Management		9,039	8,770	13,078	23,440	21,997	21,997	26,301	24,137	26,736
Vote 12 - Environmental Protection		3,159	3,694	4,577	5,622	5,538	5,538	4,579	4,762	4,914
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	342,452	392,349	450,079	459,854	477,931	477,931	504,395	482,684	505,769
Surplus/(Deficit) for the year	2	104,494	85,445	28,295	40,784	44,625	44,625	25,407	48,266	50,456

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 the 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 the municipality.

Table 14 MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Revenue											
Exchange Revenue											
Service charges - Electricity	2	49,864	61,164	64,753	82,686	90,708	90,708	60,323	100,149	103,454	106,764
Service charges - Water	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Management	2	11,577	12,380	13,073	14,713	14,713	14,713	9,958	18,557	19,024	19,606
Sale of Goods and Rendering of Services	2	1,039	1,257	978	1,513	1,383	1,383	763	1,454	1,502	1,551
Agency services	2	-	-	-	-	-	-	-	1,500	1,549	1,599
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables	2	1,229	919	1,487	2,016	2,016	2,016	1,052	1,716	1,772	1,829
Interest earned from Current and Non Current	2	20,010	26,748	19,863	25,000	25,000	25,000	8,295	20,000	20,660	21,321
Dividends	2	-	-	-	-	-	-	-	-	-	-
Rent on Land	2	106	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets	2	248	294	593	755	755	755	401	643	665	686
Licence and permits	2	22	-	-	-	-	-	-	1,015	1,048	1,082
Special rating levies	2	-	-	-	-	-	-	-	-	-	-
Construction Contract Revenue	2	6,815	10,561	1,304	-	-	-	-	-	-	-
Development Charges	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	2,548	1,507	1,355	1,252	1,875	1,875	714	39	40	42
Non-Exchange Revenue											
Property rates	2	50,660	58,321	63,942	64,913	64,913	64,913	46,519	72,815	75,217	77,624
Surcharges and Taxes	2	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	2	1,002	1,584	3,569	1,367	1,367	1,367	113	1,071	1,107	1,142
Licences or permits	2	525	985	969	998	998	998	449	-	-	-
Transfer and subsidies - Operational	2	223,107	241,981	253,010	254,956	254,848	254,848	251,447	251,101	252,722	269,139
Interest	2	2,628	3,460	3,570	4,453	4,453	4,453	2,063	3,853	3,980	4,108
Fuel Levy	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	-	-	-	-	-	-	-	-	-	-
Gains on disposal of Fixed and Intangible Assets	2	-	-	-	-	-	-	-	-	-	-
Other Gains	2	30,181	1,221	2,331	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers a		401,560	422,381	430,797	454,622	463,028	463,028	382,097	473,913	482,742	506,492
Expenditure											
Employee related costs	2	116,754	133,709	160,030	167,901	167,901	167,901	107,928	171,799	177,101	182,760
Remuneration of councillors	2	14,325	14,955	15,151	17,043	17,043	17,043	10,116	17,742	18,327	18,914
Bulk purchases - electricity	2	45,293	52,475	58,515	66,107	72,107	72,107	46,778	77,424	79,979	82,538
Inventory consumed	2,8	4,371	3,835	6,135	5,918	5,450	5,450	1,645	4,295	2,786	2,463
Debt impairment	2,3	(1,919)	6,048	24,403	32,077	30,077	30,077	16,039	30,925	31,084	31,244
Depreciation, amortisation and impairment	2	32,437	33,728	46,319	36,240	36,240	36,240	26,888	38,641	38,672	39,910
Interest, Dividends and Rent on Land	2	325	137	0	3,050	3,050	3,050	-	600	620	640
Contracted services	2	62,194	85,801	79,982	89,650	87,841	87,841	53,618	83,659	77,118	81,065
Transfers and subsidies	2	-	-	2,450	-	2,350	2,350	2,200	2,000	2,066	2,132
Irrecoverable debts written off	2	16,941	4,388	10,696	6,637	6,637	6,637	-	7,263	7,503	7,743
Operational costs	2	43,672	62,365	71,100	62,722	74,726	74,726	49,192	69,449	46,807	55,722
Disposal of Fixed and Intangible Assets	2	6,080	501	965	600	600	600	-	600	620	640
Other Losses	2	61	456	(1,264)	-	-	-	12	-	-	-
Total Expenditure		340,534	398,397	474,482	487,944	504,021	504,021	314,415	504,395	482,684	505,769
Surplus/(Deficit)		61,026	23,983	(43,684)	(33,322)	(40,993)	(40,993)	67,682	(30,482)	57	723
Transfers and subsidies - capital (monetary allocations)	6	45,387	55,093	47,668	46,017	59,528	59,528	26,374	55,889	48,209	49,733
Transfers and subsidies - capital (in-kind)	6	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		106,413	79,077	3,984	12,694	18,535	18,535	94,056	25,407	48,266	50,456
Income Tax		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		106,413	79,077	3,984	12,694	18,535	18,535	94,056	25,407	48,266	50,456
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		106,413	79,077	3,984	12,694	18,535	18,535	94,056	25,407	48,266	50,456
Share of Surplus/Deficit attributable to Associated Company/Parent subsidiary transactions	7	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1	106,413	79,077	3,984	12,694	18,535	18,535	94,056	25,407	48,266	50,456

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

Total operating revenue (excluding capital transfers) amounts to R473.9 million in the 2026/27 financial year and increases to R482.7 million in 2027/28 and R506.5 million in 2028/29. This represents a year-on-year increase of 4.9 per cent in 2026/27, 1.9 per cent in 2027/28, and 4.9 per cent in 2028/29 over the medium-term.

Revenue to be generated from property rates amounts to R72.8 million in 2026/27 and increases to R75.2 million in 2027/28 and R77.6 million in 2028/29, contributing approximately 15.4 per cent of the total operating revenue base of the Municipality in 2026/27. The increase in property rates is aligned to the 4.9 per cent tariff increase approved by Council and is aimed at improving the Municipality's revenue base while remaining affordable to consumers.

Service charges relating to electricity and refuse removal remain a significant component of the Municipality's revenue basket, totaling R118.7 million in 2026/27 (Electricity R100.1 million and Waste Management R18.6 million), increasing to R122.5 million in 2027/28 and R126.4 million in 2028/29. Service charges contribute approximately 25.1 per cent of total operating revenue in 2026/27. The growth in this category is mainly attributed to the 9.01 per cent increase in electricity tariffs in line with NERSA guidelines plus level of demand from customers. In addition, refuse removal tariffs have increased by 10.5 per cent for residential consumers, and a new flat-rate tariff for business consumers has been introduced, which will be categorized based on the volume of waste collection. The Municipality has also considered the agreement with Umngeni Water for the Thukela Water Works project, which impacts electricity consumption and bulk supply requirements.

Rental facilities and equipment (Rental from Fixed Assets) amounts to R643 thousand in 2026/27, increasing to R665 thousand in 2027/28 and R686 thousand in 2028/29, reflecting an decrease of 17.3 per cent or R112 thousand from the 2025/26 Adjustment Budget of R755 thousand. The budget considers demand for municipal facilities, and actual collection trends. The Municipality continues to face challenges in closing the gap between cost drivers and tariffs for community facilities, requiring operational efficiency improvements to sustain service delivery.

Interest earned from external investments is budgeted at R20.0 million in 2026/27, increasing to R20.7 million in 2027/28 and R21.3 million in 2028/29. The estimates are based on projected investment balances, grant cash flows, and an average market-related interest rate of 8.25 per cent. Investment income remains an important funding source to ensure cash backing of reserves and provisions, and performance will be closely monitored throughout the financial year.

Interest earned from receivables (exchange revenue) amounts to R1.7 million in 2026/27, increasing to R1.8 million in 2027/28 and R1.8 million in 2028/29, reflecting a 4.9 per cent annual increase based on outstanding debtor balances and the Municipality's debt collection strategy.

Interest earned from receivables (non-exchange revenue) amounts to R3.9 million in 2026/27, increasing to R4.0 million in 2027/28 and R4.1 million in 2028/29, based on outstanding debts and Council-approved interest rate of 2 per cent on arrear accounts. The exemption of State Trust and Communal Land (Ingonyama Trust Board properties) from billing is expected to reduce interest revenue due to the significant portion of debt associated with these properties.

Fines, penalties and forfeits amount to R1.1 million in 2026/27, increasing to R1.1 million in 2027/28 and R1.14 million in 2028/29. The estimates are based on historical performance and anticipated implementation of GRAP 1 recognition at year-end, which will improve revenue recognition and collection monitoring.

Licenses and permits (exchange revenue) amount to R1.0 million in 2026/27, increasing to R1.05 million in 2027/28 and R1.08 million in 2028/29, based on tariff increases of 4.9 per cent, demand for traffic-related services, and actual performance trends.

Sale of goods and rendering of services is budgeted at R1.45 million in 2026/27, increasing slightly to R1.55 million by 2028/29, based on actual performance and tariff increases for photocopying, fire services, and connection fees.

Transfers and Subsidies – Operational remain the largest revenue source, amounting to R251.1 million in 2026/27, increasing to R252.7 million in 2027/28 and R269.1 million in 2028/29. This includes Local Government Equitable Share and other conditional grants from national and provincial government. The growth over the MTREF is aligned with the latest Division of Revenue Act (DoRA) allocations. Furthermore, 5 per cent of the MIG allocation (approximately R2.2 million) has been allocated to the Project Management Unit (PMU) in line with Schedule 5 Part B of the approved business plan

Table 15 MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

KZN291 Mandeni - Table A5 Budgeted Capital Expenditure											
Vote Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term		
R thousand	1	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
Capital expenditure - Vote											
Single-year expenditure to be appropriated	2										
Vote 1 - Executive and council		–	1,932	10,538	30,000	23,540	23,540	17,185	44,783	42,218	43,569
Vote 2 - Finance and administration		54,368	14,562	(137,135)	4,549	8,239	8,239	1,494	3,652	–	–
Vote 3 - Internal audit		–	–	–	–	–	–	–	–	–	–
Vote 4 - Community and social services		21,438	772	(108,099)	17,738	17,690	17,690	4,659	1,316	180	185
Vote 5 - Sport and Recreation		(4,264)	5,512	(2,375)	8,836	10,940	10,940	3,846	26,808	10,737	11,081
Vote 6 - Public safety		–	–	817	70	70	70	201	–	–	–
Vote 7 - Housing		–	–	–	–	–	–	–	–	–	–
Vote 8 - Planning and Development		11,028	19,023	(27,742)	7,522	5,208	5,208	3,301	7,009	–	–
Vote 9 - Road transport		4,857	89,974	(109,945)	55,386	57,709	57,709	27,853	24,034	6,948	7,171
Vote 10 - Energy sources		5,903	2,154	(31,556)	4,869	2,087	2,087	–	7,891	6,715	6,930
Vote 11 - Waste Management		–	5,734	(4,174)	1,626	1,267	1,267	397	1,609	–	–
Vote 12 - Environmental Protection		–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total		93,331	139,662	(409,669)	130,596	126,749	126,749	58,936	117,102	66,798	68,936
Total Capital Expenditure - Vote		93,331	139,662	(409,669)	130,596	126,749	126,749	58,936	117,102	66,798	68,936
Capital Expenditure - Functional											
Governance and administration		54,368	16,494	(126,597)	34,549	31,778	31,778	18,678	48,434	42,218	43,569
Executive and council		–	1,932	10,538	30,000	23,540	23,540	17,185	44,783	42,218	43,569
Finance and administration		54,368	14,562	(137,135)	4,549	8,239	8,239	1,494	3,652	–	–
Internal audit		–	–	–	–	–	–	–	–	–	–
Community and public safety		17,174	6,284	(109,656)	26,644	28,699	28,699	8,707	28,124	10,917	11,266
Community and social services		21,438	772	(108,099)	8,664	8,616	8,616	4,659	1,012	180	185
Sport and recreation		(4,264)	5,512	(2,375)	8,836	10,940	10,940	3,846	26,808	10,737	11,081
Public safety		–	–	817	9,143	9,143	9,143	201	304	–	–
Housing		–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–
Economic and environmental services		15,885	108,996	(137,687)	62,038	62,478	62,478	31,154	30,174	6,948	7,171
Planning and development		11,028	19,023	(27,742)	7,522	5,208	5,208	3,301	7,009	–	–
Road transport		4,857	89,974	(109,945)	54,517	57,270	57,270	27,853	23,165	6,948	7,171
Environmental protection		–	–	–	–	–	–	–	–	–	–
Trading services		5,903	7,888	(35,730)	7,365	3,793	3,793	397	10,370	6,715	6,930
Energy sources		5,903	2,154	(31,556)	4,869	2,087	2,087	–	7,891	6,715	6,930
Water management		–	–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	870	440	440	–	870	–	–
Waste management		–	5,734	(4,174)	1,626	1,267	1,267	397	1,609	–	–
Other		–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	3	93,331	139,662	(409,669)	130,596	126,749	126,749	58,936	117,102	66,798	68,936
Funded by:											
National Government		12,628	51,072	(190,332)	39,884	50,763	50,763	25,089	46,449	24,580	25,366
Provincial Government		–	717	104	174	1,043	1,043	83	2,030	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (monetary allocations) (N		–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	4	12,628	51,789	(190,228)	40,058	51,806	51,806	25,171	48,479	24,580	25,366
Borrowing	6	0	–	(3,881)	–	–	–	–	–	–	–
Internally generated funds		80,703	87,873	(215,561)	90,538	74,943	74,943	33,765	68,623	42,218	43,569
Total Capital Funding	7	93,331	139,662	(409,669)	130,596	126,749	126,749	58,936	117,102	66,798	68,936

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

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

Table 16 MBRR Table A6 - Budgeted Financial Position

KZN291 Mandeni - Table A6 Budgeted Financial Position											
Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue &		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
R thousand											
ASSETS											
Current assets											
Cash and cash equivalents	1	254,613	208,837	131,927	9,811	62,123	62,123	200,223	1,738	98,185	99,801
Short term Investments	2	-	-	-	-	-	-	-	-	-	-
Trade and other receivables from exchange	3	53,837	57,057	56,701	45,228	32,149	32,149	67,412	42,346	44,004	45,380
Receivables from non-exchange transactio	3	(2,268)	13,127	20,402	44,829	45,510	45,510	8,082	37,855	40,059	42,176
Current portion of non-current receivables	4	-	-	-	-	-	-	-	-	-	-
Inventory	5	42,752	42,734	41,639	41,799	42,416	42,416	42,110	42,150	45,545	47,364
VAT Receivable	6	5,511	7,677	4,428	36,894	35,364	35,364	2,435	19,329	7,702	8,951
Other current assets	7	225	225	225	-	-	-	225	-	-	-
Total current assets		354,670	329,657	255,323	178,561	217,562	217,562	320,487	143,418	235,495	243,672
Non current assets											
Investments	8	-	-	-	-	-	-	-	-	-	-
Investment property	9	40,529	41,913	44,152	41,913	44,152	44,152	44,152	44,152	45,609	47,069
Property, plant and equipment	10	561,888	669,291	747,620	761,503	837,609	837,609	779,550	915,470	890,112	919,557
Biological assets	11	-	-	-	-	-	-	-	-	-	-
Living resources	12	-	-	-	-	-	-	-	-	-	-
Heritage assets	13	-	-	-	-	-	-	-	-	-	-
Intangible assets	14	331	2,372	2,124	1,928	2,045	2,045	2,124	2,045	2,112	2,180
Trade and other receivables from exchange	15	-	-	-	-	-	-	-	-	-	-
Non-current receivables from non-exchang	15	-	-	-	-	-	-	-	-	-	-
Other non-current assets	16	-	-	-	-	-	-	-	-	-	-
Total non current assets		602,748	713,576	793,896	805,344	883,806	883,806	825,826	961,667	937,833	968,805
TOTAL ASSETS		957,417	1,043,233	1,049,220	983,905	1,101,368	1,101,368	1,146,313	1,105,085	1,173,328	1,212,477
LIABILITIES											
Current liabilities											
Bank overdraft	17	-	-	-	-	-	-	-	-	-	-
Financial liabilities	18	4,762	6,043	9,025	-	-	-	9,105	-	-	-
Consumer deposits	19	216	170	196	162	179	179	271	179	185	191
Trade and other payables from exchange t	20	41,741	55,033	56,434	46,847	66,114	66,114	24,446	66,033	92,983	95,967
Trade and other payables from non-exchar	21	25,789	9,028	5,488	4,084	14,216	14,216	39,565	2,115	14,583	15,042
Provision	22	2,921	3,446	4,257	-	-	-	4,257	-	-	-
VAT Payable	23	1,969	10,538	9,642	20,107	24,320	24,320	10,271	16,561	17,108	17,656
Other current liabilities	24	894	1,126	1,123	17,141	9,356	9,356	1,123	8,097	7,123	7,342
Total current liabilities		78,293	85,385	86,164	88,340	114,184	114,184	89,038	92,985	131,983	136,198
Non current liabilities											
Financial liabilities	25	-	-	-	-	-	-	-	-	-	-
Provision	26	-	-	-	-	-	-	-	-	-	-
Long term portion of trade payables	27	-	-	-	-	-	-	-	-	-	-
Other non-current liabilities	28	17,730	21,070	22,198	25,770	27,321	27,321	22,198	-	-	-
Total non current liabilities		17,730	21,070	22,198	25,770	27,321	27,321	22,198	-	-	-
TOTAL LIABILITIES		96,023	106,455	108,362	114,110	141,505	141,505	111,236	92,985	131,983	136,198
NET ASSETS		861,394	936,778	940,858	869,795	959,863	959,863	1,035,077	1,012,100	1,041,345	1,076,279
COMMUNITY WEALTH/EQUITY											
Accumulated surplus/(deficit)	29	2,559,259	3,352,646	708,560	867,662	957,633	957,633	801,895	1,009,870	1,039,042	1,073,902
Reserves and funds	30	202,672	202,672	202,672	2,133	2,230	2,230	202,672	2,230	2,304	2,377
Other	31	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	32	2,761,932	3,555,318	911,232	869,795	959,863	959,863	1,004,568	1,012,100	1,041,345	1,076,279

Explanatory notes to Table A6 - Budgeted Financial Position

1. 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).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table 66 is supported by an extensive table of notes providing a detailed analysis of the major components of a number of items, including:
 - Call investments deposits;
 - Consumer debtors;
 - Property, plant and equipment;
 - Trade and other payables;
 - Provisions non-current;
 - Changes in net assets; and
 - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.

Table 17 MBRR Table A7 - Budgeted Cash Flow Statement

KZN291 Mandeni - Table A7 Budgeted Cash Flows											
Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue		
R thousand		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		69,474	74,861	76,030	49,972	49,993	49,993	68,596	50,970	52,652	54,337
Service charges		1,669	51,669	-	98,454	106,665	106,665	(100,755)	122,044	126,071	130,105
Other revenue		21,758	21,839	34	26,748	27,243	27,243	50,029	36,953	37,953	39,168
Transfers and Subsidies - Operational	1	870,424	1,547,875	380,888	254,956	255,448	255,448	(113,263)	251,101	252,722	269,139
Transfers and Subsidies - Capital	1	153,649	218,409	62,957	46,017	67,017	67,017	46,743	43,889	48,209	49,733
Interest		9,819	16,170	5,065	25,232	25,232	25,232	2,705	20,086	20,785	21,450
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(39,774)	(488,311)	(464,103)	(436,031)	(455,741)	(455,741)	(334,349)	(448,162)	(424,878)	(448,311)
Finance charges		-	-	-	(3,050)	(3,050)	(3,050)	-	(600)	(620)	(640)
Transfers and Subsidies	1	-	-	-	-	(2,350)	(2,350)	-	(2,000)	(2,066)	(2,132)
NET CASH FROM/(USED) OPERATING ACTIVITIES		1,087,019	1,442,512	60,870	62,299	70,457	70,457	(380,293)	74,281	110,829	112,850
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Insurance Refund - Capital		-	-	-	-	-	-	-	-	-	-
Interest on Short Term Investment (Greater than 90 days) and Long Term Investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		-	-	-	(144,685)	(140,261)	(140,261)	-	(134,667)	(76,818)	(79,276)
Retention (Capital)		-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	-	-	(144,685)	(140,261)	(140,261)	-	(134,667)	(76,818)	(79,276)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		1,087,019	1,442,512	60,870	(82,386)	(69,804)	(69,804)	(380,293)	(60,386)	34,011	33,574
Cash/cash equivalents at the year begin	2	82,988	(132,013)	230,188	92,208	131,927	131,927	231,899	62,123	1,738	35,749
Cash/cash equivalents at the year end:	2	1,170,007	1,310,500	291,058	9,822	62,123	62,123	(148,394)	1,738	35,749	69,323

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.

REVENUE

1. Property rates have been budgeted to collect R51.0 million in the 2026/27 financial year, which represents approximately 70 per cent of the billed revenue. The assumed collection rate is based on current year performance, audited AFS trends, and the expected impact of the implementation of the Credit Control and Debt Collection Policy, which is aimed at improving revenue collection and strengthening cash flow sustainability.
2. Service Charges: Electricity have been budgeted to collect R115.0 million (inclusive of VAT), representing approximately 95 per cent of the electricity billing, resulting in R122.0 million total service charges cash receipts together with refuse removal. The assumed collection rate is based on strong performance in prepaid electricity, the inclusion of bulk consumers such as Umngeni Water Thukela Water Works, and historical audited AFS collection trends.
3. Service Charges: Refuse Removal have been budgeted to collect approximately R7.0 million, representing about 50 per cent of billed refuse revenue. The collection rate is based on historical performance and current year trends. The Municipality acknowledges the historically low collection rate but anticipates improvement due to additional properties being billed and strengthened revenue management processes.
4. Rental of facilities and equipment is expected to achieve a 100 per cent collection rate, amounting to approximately R643 thousand in 2026/27, as rentals are generally collected prior to the use of facilities or leasing of municipal properties.
5. Interest earned on external investments has been budgeted at R20.1 million in 2026/27, with a 100 per cent collection rate assumed. The estimate is based on projected investment balances, grant cash flows, and interest to be generated from call accounts for conditional grants transferred to the Municipality.
6. Fines, penalties and forfeits have been budgeted at R1.1 million, with a conservative 5 per cent collection rate applied to cash flow estimates. The Municipality recognizes that fines are largely accounted for on a cash basis, with iGRAP 1 adjustments processed at year-end, and internal controls between Public Safety and Finance will be strengthened to improve reporting and collection.
7. Licences and permits have been budgeted at R1.0 million, with a 100 per cent collection rate, based on actual performance and improved operations within the Traffic and Business Licensing departments.

8. Other revenue has been budgeted at R37.0 million, with a 100 per cent collection rate, as most of these revenue streams are collected prior to service delivery or are cash-based in nature.
9. Transfers and Subsidies have been recognized at 100 per cent, amounting to R251.1 million (operational) and R43.9 million (capital) in the 2026/27 financial year.

PAYMENTS

It shows the expected level of cash in-flow versus cash out-flow that is likely to result from the implementation of the budget.

1. Suppliers and employees for cash outflows totals to R448.2million with exclusion of non-cash items Debt Impairment, depreciation and irrecoverable write off R76.8 million. Total suppliers and employees do not correspond to table A4 with a difference of R20.6 million which is due to VAT.
2. Capital assets cash outflow amounts to R134.7 million in 2026/27, which differs from Table A5 due to the inclusion of VAT on capital expenditure, estimated at approximately R17.5 million.
3. Repayment of borrowing there is no budget allocated as the municipality has no borrowing currently.
4. Transfers and Subsidies (Payments) amount to R2.0 million in the 2026/27 financial year, increasing to R2.1 million in 2027/28 and R2.13 million in 2028/29. This allocation relates to operational transfers made by the Municipality to external institutions, community organizations, and other approved beneficiaries, as provided for in the operating budget.

Table 18 MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

KZN291 Mandeni - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term		
		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	1,170,007	1,310,500	291,058	9,822	62,123	62,123	(148,394)	1,738	35,749	69,323
Other current investments > 90 days		-	-	-	-	-	-	-	-	-	-
Non current investments	1	-	-	-	-	-	-	-	-	-	-
Cash and investments available:		1,170,007	1,310,500	291,058	9,822	62,123	62,123	(148,394)	1,738	35,749	69,323
Application of cash and investments											
Unspent conditional transfers		25,789	9,028	5,292	2,058	12,058	12,058	37,560	58	12,458	12,853
Unspent borrowing											
Statutory requirements	2	(3,542)	2,862	5,409	(23,160)	(17,219)	(17,219)	9,804	(14,529)	11,569	10,934
Other working capital requirements	3	29,489	31,850	44,653	15,919	38,740	38,740	20,676	(19,621)	3,231	2,473
Other provisions		2,921	3,446	4,257	-	-	-	4,257	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investme	5	(50,941)	(50,941)	(50,941)	(2,133)	(2,230)	(2,230)	(50,941)	(2,230)	(2,304)	(2,377)
Total Application of cash and investments:		3,716	(3,755)	8,670	(7,317)	31,349	31,349	21,356	(36,321)	24,954	23,882
Surplus(shortfall) - Excluding Non-Current Credit		1,166,291	1,314,254	282,388	17,139	30,775	30,775	(169,751)	38,059	10,795	45,440
Creditors transferred to Debt Relief - Non-Current		-	-	-	-	-	-	-	-	-	-
Surplus(shortfall) - Including Non-Current Credito		1,166,291	1,314,254	282,388	17,139	30,775	30,775	(169,751)	38,059	10,795	45,440

Notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

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

Table 19 MBRR Table A9 - Asset Management

KZN291 Mandeni - Table A9 Asset Management										
Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27	Medium Term	Revenue
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	74,579	126,946	52,336	32,652	35,728	35,728	40,215	10,917	11,266
Roads Infrastructure		7,661	7,886	7,996	4,913	4,043	4,043	2,439	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		127	1,849	1,925	870	435	435	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	261	-	-
Sanitation Infrastructure		-	-	140	-	-	-	-	-	-
Solid Waste Infrastructure		-	1,500	1,560	1,626	1,267	1,267	1,609	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	174	0	0	-	-	-
Information and Communication Infrastr		-	-	-	-	-	-	-	-	-
Infrastructure		7,788	11,236	11,621	7,582	5,745	5,745	4,308	-	-
Community Facilities		11,048	23,398	4,665	9,053	9,647	9,647	3,138	180	185
Sport and Recreation Facilities		3,744	7,212	6,842	3,307	7,479	7,479	26,186	10,737	11,081
Community Assets		14,792	30,610	11,507	12,360	17,125	17,125	29,324	10,917	11,266
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	1,723	10,839	435	1,826	1,826	1,252	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	1,723	10,839	435	1,826	1,826	1,252	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	2,124	-	-	-	-	-	-	-
Intangible Assets		-	2,124	-	-	-	-	-	-	-
Computer Equipment		-	1,030	1,009	1,570	817	817	378	-	-
Furniture and Office Equipment		51,998	52,559	1,240	765	752	752	1,174	-	-
Machinery and Equipment		-	8,676	1,473	9,940	9,462	9,462	996	-	-
Transport Assets		-	18,989	14,647	-	-	-	2,783	-	-
Total Renewal of Existing As	2	226,672	231,818	29,591	8,787	18,717	18,717	20,552	6,859	7,078
Roads Infrastructure		66,178	74,697	23,929	3,913	16,943	16,943	17,074	6,859	7,078
Storm water Infrastructure		-	410	4,436	-	-	-	-	-	-
Electrical Infrastructure		22,805	23,015	380	526	0	0	-	-	-
Infrastructure		88,983	98,122	28,744	4,439	16,943	16,943	17,074	6,859	7,078
Community Facilities		53,395	53,395	847	4,348	1,774	1,774	3,478	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		53,395	53,395	847	4,348	1,774	1,774	3,478	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		7,116	6,257	-	-	-	-	-	-	-
Furniture and Office Equipment		8,121	7,915	-	-	-	-	-	-	-
Machinery and Equipment		21,441	20,245	-	-	-	-	-	-	-
Transport Assets		47,616	45,884	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
Total Upgrading of Existing A	6	94,948	177,097	44,265	89,157	72,305	72,305	56,334	49,023	50,591
Roads Infrastructure		21,457	81,081	38,444	46,560	36,723	36,723	4,522	90	93
Storm water Infrastructure		-	5,128	-	-	-	-	-	-	-
Electrical Infrastructure		8,858	9,080	-	3,126	1,565	1,565	7,544	6,715	6,930
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Infrastructure		30,314	95,290	38,444	49,686	38,288	38,288	12,065	6,804	7,022
Community Facilities		6,168	12,369	-	2,609	2,000	2,000	1,739	-	-
Sport and Recreation Facilities		57,380	56,646	-	3,709	3,377	3,377	-	-	-
Community Assets		63,548	69,015	-	6,318	5,377	5,377	1,739	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		1,086	12,354	4,385	33,153	28,640	28,640	42,095	42,218	43,569
Housing		-	-	-	-	-	-	-	-	-
Other Assets		1,086	12,354	4,385	33,153	28,640	28,640	42,095	42,218	43,569
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	439	1,436	-	-	-	435	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
Total Capital Expenditure	4	396,199	535,861	126,192	130,596	126,749	126,749	117,102	66,798	68,936
Roads Infrastructure		95,295	163,665	70,369	55,386	57,709	57,709	24,034	6,948	7,171
Storm water Infrastructure		-	5,538	4,436	-	-	-	-	-	-
Electrical Infrastructure		31,790	33,944	2,305	4,522	2,000	2,000	7,544	6,715	6,930
Water Supply Infrastructure		-	-	-	-	-	-	261	-	-
Sanitation Infrastructure		-	-	140	-	-	-	-	-	-
Solid Waste Infrastructure		-	1,500	1,560	1,626	1,267	1,267	1,609	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	174	0	0	-	-	-
Information and Communication Infrastr		-	-	-	-	-	-	-	-	-
Infrastructure		127,086	204,647	78,810	61,707	60,976	60,976	33,448	13,663	14,100
Community Facilities		70,611	89,162	5,512	16,010	13,420	13,420	8,355	180	185
Sport and Recreation Facilities		61,124	63,857	6,842	7,016	10,856	10,856	26,186	10,737	11,081
Community Assets		131,735	153,019	12,354	23,026	24,276	24,276	34,542	10,917	11,266
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		1,086	14,077	15,225	33,588	30,466	30,466	43,347	42,218	43,569
Housing		-	-	-	-	-	-	-	-	-
Other Assets		1,086	14,077	15,225	33,588	30,466	30,466	43,347	42,218	43,569
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	2,124	-	-	-	-	-	-	-
Intangible Assets		-	2,124	-	-	-	-	-	-	-
Computer Equipment		7,116	7,726	2,444	1,570	817	817	813	-	-
Furniture and Office Equipment		60,119	60,474	1,240	765	752	752	1,174	-	-
Machinery and Equipment		21,441	28,921	1,473	9,940	9,462	9,462	996	-	-
Transport Assets		47,616	64,873	14,647	-	-	-	2,783	-	-
TOTAL CAPITAL EXPENDITURE - Asset c		396,199	535,861	126,192	130,596	126,749	126,749	117,102	66,798	68,936

KZN291 Mandeni - Table A9 Asset Management										
Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue		
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
CAPITAL EXPENDITURE										
ASSET REGISTER SUMMARY - PPE (WDV)	5	555,444	574,689	634,227	695,649	774,813	774,813	752,619	765,340	778,214
<i>Roads Infrastructure</i>		(111,303)	(108,872)	(107,836)	285,203	407,750	407,750	388,461	401,280	414,121
<i>Storm water Infrastructure</i>		379,265	371,060	356,492	40,587	(3,048)	(3,048)	(6,410)	(6,622)	(6,834)
<i>Electrical Infrastructure</i>		25,082	26,139	27,335	18,045	895	895	7,194	6,354	6,557
<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>		-	-	140	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		-	1,590	3,150	3,760	1,267	1,267	2,875	1,309	1,350
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		293,045	289,916	279,282	347,595	406,863	406,863	392,121	402,321	415,195
Community Assets		85,473	81,610	88,443	91,960	96,514	96,514	93,802	96,172	96,172
Heritage Assets		-	-	-	-	-	-	-	-	-
Investment properties		40,529	41,913	44,152	41,913	44,152	44,152	44,152	45,609	45,609
Other Assets		25,662	26,459	74,005	67,678	78,290	78,290	77,086	80,873	80,873
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		331	2,372	2,124	1,928	2,045	2,045	2,045	2,112	2,112
Computer Equipment		3,938	4,448	6,302	6,060	47	47	(88)	(3,620)	(3,620)
Furniture and Office Equipment		4,415	4,476	5,329	5,121	222	222	532	(619)	(619)
Machinery and Equipment		16,573	26,550	25,340	33,869	99,306	99,306	97,573	99,764	99,764
Transport Assets		33,480	44,946	57,251	47,526	(4,623)	(4,623)	(6,601)	(10,986)	(10,986)
Land		51,998	51,998	51,998	51,998	51,998	51,998	51,998	53,714	53,714
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE	5	555,444	574,689	634,227	695,649	774,813	774,813	752,619	765,340	778,214

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. The budget for renewal and existing assets is above 40 per cent as per National Treasury guideline, the municipality has budgeted for 54.8 percent. An amount budgeted for the renewal of existing assets is based on the needs analysis by community as per planned programs in our IDP.

Table 20 MBRR Table A10 - Basic Service Delivery Measurement

KZN291 Mandeni - Table A10 Basic service delivery measurement										
Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue &		Budget Year +2 2028/29
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	
Household service targets	1									
Water:										
Piped water inside dwelling		10,501	11,152	11,152	11,152	11,152	12,825	12,825	12,825	-
Piped water inside yard (but not in dwelling)		11,622	12,385	12,385	12,385	12,385	14,243	14,243	14,243	-
Using public tap (at least min.service level)	2	18,636	19,791	19,791	19,791	19,791	22,760	22,760	22,760	-
Other water supply (at least min.service level)	4	18,636	19,791	19,791	19,791	19,791	22,760	22,760	22,760	-
<i>Minimum Service Level and Above sub-total</i>		59,394	63,120	63,120	63,120	63,120	72,588	72,588	72,588	-
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	36,054	31,921	32,001	32,001	32,001	32,300	32,300	-
No water supply		-	1,876	1,876	1,573	1,573	1,573	1,600	1,600	-
<i>Below Minimum Service Level sub-total</i>		-	37,930	33,797	33,574	33,574	33,574	33,900	33,900	-
Total number of households	5	59,394	101,050	96,917	96,694	96,694	106,162	106,488	106,488	-
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		9,154	9,721	9,721	9,721	9,721	10,693	10,693	10,693	-
Pit toilet (ventilated)		16,174	17,177	17,177	17,177	17,177	18,895	18,895	18,895	-
Other toilet provisions (> min.service level)		2,868	3,175	3,045	(887,771)	(887,771)	(887,466)	(984,351)	(1,029,785)	-
<i>Minimum Service Level and Above sub-total</i>		28,196	30,074	29,944	(860,872)	(860,872)	(857,878)	(954,763)	(1,000,197)	-
Bucket toilet		472	300	300	300	300	150	-	-	-
Other toilet provisions (< min.service level)		472	(7,414,600)	(6,724,621)	(12,146,951)	(12,146,951)	(12,147,101)	(14,026,105)	(14,671,305)	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		944	(7,414,300)	(6,724,321)	(12,146,651)	(12,146,651)	(12,146,951)	(14,026,105)	(14,671,305)	-
Total number of households	5	29,140	(7,384,226)	(6,694,377)	(13,007,523)	(13,007,523)	(13,004,829)	(14,980,868)	(15,671,502)	-
Energy:										
Electricity (at least min.service level)		574	574	629	645	645	645	645	645	-
Electricity - prepaid (min.service level)		963	963	1,018	1,094	1,094	1,094	1,094	1,094	-
<i>Minimum Service Level and Above sub-total</i>		1,537	1,537	1,647	1,739	1,739	1,739	1,739	1,739	-
Electricity (< min.service level)		574	574	629	645	645	645	645	645	-
Electricity - prepaid (< min. service level)		963	(7,413,807)	(6,723,903)	(13,036,973)	(13,036,973)	(13,036,973)	(15,012,712)	(15,703,346)	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		1,537	(7,413,233)	(6,723,274)	(13,036,328)	(13,036,328)	(13,036,328)	(15,012,067)	(15,702,701)	-
Total number of households	5	3,074	(7,411,696)	(6,721,627)	(13,034,589)	(13,034,589)	(13,034,589)	(15,010,328)	(15,700,962)	-
Refuse:										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week		4,601	4,601	4,601	4,695	4,695	4,695	4,695	4,695	-
Using communal refuse dump		4,601	4,601	4,601	4,695	4,695	4,695	4,695	4,695	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		9,202	9,202	9,202	9,390	9,390	9,390	9,390	9,390	-
Total number of households	5	9,202	9,202	9,202	9,390	9,390	9,390	9,390	9,390	-
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
Informal Settlements		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)										
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent household)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Form										
Total cost of FBS provided	8									
Highest level of free service provided per household										
Property rates (R value threshold)		-	-	-	-	-	-	-	-	-
Water (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (average litres per week)		-	-	-	-	-	-	-	-	-
Revenue cost of subsidised services provided	9									
Property rates (tariff adjustment) (impermissible value)		-	-	-	-	-	-	-	-	-
Property rates exemptions, reductions and rebates and		-	-	-	-	-	-	-	-	-
Water (in excess of 6 kilolitres per indigent household)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies	6	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total revenue cost of subsidised services provided										

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.

Free basic electricity is provided by Eskom on behalf of the municipality to its registered beneficiaries within Mandeni as per the approved indigent register. Budget allocated of R1.5 million has considered Eskom invoices for providing the service. Eskom is providing free basic electricity on behalf of the municipality to all its registered indigent beneficiaries of which they have increased from 1573 to 1600 households receiving 50kw. The municipality reviews its indigent register on an annual basis so as to confirm if the qualifying beneficiaries are still qualifying as indigent. An allocation for FBE has had a slight increase from R1.4 million to R1.5 million which has considered the increase as per tariff increase by Eskom and increase in the number of beneficiaries by 27 households.

The municipality has also considered annually review its indigent register as per the indigent policy. Therefore, it becomes possible that the number of beneficiaries on our indigent register varies over the years depending on the approved register.

Refuse services – backlog will be reduced by 80 households in 2026/27. However, it should be noted that this function is being reviewed with a view to realizing greater efficiencies, which is likely to translate into a more rapid process to address backlogs.

The budget provides for 32 300 households registered as indigent in 2026/27, and therefore entitled to receiving Free Basic Services for refuse collection which represent an increase of 299 beneficiaries. Given the rapid rate of in-migration to the Municipality, especially by poor people seeking economic opportunities.

Municipality did not receive the INEP allocation which could have assisted to add on free basic service electricity through an electrification programme in 2026/27

Part 2 – Supporting Documentation

2.1 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 Municipal Manager and senior officials of the municipality meeting under the chairpersonship of the Portfolio Committee for Finance.

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.

Budget Steering Committee meetings were convened during the process of compiling the 2026/27 budget and MTREF.

2.2 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.

The mayor tabled in Council the required IDP and budget time schedule on 31st August 2025. Key dates applicable to the process were:

August 2025 – Joint strategic planning session of the Mayoral Committee and Executive Management. Aim: to review past performance trends of the capital and operating budgets, the economic realities and to set the prioritization criteria for the compilation of the 2026/27 MTREF. IDP/BUDGET/PMS Technical Committee Meeting to discuss Process Plan

September 2025 – Review of National Policies and budget plans and potential price increase of bulk resources with function and department officials

December 2025 - Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines.

3 to 7 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.

January 2026 – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement.

29 January 2026 - Council considers the 2025/26 Mid-year Review.

February 2026 - Recommendations of the Mayoral Committee are communicated to the Budget Steering Committee, and on to the respective departments. The 2026/27 MTREF is revised accordingly.

26 February 2026 – Council considers the 2025/26 Adjustment Budget

February 2025 - Draft and submit to the March or proposed budget and plans for next three-year budget considering the recent mid-year review and any corrective measures proposed as part of the oversight report for previous years audited AFS and AR

06 June 2026 - Tabling in Council of the 2026/27 IDP and Budget MTREF for public consultation.

April 2026 – Public consultation.

29th April 2026 - Closing date for written comments.

01 April to 07 June 2026 – Drafting of the 2026/27 IDP and 2026/27 & MTREF BUDGET, 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
17th June 2026 - Tabling of the 2026/27 & MTREF before Council for consideration and approval.

2.3 IDP and Service Delivery and Budget Implementation Plan

This is the fifth generation of the municipal IDP, as this is the new (Draft Integrated Development Plan) IDP which has been adopted by Council in March 2025. It started in August 2025 after the tabling of the IDP Process Plan and the Budget Time Schedule for the 2026/27 MTREF in August.

The Municipality's 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 third generation included the following key IDP processes and deliverables:

- Registration of community needs;
- Compilation of departmental business plans including key performance indicators and targets;
- Financial planning and budgeting process;
- Public participation process;
- Compilation of the SDBIP, and
- 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 2026/27 MTREF, based on the approved 2026/27 MTREF, Mid-year Review and adjustments budget. The business planning process has subsequently been refined in the light of current economic circumstances and the resulting revenue projections.

With the compilation of the 2026/27 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 2026/27 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.

2.3.1 Financial Modelling and

2.3.2 Key Planning Drivers

As part of the compilation of the 2026/27 MTREF, extensive financial modelling was undertaken to ensure affordability and long-term financial sustainability. The following key factors and planning strategies have informed the compilation of the 2026/27 MTREF:

- Municipality 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 2025/26 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;
Improved and sustainable service delivery
Dashboard imperatives
Disaster management mandate
Traffic Department
Vacant positions
Indigent customers
Job evaluation result

In addition to the above, the strategic guidance given in National Treasury's MFMA Circulars 51,82, 93,98,107,115,122,126 and 128, mSCOA Circular No.12 have been taken into consideration in the planning and prioritisation process.

2.3.3 Community Consultation

The Budget for 2026/27 MTREF has been tabled before Council on 26th March 2026 for community consultation **will be** published on the municipality's website, and hard copies **will be** made available at customer care offices, municipal notice boards and various libraries. The opportunity to give electronic feedback **will be** communicated on the Municipality's website, and the Municipality's call centre **will be** engaged in collecting inputs via e-mail, fax and SMS.

All documents in the appropriate format (electronic and printed) **will be** 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 **will** be utilised to facilitate the community consultation process from 02 April to 30 April 2026, and include 8 public briefing sessions. The applicable dates and venues **will be** published in all the local newspapers. This consultation was compared to the previous year's process. This then attributed to the additional initiatives which **will be** launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions **will be** scheduled with organised business and imbizo's **will be** held to further ensure transparency and interaction. Other stakeholders involved in the consultation included churches, non-governmental institutions and community-based organisations.

2.4 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 Municipality, 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 Municipality 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 Municipality's response to these requirements.

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

- Green Paper on National Strategic Planning of 2009;
- Government Programme of Action;
- Development Facilitation Act of 1995;
- Provincial Growth and Development Strategy (GGDS);
- National and Provincial spatial development perspectives;
- Relevant sector plans such as transportation, legislation and policy;
- National Key Performance Indicators (NKPIs);
- Accelerated and Shared Growth Initiative (ASGISA);
- National 2014 Vision;
- National Spatial Development Perspective (NSDP) and
- The National Development Plan (NDP).

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 strategic objectives for the 2026/27 MTREF and further planning refinements that have directly informed the compilation of the budget:

Table 21 IDP Strategic Objectives

IDP/POE REF	KEY PERFORMANCE AREA	GOAL	MLM OBJECTIVE	STRATEGIC	STRATEGIES	RESPONSIBLE DEPARTMENT
GOOD GOVERNANCE AND PUBLIC PARTICIPATION						
GGPP 01	GOOD GOVERNANCE AND PUBLIC PARTICIPATION	TO FOSTER A CULTURE OF COMMUNITY INVOLVEMENT AND GOOD GOVERNANCE IN THE AFFAIRS OF THE MUNICIPALITY	2.3 Ensure a participative, transparent and accountable governance	a and	2.3.1 Improve the public participation processes	Community services
GGPP 02						OMM
GGPP 03					OMM	
GGPP 04					Corporate services	
GGPP 05					Office of the MM	

BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT						
BSD 01	BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT	Providing equal access to high quality sustainable basic infrastructure and services	1.1. To improve access to basic services		1.1.1. Facilitate the reduction of water and sanitation infrastructure and service backlogs.	TSD
BSD 03					1.1.2 Facilitate access to electricity for all targeted	TSD
BSD 04					1.1.3 Reduce the road and storm-water infrastructure	TSD
BSD 05					1.1.4 Facilitate the reduction of the housing backlog	TSD
BSD 18					1.1.5 Provide efficient waste collection and management	TSD
BSD 19					1.1.6 Maintain a functional Infrastructure Development	TSD
BSD 22					1.1.7 To prepare a 3 year capital infrastructure funding plan	TSD

IDP/POE REF	KEY PERFORMANCE AREA	GOAL	MLM OBJECTIVE	STRATEGIC	STRATEGIES	RESPONSIBLE DEPARTMENT
FINANCIAL VIABILITY AND MANAGEMENT						
FVM 01		TO DEVELOP A SUSTAINABLE	2.2 Ensure a financially viable municipality.		2.2.1 Improve the audit opinion	OMM

FVM 03	FINANCIAL VIABILITY AND MANAGEMENT	E AND EFFICIENT MUNICIPALITY BASED ON SOUND FINANCIAL MANAGEMENT		2.2.2 Ensure the IDP aligned financial planning	BTO	
FVM 04				2.2.3 Effectively and efficiently manage the expenditure of the municipality	BTO	
FVM 09					2.2.4 Manage and increase the municipal revenue base	BTO
FVM 13					2.2.5 Ensure that the municipality acquires	BTO
FVM 14					2.2.6 Ensure a constant and accurate financial reporting.	BTO
FVM 16						BTO

COMMUNITY AND SOCIAL SERVICES DEVELOPMENT

CSD 01	COMMUNITY AND SOCIAL SERVICES DEVELOPMENT	Providing and facilitating access to social services and facilities.	5.1 Ensure that our people have access to community facilities and services	5.1.1 Provide the library services 5.1.2 Facilitate the provision of new community facilities	CSPS
CSD 02			5.2 Aspire to a healthy, safe and crime free area	5.2.1 Facilitate the provision of the community health facilities	CSPS
CSD 03				5.2.2 Ensure the municipal contribution to HIV/AIDS	CSPS
CSD 04				5.2.3 Improve on road safety	CSPS
CSD 05				5.2.4 Ensure the municipal contribution to community	CSPS
CSD 06				5.3.2 Design and implement sports, arts and	CSPS

LOCAL ECONOMIC DEVELOPMENT

LED 01	LOCAL ECONOMIC DEVELOPMENT	3. Promoting and facilitating human development	3.1 Achieve a holistic human development and capacitation for the realisation of skilled and employable workforce	3.1.1 Improve the community skills base	EDPHS
LED 03				3.1.2 Ensure the empowerment of youth, women and people living with disabilities	EDPHS

LED 04		4. Facilitate the creation of job opportunities	4.1 Facilitating the creation of employment opportunities for skilled and employable people	4.1.1 Implement the EPWP programme	EDPHS
LED 06				4.1.2 Strategically plan for the local economic development	EDPHS
				4.1.3 facilitate the implementation of the CWP	
LED 07				4.1.4 Coordinate the fight against poverty	EDPHS
				4.1.5 Unlock the agricultural potential	
				4.1.6 Promote the manufacturing sector activities	
				4.1.7 Facilitate SMME development	
				4.1.8 Promote Mandeni to be a tourist destination.	

IDP/POE REF	KEY PERFORMANCE AREA	GOAL	MLM OBJECTIVE	STRATEGIC	STRATEGIES	RESPONSIBLE DEPARTMENT
MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION						
IDT 01	MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION	2. Provision of effective, efficient, transparent and accountable leadership	2.1 Creating a conducive working environment		2.1.1 Maintain and improve the municipal policies	CSD
IDT 02					2.1.2 Ensure effective and efficient human resource management	CSD
IDT 03					2.1.3 Ensure effective and efficient human resource development	CSD
IDT 04					2.1.4 Improve performance	CSD
IDT 05					2.1.5 Improve information technology and document management systems	CSD
IDT 06					2.1.6 Improve on customer care	CSD
IDT 07					2.1.7 Maintain and improve municipal	CSD
IDT 08						
BACK TO BASICS –Cross cutting measures						
SDF 01	SPATIAL RATIONAL AND ENVIRONMENTAL MANAGEMENT	Promoting and facilitating environmental protection and sustainable spatial planning.	6.1 Realise a completely protected environment 6.2 Facilitate a creation of a disaster ready community 6.3 Ensure an integrated and aligned development planning		6.1.1 Improve community awareness on environmental protection 6.1.2 Implement the coastal management plan	EDPHS
					6.2.1 Develop and adopt the disaster management plan 6.2.2 Create a community disaster awareness	
SDF 02					6.3.1 Implement the SDF 6.3.2 Implement the Dokodweni Local Area Development Plan	EDPHS

SDF 03				6.3.3 Implement the Tugela Mouth Local Area Development Plan	EDPH
				6.3.4 Ensure the existence of the municipal land use guideline	
				6.3.5 Promote the municipal integrated planning	

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality 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:

- Provide electricity;
- Provide housing;
- Provide roads and storm water;
- Provide Municipality planning services; and
- Maintaining the infrastructure of the Municipality.

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

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

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

- Effective implementation of the Indigent Policy;
- Working with the provincial department of health to provide primary health care services;
- Extending waste removal services and ensuring effective Municipality cleansing;
- Working with strategic partners such as SAPS to address crime;
- Ensuring safe working environments by effective enforcement of building and health regulations;
- Promote viable, sustainable communities through proper zoning; and
- Promote environmental sustainability by protecting wetlands and key open spaces.

3.2 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 co-ordinate with the informal settlements upgrade programme

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

- Optimising effective community participation in the ward committee system; and
- Implementing batho pele in the revenue management strategy.

3.4 Promote sound governance through:

Publishing the outcomes of all tender processes on the municipal website

3.5 Ensure financial sustainability through:

Reviewing the use of contracted services, continuing to implement the infrastructure renewal strategy and the repairs and maintenance plan.

3.6 Optimal institutional transformation to ensure capacity to achieve set objectives

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 Municipality. The five-year programme responds to the development challenges and opportunities faced by the Municipality by identifying the key performance areas to achieve the five strategic objectives mentioned above.

In addition to the five-year IDP, the Municipality 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 Municipality 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 Municipality's IDP, associated sectoral plans and strategies, and the allocation of resources of the Municipality 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:

Developing dormant areas;
Enforcing hard development lines – so as to direct private investment;
Maintaining existing urban areas;
Strengthening key economic clusters;
Building social cohesion;
Strong developmental initiatives in relation to the municipal institution as a whole; and
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 third generation IDP, including:

Strengthening the analysis and strategic planning processes of the Municipality;
Initiating zoned 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;
Ensuring better coordination through a programmatic approach and attempting to focus the budgeting process through planning interventions; and
Strengthening performance management and monitoring systems in ensuring the objectives and deliverables are achieved.

The 2026/27 MTREF has therefore been directly informed by the IDP development process and the following tables provide a reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

Table 22 MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue

KZN291 Mandeni - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)												
Strategic Objective	MTDP Service Outcome	IUDF	Ref	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27	Medium Term	Revenue
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
	An efficient, effective and development-oriented public service	12	-	-	-	51	(52)	(52)	(52)	(52)	(54)	(56)
Ensure that our people have access to community facilities	An efficient, effective and development-oriented public service	12	-	-	-	17	(408)	(321)	(321)	(87)	(90)	(93)
Good Governance	Responsive, accountable, effective and efficient local government	9	-	1,393	1,070	-	(261)	(261)	(261)	(261)	(269)	(278)
Improve performance	Responsive, accountable, effective and efficient local government	9	-	1,705	502	494	(946)	(1,047)	(1,047)	163	168	174
Improve the audit opinion	Responsive, accountable, effective and efficient local government	9	-	(23,856)	-	-	-	-	-	-	-	-
Manage increase and the municipal base	A comprehensive, responsive and sustainable social protection system	13	-	10,721	(6,624)	(10,205)	14,971	14,971	14,971	17,525	18,261	18,846
Manage increase and the municipal base	Responsive, accountable, effective and efficient local government	9	-	373,393	434,062	445,101	(444,541)	(452,563)	(452,563)	(464,967)	(478,640)	(502,330)
Provide and maintain Library services	Responsive, accountable, effective and efficient local government	9	-	3,183	3,701	3,752	(4,733)	(4,625)	(4,625)	(4,753)	-	-
TakeOn	A comprehensive, responsive and sustainable social protection system	13	-	(9,123)	(27,455)	(29,101)	-	-	-	-	-	-
TakeOn	Responsive, accountable, effective and efficient local government	9	-	42,259	15,245	18,540	(16,240)	(16,718)	(16,718)	(19,294)	(19,931)	(20,569)
To improve access to all basic services	Responsive, accountable, effective and efficient local government	9	-	1,884	2,200	2,055	(2,411)	(2,411)	(2,411)	(2,187)	(2,187)	(2,187)
Allocations to other priorities			2									
Total Revenue (excluding capital transfers and contributions)			1	401,560	422,701	430,705	(454,622)	(463,028)	(463,028)	(473,913)	(482,742)	(506,492)

2.5 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 Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality target, monitors, assesses 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:

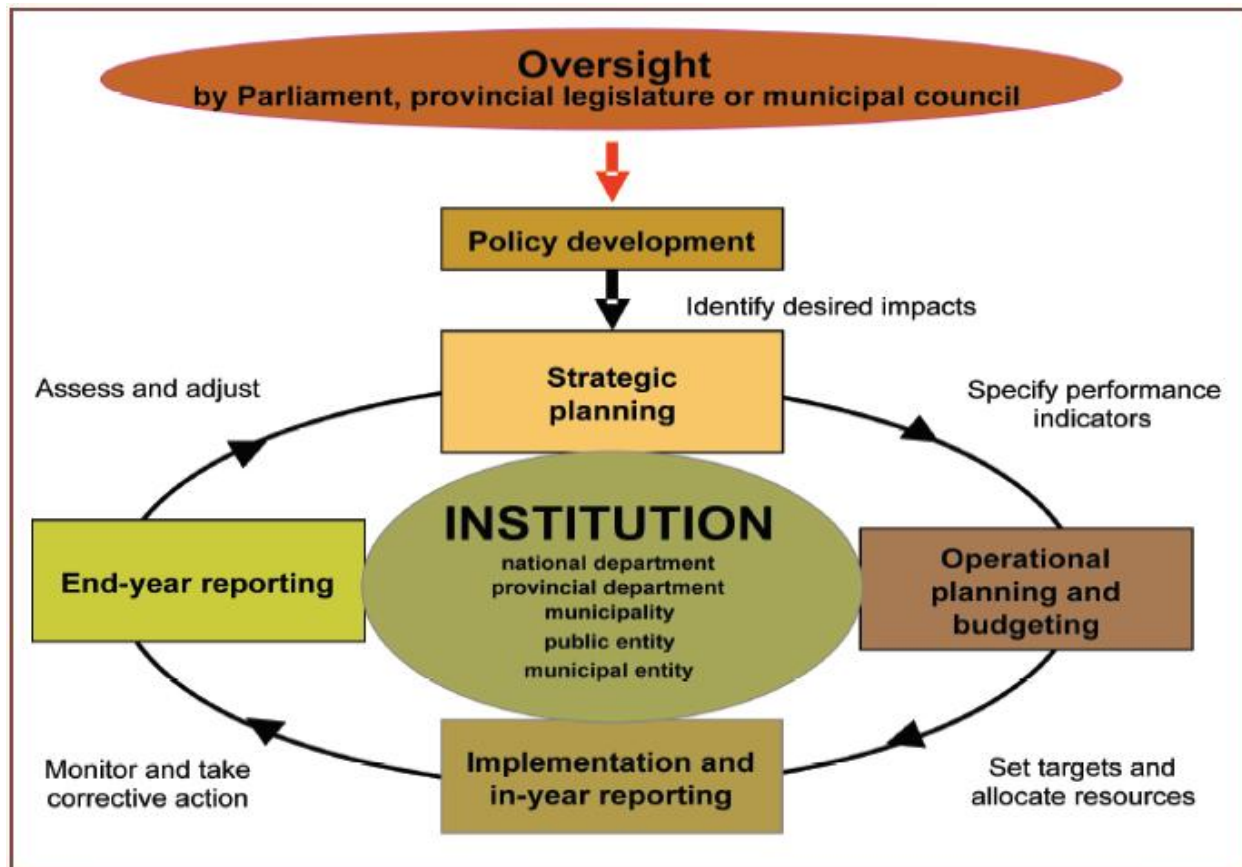


Figure 2 Planning, budgeting and reporting cycle

The performance of the Municipality 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 Municipality therefore has adopted one integrated performance management system which encompasses:

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

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

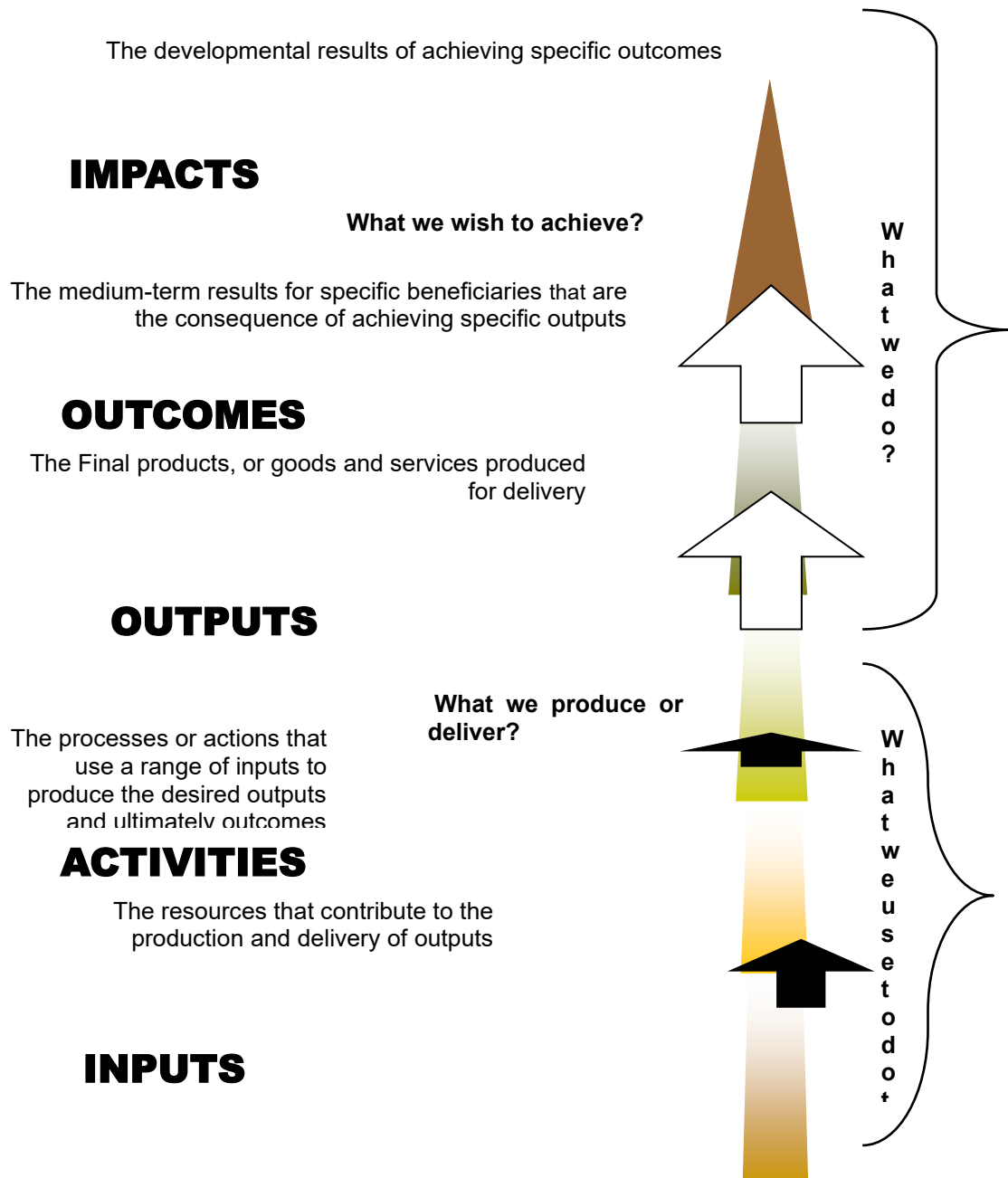


Figure 3 Definition of performance information concepts

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

Table 23 MBRR Table SA7 - Measurable performance objectives

KZN291 Mandeni - Supporting Table SA7 Measureable performance objectives										
Description	Unit of measurement	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term		
		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
Vote 1 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>	kilometres		14000.0%	13000.0%	13000.0%	13000.0%	12500.0%	13600.0%	13600.0%	13600.0%
	kilometres		9500.0%	10500.0%	10500.0%	10500.0%	10000.0%	15000.0%	15000.0%	15000.0%
Sub-function 2 - (name)	kilometres		23900.0%	25000.0%	25000.0%	25000.0%	27500.0%	29500.0%	29500.0%	29500.0%
<i>Insert measure/s description</i>										
Sub-function 3 - (name)										
<i>Insert measure/s description</i>	kilometres		7000.0%	9800.0%	9800.0%	9800.0%	8500.0%	8600.0%	8600.0%	8600.0%
Function 2 - (name)										
Sub-function 1 - (name)	kilometres		4500.0%	7500.0%	7500.0%	7500.0%	9500.0%	9880.0%	10295.0%	10747.9%
<i>Insert measure/s description</i>										
Sub-function 2 - (name)										
<i>Insert measure/s description</i>	number of houses		29800.0%	27800.0%	27800.0%	27800.0%	25000.0%	26000.0%	27092.0%	28284.0%
	number of streetlights		15000.0%	18000.0%	18000.0%	18000.0%	12000.0%	12480.0%	13004.2%	13576.3%
Sub-function 3 - (name)										
<i>Insert measure/s description</i>	number of houses		55000.0%	45000.0%	45000.0%	45000.0%	35000.0%	36400.0%	37928.8%	39597.7%
Vote 2 - vote name										
Function 1 - (name)	percentage		4500.0%	5500.0%	5500.0%	5500.0%	5500.0%	5720.0%	5960.2%	6222.5%
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
Vote 3 - vote name										
Function 1 - (name)										
Sub-function 1 - (name)										
<i>Insert measure/s description</i>										
And so on for the rest of the Votes										

The following table sets out the municipality's main performance objectives and benchmarks for the 2026/27 MTREF.

Table 24 MBRR Table SA8 - Performance indicators and benchmarks

KZN291 Mandeni - 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		
		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											
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.1%	0.0%	0.0%	0.6%	0.6%	0.6%	0.0%	0.1%	0.1%	0.1%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	0.1%	0.0%	0.0%	0.7%	0.7%	0.7%	0.0%	0.1%	0.1%	0.1%
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	4.5	3.9	3.0	2.0	1.9	1.9	3.6	1.5	1.8	1.8
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	4.5	3.9	3.0	2.0	1.9	1.9	3.6	1.5	1.8	1.8
Liquidity Ratio	Monetary Assets/Current Liabilities	3.9	3.1	2.2	0.6	0.8	0.8	3.0	0.5	1.1	1.1
Revenue Management											
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	0.0%	113.9%	169.2%	96.5%	150.1%	146.7%	146.7%	-45.3%	144.0%	144.2%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		113.9%	169.2%	96.5%	150.1%	146.7%	146.7%	-45.3%	144.0%	144.2%	144.2%
Outstanding Debtors to Revenue Longstanding Debtors Recovered	Total Outstanding Debtors to Annual Revenue Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	21.5%	25.0%	25.7%	36.4%	36.2%	36.2%	25.3%	30.3%	28.8%	28.7%
Creditors Management											
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))										
Creditors to Cash and Investments		3.6%	4.2%	19.4%	476.9%	106.4%	106.4%	-16.5%	3800.0%	260.1%	138.4%
Other Indicators											
Electricity Distribution Losses (2)	Total Volume Losses (kW) technical										
	Total Volume Losses (kW) non technical										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Water Volumes :System input	Bulk Purchase										
	Water treatment works										
	Natural sources										
Water Distribution Losses (2)	Total Volume Losses (kℓ)										
	Total Cost of Losses (Rand '000)										
	% Volume (units purchased and generated less units sold)/units purchased and generated										
Employee costs	Employee costs/(Total Revenue - capital revenue)	29.1%	31.7%	37.1%	36.9%	36.3%	36.3%	28.2%	36.3%	36.7%	36.1%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	32.6%	35.2%	40.7%	40.7%	39.9%	39.9%	49.6%	40.0%	40.5%	39.8%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	4.7%	5.1%	6.6%	7.8%	7.7%	7.7%	9.6%	7.7%	7.0%	7.2%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	8.2%	8.0%	10.8%	8.6%	8.5%	8.5%	7.0%	8.3%	8.1%	8.0%
IDP regulation financial viability indicators											
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	24.8	83.4	17.1	18.0	18.4	171.2	19.0	22.8	22.5	23.6
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	73.6%	84.9%	84.3%	124.9%	115.4%	115.4%	74.1%	81.6%	74.3%	76.0%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	22.6	23.9	5.3	0.2	1.5	1.1	(2.7)	0.0	-	-

2.6 Performance indicators and benchmarks

2.6.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Mandeni Municipality's borrowing strategy is primarily informed by the affordability of debt repayments.

In summary, various financial risks could have a negative impact on the future borrowing capacity of the municipality. In particular, the continued ability of the Municipality 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.

However, it should be noted that the municipality does not have any borrowing currently and not intending to enter into any for 2026/27 financial year.

2.6.1.2 Liquidity

Current ratio is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 1, hence at no point in time should this ratio be less than 1. For the 2026/27 MTREF the current ratio is 1.5 in the 2027/28 financial year and 1.8 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 2025/26 financial year the ratio was 1.9 and as part of the financial planning strategy it has been reduced to 5.3 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 Municipality. As part of the longer-term financial planning objectives this ratio will have to be set at a minimum of 1.

2.6.1.3 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, and credit control and debt collection.

2.6.1.4 Creditors Management

The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice. While the liquidity ratio is of no concern, by applying daily cash flow management the municipality has managed to ensure 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 Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

2.6.1.5 Other Indicators

Employee costs as a percentage of operating revenue continues to increase over the MTREF. This is primarily owing to the review of organogram and low tariff increase which has direct relationship with low billing level.

Similar to that of employee costs, repairs and maintenance as percentage of operating revenue is also increasing owing directly to cost drivers such as assets maintenance plans far above inflation. In real terms, repairs and maintenance has increased as part of the Municipality's strategy to ensure the management of its asset base.

2.6.2 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 Municipality. With the exception of water, only registered indigents qualify for the free basic services.

For the 2026/27 financial year 32 300 households will be receiving Free basic Refuse and 1600 households receiving Free basic electricity as registered indigents which have been provided for in the budget. In terms of the Municipality's indigent policy registered households are entitled to, 50 kwh of electricity and free waste removal equivalent to 85ℓ once a week, as well as a discount on their property rates.

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 21 MBRR A10 (Basic Service Delivery Measurement) on page 56.

Note that the number of households in informal areas that receive free services, and the cost of these services are not taken into account in the table noted above.

2.7 Overview of budget related policies

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

2.7.1 Review of credit control and debt collection procedures/policies

The Collection Policy has been currently reviewed along with other policies by Council in May 2025. The policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition, emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

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 2026/27 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 75 per cent on current billings, current year's overall collection rate of 75 per cent has determined the 2026/27 collection rate. In addition, the collection of debt in excess of 90 days has been prioritised as a pertinent strategy in increasing the Municipality's cash levels. In addition, the potential of a payment incentive scheme is being investigated and if found to be viable will be incorporated into the policy.

2.7.2 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 Municipality's 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.

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).

2.7.3 Supply Chain Management Policy

The Supply Chain Management Policy is currently being reviewed and will be adopted by Council on the 28th of March 2025. A reviewed policy has been considered by Council of which the amendments will extensively be consulted on.

2.7.4 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 Municipality's system of delegations. The Draft Budget and Virement Policy is currently has been reviewed and adopted by Council in March 2026.

2.7.5 Cash Management and Investment Policy

The Municipality's Draft Cash Management and Investment Policy have been currently reviewed and adopted by Council in March 2026. The aim of the policy is to ensure that the Municipality's 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 cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

2.7.6 Tariff Policies

The Municipality's 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.

All the above policies are available on the Municipality's website, as well as the following budget related policies:

Property Rates Policy;
Funding and Reserves Policy;
Credit Control and Credit Control Policy;
Supply Chain Management Policy
Asset Management Policy
Borrowing Policy;
Budget Implementation and management Policy;
Basic Social Services Package (Indigent Policy).
Corporate Social Fund Policy
Asset Loss Control Policy
Insurance Policy
Tariff Policy
Unauthorized, Irregular, Fruitless & wasteful Expenditure policy
Long-term Financial Planning Policy
Related Parties Policy
Cost Containment Measures Policy

2.8 Overview of budget assumptions

2.8.1 External factors

South Africa has experienced over a decade of weak economic growth, GDP has averaged only 0.8 per cent annually since 2012, entrenching high levels of unemployment and poverty. To turn the tide and raise economic growth sustainably, government is prioritising energy and logistics reforms, along with measures to arrest the decline in state capacity. Successful efforts to improve the fiscal position, complete structural reforms and bolster the capacity of the state will, in combination, reduce borrowing costs, raise confidence, increase investment and employment, and accelerate economic growth.

The National Treasury estimates that South Africa's real GDP growth improved to 1.4 per cent in 2025 and is projected to grow to 1.6 per cent in 2026, 1.8 per cent in 2027, and 2.0 per cent in 2028 over the medium term. This moderate recovery is supported by improved electricity supply, easing inflation, infrastructure investment, and ongoing structural reforms in the energy and logistics sectors. Household consumption is expected to remain resilient, while fixed investment is projected to recover gradually as financing conditions improve and new infrastructure and energy projects move into implementation.

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 (70 per cent) of annual billings for property rates. Cash flow is assumed to be 68 per cent 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.

Service Charges on electricity and refuse removal are billed simultaneously, therefore an average collection rate of 77.5% is assumed for service charged due to controls that are in place as per the credit control policy.

2.8.2 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 Municipality, 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.

2.8.3 Salary increases

The salary and wage collective agreement as signed by parties of the South African Local Government Bargaining Council (SALGBC) in terms of Clause 6.6 of the Collective agreement have confirmed an increase of Four comma seven five percent (4.75%) with effect from 1 July 2026.

Therefore, municipalities are urged to consider projecting salary and wage increases that would reflect their affordability given the current economic challenges. The State of Local Government Finances and Financial Management Report (2024) indicates that a significant number of municipalities remain in financial distress, with 162 municipalities identified as financially distressed, reflecting only a marginal improvement from previous years. The report highlights persistent challenges including weak financial management, unfunded budgets, poor revenue collection, and growing creditor obligations, which continue to undermine the financial sustainability of municipalities.

The municipality has proposed a **salary and wage increase** of four comma four percent (4.75%) with effect from 1 July 2026 and any linked benefits or conditions of service shall increase by the same rate of 4.75% with effect from 1 July 2026..

2.8.4 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:

Creating jobs;
Enhancing education and skill development;
Improving Health services;
Rural development and agriculture; and
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.

2.8.5 Ability of the municipality to spend and deliver on the programmes

It is estimated that a spending rate of at least 85 per cent is achieved on operating expenditure and 98 per cent on the capital programme for the 2026/27 & MTREF of which performance has been factored into the cash flow budget.

2.9 Overview of budget funding

2.9.1 Medium-term outlook: operating revenue

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

Table 25 Breakdown of the operating revenue over the medium-term

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)										
Description	Re	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Expenditure										
Employee related costs	2	109,396	107,713	116,754	141,420	141,420	141,420	152,543	153,638	154,713
Remuneration of councillors		13,528	13,798	14,325	15,460	15,460	15,460	16,388	16,879	17,217
Bulk purchases - electricity	2	28,816	36,575	45,293	43,603	51,864	51,864	60,006	61,667	63,349
Inventory consumed	8	2,139	1,424	4,371	7,411	3,458	3,458	4,390	4,727	4,793
Debt impairment	3	-	-	-	37,303	37,303	37,303	30,261	30,463	30,416
Depreciation and amortisation		31,848	35,256	32,437	35,534	35,534	35,534	37,856	38,992	39,772
Interest		332	58	325	100	3,300	3,300	3,300	3,452	3,611
Contracted services		47,869	52,049	62,194	64,092	84,884	84,884	75,476	74,826	78,564
Transfers and subsidies		1,557	-	-	-	-	-	-	-	-
Irrecoverable debts written off		34,245	20,430	15,022	7,500	7,500	7,500	6,261	6,323	6,387
Operational costs		29,408	39,346	43,611	48,198	56,155	56,155	54,947	58,868	61,975
Losses on disposal of Assets		1,501	732	6,080	1,500	1,500	1,500	-	-	-
Other Losses		35	176	61	-	-	-	-	-	-
Total Expenditure		300,674	307,556	340,473	402,121	438,379	438,379	441,428	449,836	460,796

KZN291 Mandeni - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Revenue											
Exchange Revenue											
Service charges - Electricity	2	49,864	61,164	64,753	82,686	90,708	90,708	60,323	100,149	103,454	106,764
Service charges - Water	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Management	2	11,577	12,380	13,073	14,713	14,713	14,713	9,958	18,557	19,024	19,606
Sale of Goods and Rendering of Services	2	1,039	1,257	978	1,513	1,383	1,383	763	1,454	1,502	1,551
Agency services	2	-	-	-	-	-	-	-	1,500	1,549	1,599
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables	2	1,229	919	1,487	2,016	2,016	2,016	1,052	1,716	1,772	1,829
Interest earned from Current and Non Current	2	20,010	26,748	19,863	25,000	25,000	25,000	8,295	20,000	20,660	21,321
Dividends	2	-	-	-	-	-	-	-	-	-	-
Rent on Land	2	106	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets	2	248	294	593	755	755	755	401	643	665	686
Licence and permits	2	22	-	-	-	-	-	-	1,015	1,048	1,082
Special rating levies	2	-	-	-	-	-	-	-	-	-	-
Construction Contract Revenue	2	6,815	10,561	1,304	-	-	-	-	-	-	-
Development Charges	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	2,548	1,507	1,355	1,252	1,875	1,875	714	39	40	42
Non-Exchange Revenue											
Property rates	2	50,660	58,321	63,942	64,913	64,913	64,913	46,519	72,815	75,217	77,624
Surcharges and Taxes	2	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	2	1,002	1,584	3,569	1,367	1,367	1,367	113	1,071	1,107	1,142
Licences or permits	2	525	985	969	998	998	998	449	-	-	-
Transfer and subsidies - Operational	2	223,107	241,981	253,010	254,956	254,848	254,848	251,447	251,101	252,722	269,139
Interest	2	2,628	3,460	3,570	4,453	4,453	4,453	2,063	3,853	3,980	4,108
Fuel Levy	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	-	-	-	-	-	-	-	-	-	-
Gains on disposal of Fixed and Intangible Assets	2	-	-	-	-	-	-	-	-	-	-
Other Gains	2	30,181	1,221	2,331	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers a		401,560	422,381	430,797	454,622	463,028	463,028	382,097	473,913	482,742	506,492

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

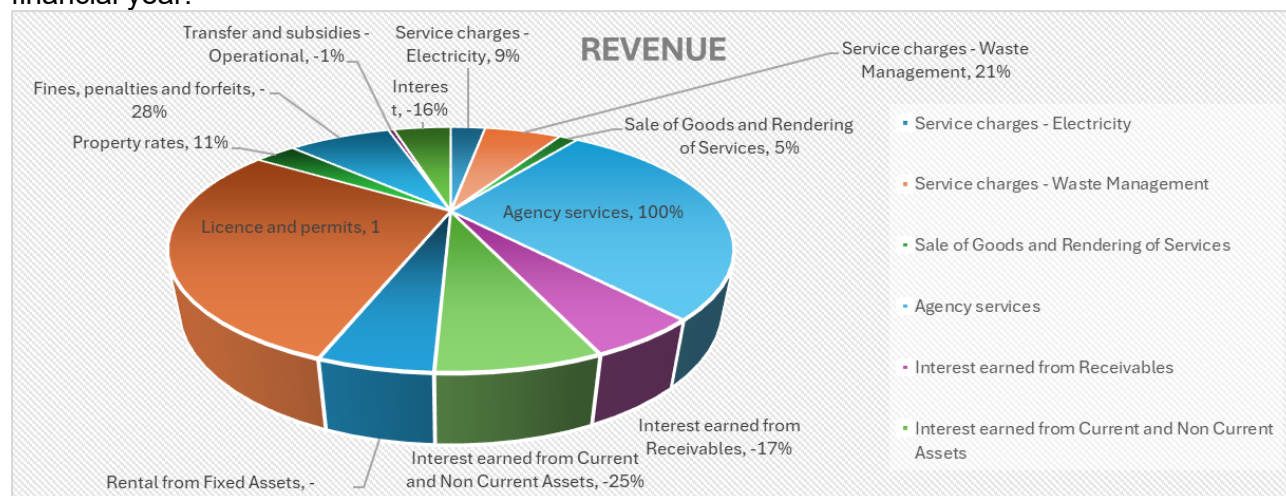


Figure 4 Breakdown of operating revenue over the 2026/27 MTREF

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 Municipality derives most of its operational revenue from the provision of goods and services such as electricity, Property rates, operating and capital grants from organs of state and other minor charges (such as building plan fees, licenses and permits etc).

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

Growth in the Municipality and economic development;

Revenue management and enhancement;

Achievement of a 68 per cent annual collection rate for consumer revenue;

National Treasury guidelines;

Electricity tariff increases within the National Energy Regulator of South Africa (NERSA) approval;

Achievement of full cost recovery of specific user charges;

Determining tariff escalation rate by establishing/calculating revenue requirements;

The Property Rates Policy in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA), 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 2026/27 MTREF on the different revenue categories are:

Table 26 Proposed tariff increases over the medium-term

KZN291 Mandeni - Supporting Table SA14 Household bills

Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27 % incr.	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Rand/cent											
Monthly Account for Household - 'Middle Income Range'	1										
Rates and services charges:											
Property rates		1,124.64	1,114.03	1,167.51	1,167.51	1,167.51	1,167.51	3.5%	1,224.71	1,281.05	1,339.98
Electricity: Basic levy		567.06	590.73	647.44	744.55	744.55	744.55	14.3%	829.43	867.58	907.49
Electricity: Consumption		2,575.84	2,683.32	2,940.92	3,382.05	3,382.05	3,382.05	14.3%	3,767.61	3,940.92	4,122.20
Water: Basic levy		-	-	-	-	-	-	-	-	-	-
Water: Consumption		-	-	-	-	-	-	-	-	-	-
Sanitation		-	-	-	-	-	-	-	-	-	-
Refuse removal		147.67	148.37	155.50	163.74	163.74	163.74	10.5%	243.97	255.19	266.93
Other		-	-	-	-	-	-	-	-	-	-
sub-total		4,415.21	4,536.45	4,911.35	5,457.85	5,457.85	5,457.85	11.1%	6,065.72	6,344.74	6,636.60
VAT on Services		-	-	-	-	-	-	-	-	-	-
Total large household bill:		4,415.21	4,536.45	4,911.35	5,457.85	5,457.85	5,457.85	11.1%	6,065.72	6,344.74	6,636.60
% increase/decrease			2.7%	8.3%	11.1%	-	-	11.1%	4.6%	4.6%	4.6%

Revenue to be generated from property rates amounts to R72.8 million in the 2026/27 financial year and increases to R75.2 million in 2027/28 and R77.6 million in 2028/29, contributing approximately 15.4 per cent of the total operating revenue of the Municipality in 2026/27. Property rates remain a stable and predictable source of revenue over the medium term. The implementation of the Municipal Property Rates Act continues to guide the basis of rating and ensures a fair and transparent valuation and rating system that supports revenue sustainability.

Service charges relating to electricity and refuse removal constitute the second largest component of the Municipality's revenue basket, totaling R118.7 million in the 2026/27 financial year (Electricity: R100.1 million and Waste Management: R18.6 million), increasing to R122.5 million in 2027/28 and R126.4 million in 2028/29. Service charges contribute approximately 25.1 per cent of total operating revenue in 2026/27 and grow steadily over the MTREF. This growth is mainly attributed to tariff increases and rising bulk electricity purchase costs, which are passed through in line with National Energy Regulator guidelines and municipal tariff policies.

Operational grants and subsidies remain the largest source of revenue for the Municipality, amounting to R251.1 million in 2026/27, R252.7 million in 2027/28, and R269.1 million in 2028/29, contributing approximately 53 per cent, 52 per cent and 53 per cent of total operating revenue respectively. This indicates the Municipality's continued reliance on transfers from national government to sustain operations and deliver basic services. The slight growth in the outer years reflects adjustments in equitable share and conditional grant allocations over the MTREF.

Investment revenue (interest earned) contributes marginally to the revenue base of the Municipality, with budget allocations of R23.9 million in 2026/27, R24.6 million in 2027/28, and R25.4 million in 2028/29 (interest from receivables and current/non-current assets combined). These allocations have been conservatively estimated to ensure prudent cash flow management and are aligned with the Municipality's cash-backed reserves and investment strategy. Actual performance will be closely monitored, and any material variances will be addressed during the mid-year review and adjustments budget process.

Table 28 MBRR SA16 – Investment particulars by maturity

KZN291 Mandeni - Supporting Table SA16 Investment particulars by maturity

Investments by Maturity	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate *	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
of institution & investment	1	Yrs/Months												
Parent municipality														
Call account 1-GRANTS	1	12 MNTHS	CALL	Yes	FIXED	7.2	NILL	NILL	30 June 2026	3,230	8,253	(261,819)	251,101	766
Call account 2 -HOUSING	2	12 MNTHS	CALL	No	FIXED	7.2	NILL	NILL	30 June 2026	2,171	52	(985)		-
Call account 3-MIG	3	12 MNTHS	CALL	Yes	FIXED	7.2	NILL	NILL	30 June 2026	644	1,384	(43,582)	41,554	-
Call account 5-TMT	4	12 MNTHS	CALL	No	FIXED	7.2	NILL	NILL	30 June 2026	516	3		335	-
Call account 6-EDTEA	5	12 MNTHS	CALL	No	FIXED	7.2	NILL	NILL	30 June 2026	1,519	9	(3,528)	2,000	-
Call account 7-AR	6	12 MNTHS	CALL	No	FIXED	7.2	NILL	NILL	30 June 2026	1,913	24	(1,800)		-
Call account 8- Title Deed	7	12 MNTHS	CALL	No	FIXED	7.2	NILL	NILL	30 June 2026	2,118	72	(1,125)		-
Call account 9-DISASTER	8	12 MNTHS	CALL	NO	FIXED	7.2	NILL	NILL	30 June 2026	12	0			-
ABSA	9	12 MNTHS	VESTMEN	NO	FIXED	9.78	NILL	NILL	30 June 2026	20,000	4,637	(24,637)		-
ABSA	10	12 MNTHS	VESTMEN	NO	FIXED		NILL	NILL	30 June 2026	30,000	5,565	(35,000)		565
											-			-
											-			-
											-			-
											-			-
											-			-
Municipality sub-total										62,123	20,000	(372,476)	294,990	1,330

2.9.2 Medium-term outlook: capital revenue

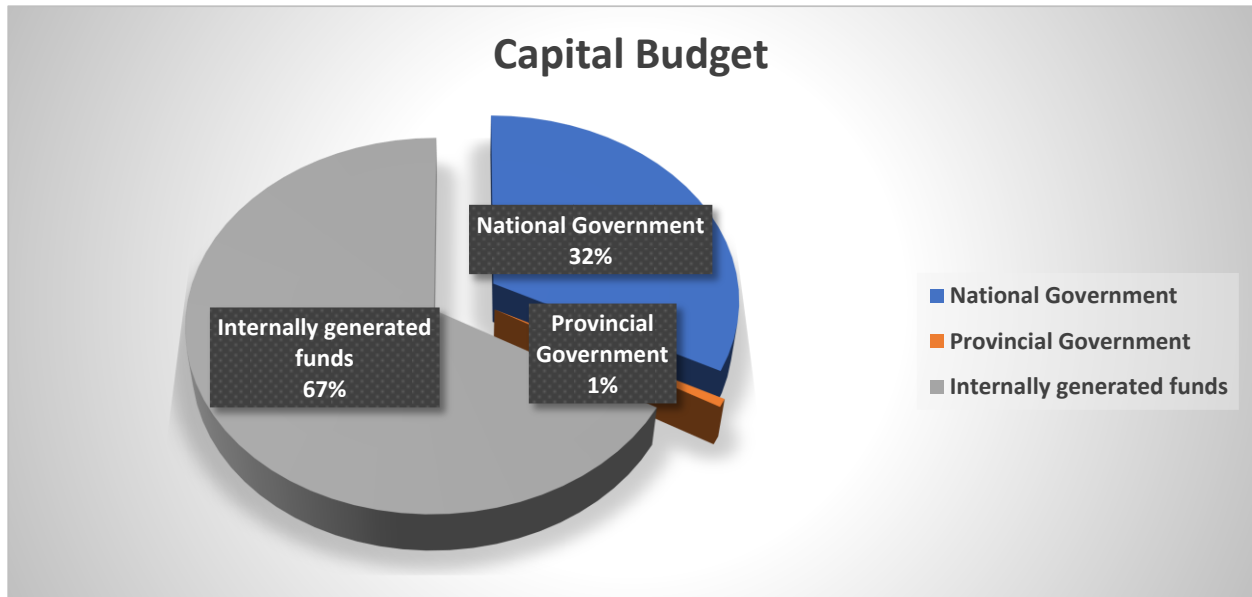
The following table is a breakdown of the funding composition of the 2026/27 medium-term capital programme:

Table 27 Sources of capital revenue over the MTREF

KZN291- Capital Budget Expenditure									
Vote Description	Re	Current Year 2023/24		2024/25 Medium Term Revenue & Expenditure Framework					
		Adjusted Budget	%	Budget Year 2024/25	%	Budget Year +1 2025/26	%	Budget Year +2 2026/27	%
R thousand	1								
Funded by:									
National Government		51,837	37.08	33,963	26.62	35,513	50.64	38,416	71.92
Provincial Government		591	0.42	739	0.58	-	-	-	-
District Municipality		-	0.00	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public		-	0.00	-	-	-	-	-	-
Transfers recognised - capital	4	52,428	37.51	34,702	27.20	35,513	50.64	38,416	71.92
Borrowing	6	-	0.00	-	-	-	-	-	-
Internally generated funds		87,356	62.49	92,898	72.80	34,609	49.36	15,000	28.08
Total Capital Funding	7	139,784	100.00	127,600	100.00	70,121	100.00	53,416	100.00

The above table is graphically represented as follows for the 2026/27 financial year

Figure 5 Sources of capital revenue for the 2026/27 financial year



Capital grants and receipts equates to 38.2 per cent of the total funding source which represents R42.0 million for the 2026/27 financial year and steadily decreases to 37.5 million or 100 per cent by 2026/27. Decrease relating to grant receipts is 4.6 million and 10.9 per cent over the medium-term.

Table 28 MBRR Table SA 18 - Capital transfers and grant receipts

KZN291 Mandeni - Supporting Table SA18 Transfers and grant receipts										
Description	Re	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		209,625	217,447	223,616	244,496	244,803	244,803	258,621	255,324	250,781
EPWP Incentive		2,387	2,435	2,372	2,553	2,410	2,410	1,815	–	–
Finance Management		2,345	1,850	1,850	1,850	1,850	1,850	1,800	1,900	2,000
Integrated National Electrification Prog		6,506	1,998	6,576	7,384	7,384	7,384	9,227	7,920	9,109
Local Government Equitable Share		198,387	211,164	212,818	230,823	230,823	230,823	243,588	243,355	237,347
Municipal Infrastructure Grant		–	–	–	1,886	2,336	2,336	2,191	2,149	2,325
Other transfers/grants [insert description]										
Provincial Government:		6,926	4,648	5,930	4,863	9,494	9,494	3,769	4,933	5,088
Community Library Services Grant		6,219	4,214	3,708	1,477	1,477	1,477	1,543	1,719	1,730
Provincialization of Government					2,396	2,266	2,266	2,226	3,214	3,358
Non-revenue electricity - EDTEA		448		1,000	990	990	990			
Massification Grant				239		4,761	4,761			
Housing Title Deed		259	434	983						
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total Operating Transfers and Grants	5	216,550	222,095	229,546	249,359	254,297	254,297	262,390	260,257	255,869
Capital Transfers and Grants										
National Government:		41,858	43,949	41,510	47,831	59,612	59,612	38,910	40,840	44,178
Municipal Disaster Recovery Grant		393	–	1,466	–	15,556	15,556	–	–	–
		–	–	–				–	–	–
Municipal Infrastructure Grant (MIG)		41,465	43,949	40,044	47,831	44,056	44,056	38,910	40,840	44,178
Other capital transfers/grants [insert desc]										
Provincial Government:		–	–	–	550	680	680	850	–	–
Provincialization of Libraries		–	–	–	550	680	680	850	–	–
District Municipality:		–	–	–	–	–	–	–	–	–
[insert description]										
Other grant providers:		–	–	–	–	–	–	–	–	–
[insert description]										
Total Capital Transfers and Grants	5	41,858	43,949	41,510	48,381	60,292	60,292	39,760	40,840	44,178
TOTAL RECEIPTS OF TRANSFERS & GR		258,408	266,044	271,056	297,740	314,589	314,589	302,150	301,097	300,047

GRANT RECEIPTS

- **Equitable Share** allocation is R243,6 million which has been increased by R12,8 million.
- **MIG** allocation is R41,1 million which has been decreased by R5.3 million, reduction is due to budget of R8million which was ringfenced towards the construction of Endlondlweni Sports field in Ward 10 for 2023-24 financial year.
- **EPWP** allocation is R1.8 million which has been decreased by R595 thousand.
- **FMG** allocation is R1.8 million which has been decreased by R50 thousand.
- **INEP** allocation is R9,2 million which has increased by R1.8 million.
- **Library Grant** allocation is R4.6 million which has increased by R196 thousand.

Further to that it should be noted that decrease in grant allocation is due to the municipality not receiving Disaster Relief, Massification and EDTEA Grant which were received in this current year.

2.9.3 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:

Clear separation of receipts and payments within each cash flow category;

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. and

Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long-term borrowing (debt).

Table 29 MBRR Table A7 - Budget cash flow statement

KZN291 Mandeni - Table A7 Budgeted Cash Flows										
Description	Re	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		1,828	1,828	69,474	26,698	26,698	26,698	31,118	32,550	34,047
Service charges		1,666	1,669	1,669	62,465	71,633	71,633	75,777	79,083	83,373
Other revenue		4,485	69,618	21,758	18,972	20,931	20,931	4,674	4,889	9,555
Transfers and Subsidies - Operat	1	286,604	545,726	870,424	249,359	249,536	249,536	262,390	260,257	255,861
Transfers and Subsidies - Capital	1	50,556	96,109	153,649	48,381	60,292	60,292	39,760	40,840	44,178
Interest		798	4,267	9,819	10,500	23,500	23,500	28,000	28,840	29,705
Dividends		-	-	-	-	-	-	-	-	-
Payments										
Suppliers and employees		(18,740)	(15,498)	22,044	(507,431)	(543,172)	(543,172)	(392,386)	(398,059)	(408,170)
Interest		-	-	-	(100)	(3,300)	(3,300)	(3,300)	(3,452)	(3,611)
Transfers and Subsidies	1	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERAT		327,197	703,717	1,148,837	(91,156)	(93,883)	(93,883)	46,034	44,949	44,938
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current re		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current in		-	-	-	-	-	-	-	-	-
Payments										
Capital assets		-	-	-	165,536	160,666	160,666	(146,740)	(80,640)	(61,428)
NET CASH FROM/(USED) INVESTIN		-	-	-	165,536	160,666	160,666	(146,740)	(80,640)	(61,428)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	0	6	4
Payments										
Repayment of borrowing		-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCIN		-	-	-	-	-	-	0	6	4
NET INCREASE/ (DECREASE) IN C		327,197	703,717	1,148,837	74,381	66,784	66,784	(100,705)	(35,684)	(16,486)
Cash/cash equivalents at the year 2		-	-	-	-	-	-	183,424	82,718	47,034
Cash/cash equivalents at the year 2		327,197	703,717	1,148,837	74,381	66,784	66,784	82,718	47,034	30,548

The above table shows that cash and cash equivalents of the Municipality were slowly increased between the 2025/26 and 2026/27 financial year moving from a positive cash balance of R82.7 to a surplus of R30.5 million with the approved 2026/27 MTREF. With the 2025/26 adjustments budget various cost efficiencies and savings had to be realised to ensure the Municipality could meet its operational expenditure commitments. In addition, the Municipality undertook an extensive debt collection process to boost cash levels.

These initiatives and interventions have translated into a positive cash position for the municipality, and it is projected that cash and cash equivalents on hand will increase to R82.7 million by the financial year end. For the 2026/27 MTREF the budget has been prepared to ensure high levels of cash and cash equivalents over the medium-term with cash levels. It should be noted the municipality's cash flow are improving on an annual basis.

2.9.4 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:

What is the predicted cash and investments that are available at the end of the budget year?

How are those funds used?

What are the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that 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 March be a concern that requires closer examination.

Table 30 MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation

KZN291 Mandeni - Table A8 Cash backed reserves/accumulated surplus reconciliation										
Description	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Cash and investments available										
Cash/cash equivalents at the year end	1	327,197	703,717	1,148,837	74,381	66,784	66,784	82,718	47,034	30,548
Other current investments > 90 days		(145,177)	(495,551)	(894,224)	42,408	76,629	76,629	(3,765)	68,941	106,257
Non current Investments	1	-	-	-	-	-	-	-	-	-
Cash and investments available:		182,020	208,167	254,613	116,789	143,413	143,413	78,954	115,976	136,805
Application of cash and investments										
Unspent conditional transfers		30,079	8,705	25,789	20,275	25,789	25,789	8,284	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-
Statutory requirements	2	(6,593)	(1,789)	(3,542)	(26,815)	(30,872)	(30,872)	(45,071)	(37,474)	(34,771)
Other working capital requirements	3	30,719	36,380	45,031	28,753	26,675	26,675	(23,693)	(23,306)	(26,189)
Other provisions		3,227	3,576	3,815	4,872	3,547	3,547	8,677	6,044	6,289
Long term investments committed	4	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	50,941	50,941	50,941	2,191	65,080	65,080	2,086	2,249	2,313
Total Application of cash and investments:		108,374	97,814	122,035	29,275	90,218	90,218	(49,718)	(52,487)	(52,358)
Surplus(shortfall) - Excluding Non-Current Creditors		73,646	110,353	132,578	87,514	53,194	53,194	128,672	168,463	189,163
Creditors transferred to Debt Relief - Non-Current Creditors		-	-	-	-	-	-	-	-	-
Surplus(shortfall) - Including Non-Current Creditors		73,646	110,353	132,578	87,514	53,194	53,194	128,672	168,463	189,163

From the above table it can be seen that the cash and investments available total R128.7 million in the 2026/27 financial year and increases to R189.2 million by 2026/27, 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.

The municipality has projected budget of unspent conditional grant of R8.2 million which has been split as follows: Title Deed Grant of R3.5 million and MIG Grant R4.7 million.

Due to delays in transferring ownership of Low-Cost Housing the municipality foresee that there will be remaining unspent grant for Title Deed Grant of R3.5 million this assumption is based on grant register as at April 2025.

Further to that based on performance noted on MIG grant and delays noted with Hlomendlini Sportified and Endlondlweni Sport filed it is anticipated that there will be remaining balance of R4.7 million as at year end.

There is no unspent borrowing from the previous financial years. In terms of the municipality's Borrowing and Investments Policy, borrowings are only drawn down once the expenditure has been incurred against the particular project. Unspent borrowing is ring-fenced and reconciled on a monthly basis to ensure no unnecessary liabilities are incurred.

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.

For the purpose of the cash backed reserves and accumulated surplus reconciliation a provision equivalent to one month's operational expenditure has been provided for. It needs to be noted that although this can be considered prudent, the desired cash levels should be 60 days to ensure continued liquidity of the municipality. Any underperformance in relation to collections could place upward pressure on the ability of the Municipality to meet its creditor obligations.

Most reserve fund cash-backing is discretionary in nature, but the reserve funds are not available to support a budget unless they are cash-backed. The reserve funds are not fully cash-backed. The level of cash-backing is directly informed by the municipality's cash backing policy. These include the rehabilitation of landfill sites and quarries.

It can be concluded that the Municipality has a surplus against the cash backed and accumulated surpluses reconciliation. It needs to be noted that for all practical purposes the 2026/27 MTREF was funded when considering the funding requirements of section 18 and 19 of the MFMA. The 2026/27 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 Municipality 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.

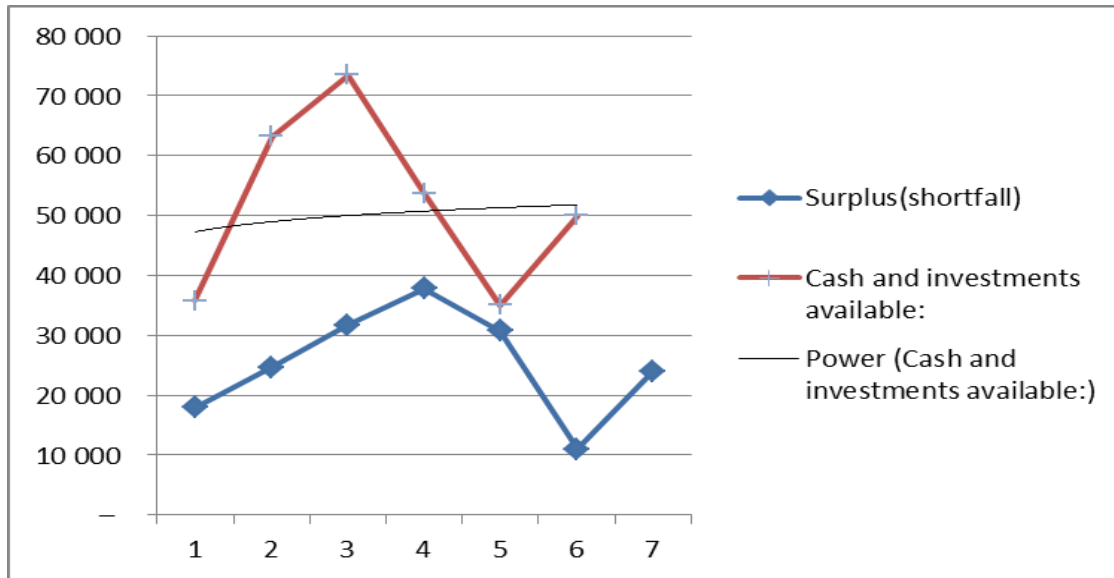


Figure 6 Cash and cash equivalents / Cash backed reserves and accumulated funds

2.9.5 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 31 MBRR SA10 – Funding compliance measurement

KZN291 Mandeni Supporting Table SA10 Funding measurement											
Description	MFMA section	Ref	2020/21	2021/22	2022/23	Current Year 2023/24			2024/25 Medium Term Revenue & Expenditure		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27
Total Operating Revenue			319,244	333,878	401,553	382,369	418,587	418,587	441,551	451,087	464,357
Total Operating Expenditure			300,674	307,556	340,473	402,121	438,379	438,379	441,428	449,836	460,796
Operating Performance Surplus/(Deficit)			18,570	26,321	61,080	(19,752)	(19,792)	(19,792)	122	1,251	3,560
Cash and Cash Equivalents (30 June 2012)									114,433		
Revenue											
% Increase in Total Operating Revenue				4.6%	20.3%	(4.8%)	9.5%	0.0%	5.5%	2.2%	2.9%
% Increase in Property Rates Revenue				(3.6%)	49.4%	17.1%	(0.0%)	0.0%	49.9%	4.6%	6.1%
% Increase in Electricity Revenue				32.6%	8.5%	5.5%	17.4%	0.0%	13.0%	6.7%	8.3%
% Increase in Property Rates & Services Charges				14.8%	23.6%	9.7%	7.4%	0.0%	9.6%	6.4%	7.9%
Expenditure											
% Increase in Total Operating Expenditure				2.3%	10.7%	18.1%	9.0%	0.0%	0.7%	1.9%	2.4%
% Increase in Employee Costs				(1.5%)	8.4%	21.1%	0.0%	0.0%	7.9%	0.7%	0.7%
% Increase in Electricity Bulk Purchases				26.9%	23.8%	(3.7%)	18.9%	0.0%	15.7%	2.8%	2.7%
Average Cost Per Budgeted Employee Position (Remuneration)					411105.45	456194			453996		
Average Cost Per Councillor (Remuneration)					409295.97	441715			468218		
R&M % of PPE			4.0%	3.5%	3.1%	2.7%	3.5%	3.5%	3.7%	3.8%	4.1%
Asset Renewal and R&M as a % of PPE			47.5%	52.9%	56.5%	14.2%	15.0%	15.0%	12.2%	3.8%	4.1%
Debt Impairment % of Total Billable Revenue			0.0%	0.0%	0.0%	30.3%	28.2%	28.2%	20.9%	19.8%	18.3%
Capital Revenue											
Internally Funded & Other (R'000)			7,264	24,649	60,688	88,347	87,356	87,356	69,420	34,609	15,000
Borrowing (R'000)			-	-	0	-	-	-	-	-	-
Grant Funding and Other (R'000)			10,726	5,762	12,628	55,598	52,428	52,428	34,702	-	-
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%
Borrowing % of Non Grant Funding			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant Funding % of Total Funding			59.6%	18.9%	17.2%	38.6%	37.5%	37.5%	33.3%	0.0%	0.0%
Capital Expenditure											
Total Capital Programme (R'000)			17,990	30,411	73,316	143,945	139,784	139,784	104,122	34,609	15,000
Asset Renewal			234,880	260,270	321,620	85,356	81,194	81,194	22,174	-	-
Asset Renewal % of Total Capital Expenditure			1305.6%	855.8%	438.7%	59.3%	58.1%	58.1%	21.3%	0.0%	0.0%
Cash											
Cash Receipts % of Rate Payer & Other			2.8%	25.2%	23.2%	24.0%	25.3%	25.3%	74.0%	73.8%	72.5%
Cash Coverage Ratio			0	0	0	0	0	0	0	0	0
Borrowing											
Most recent Credit Rating									0		
Capital Charges to Operating			0.1%	0.0%	0.1%	0.0%	0.8%	0.8%	0.7%	0.8%	0.8%
Borrowing Receipts % of Capital Expenditure			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 inv			152,217	181,377	221,079	107,603	133,237	133,237	200,563	248,446	270,236
Free Services											
Free Basic Services as a % of Equitable Share			0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Free Services as a % of Operating Revenue (excl operational transfers)			(6.8%)	(5.9%)	0.9%	(9.3%)	(7.4%)	(7.4%)	(7.6%)	(7.6%)	(7.2%)
High Level Outcome of Funding Compliance											
Total Operating Revenue			319,244	333,878	401,553	382,369	418,587	418,587	441,551	451,087	464,357
Total Operating Expenditure			300,674	307,556	340,473	402,121	438,379	438,379	441,428	449,836	460,796
Surplus/(Deficit) Budgeted Operating Statement			18,570	26,321	61,080	(19,752)	(19,792)	(19,792)	122	1,251	3,560
Surplus/(Deficit) Considering Reserves and Cash Back			152,217	181,377	221,079	107,603	133,237	133,237	200,563	248,446	270,236
MTREF Funded (1) / Unfunded (0)	15		1	1	1	1	1	1	1	1	1
MTREF Funded ü / Unfunded ü	15		ü	ü	ü	ü	ü	ü	ü	ü	ü

2.9.5.1 Cash/cash equivalent position

The Municipality'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 positive, 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 2026/27 MTREF shows R200.6 million, R248.4 million and R270.2 million for each respective financial year.

2.9.5.2 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 detail reconciliation of the cash backed reserves/surpluses is contained in Table 20, on page 39. 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.

2.9.5.3 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 Municipality 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 such as rate boycotts. Notably, the ratio has been increasing steadily for the period 2025/26 to 2026/27, moving from 2.3 to 1.7 with the adopted 2026/27 & MTREF. As part of the 2026/27 MTREF the municipalities improving cash position causes the ratio to move upwards to 7.1 and then increase slightly to 8.1 for the outer years. As indicated above the Municipality aims to achieve at least one month's cash coverage in the medium term, and then gradually move towards two months' coverage. This measure will have to be carefully monitored going forward.

2.9.5.4 Surplus/deficit excluding depreciation 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 March 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.

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.

2.9.5.5 Property Rates/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 (which is currently 3 - 6 per cent). The result is intended to approximate the real increase in revenue. From the table above, it can be seen that the percentage growth totals 0.1, 1.9 and 0.2 per cent for the respective financial year of the 2026/27 MTREF. Considering the lowest percentage tariff increase in relation to revenue generated from rates is 4.4 per cent and services charges are 4.9 per cent, with the increase in electricity at 12.7 per cent it is to be expected that the increase in revenue will exceed the inflation target figures. 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.

2.9.5.6 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 analyze the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. The outcome is at 108,111 and 114 per cent for each of the respective financial years. Given that the assumed collection rate was based on 70 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.

2.9.5.7 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 9.4, 9.4 and 9.4 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.

2.9.5.8 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 creditors be paid within 30 days.

2.9.5.9 Borrowing as a percentage of capital expenditure (excluding transfers, grants and contributions)

The purpose of this measurement is to determine the proportion of a municipality's 'own-funded' capital expenditure budget that is being funded from borrowed funds to confirm MFMA compliance. Externally funded expenditure (by transfers/grants and contributions) has been excluded. It can be seen that borrowing equates to 0 per cent of own funded capital. Further details relating to the borrowing strategy of the Municipality can be found on page 57.

2.9.5.10 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 Municipality has budgeted for all transfers.

2.9.5.11 Consumer debtors change (Current and Non-current)

The purposes of these measures are 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 Municipality's policy of settling debtor's accounts within 30 days.

2.9.5.12 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 Municipality's strategy pertaining to asset management and repairs and maintenance are contained in Table 50 MBRR SA34C on page 100.

2.9.5.13 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 March 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 49 MBRR SA34b on page 99.

2.10 Expenditure on grants and reconciliations of unspent funds

Table 32 MBRR SA19 - Expenditure on transfers and grant programmes

KZN291 Mandeni - Supporting Table SA19 Expenditure on transfers and grant programme

Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
R thousand										
EXPENDITURE	1									
Operating										
National Government										
Monetary Allocations										
Local Government Equitable Share	-	212,818	230,823	243,588	244,198	244,198	244,198	240,637	248,436	264,752
EPWP Incentive	-	4,807	6,082	1,815	1,714	1,714	1,714	1,524	-	-
Integrated National Electrification Programme	-	7,200	7,200	1,500	-	-	-	-	-	-
Finance Management	-	1,850	1,850	1,800	1,900	1,900	1,900	2,000	2,100	2,200
Municipal Infrastructure Grant	-	17,023	17,023	-	2,411	2,411	2,411	2,187	2,187	2,187
KwaZulu-Natal	-	6,889	12,710	5,177	4,933	6,148	6,148	4,753	-	-
Total Monetary Allocations		250,588	275,688	253,880	255,156	256,371	256,371	251,101	252,722	269,139
Total National Government		250,588	275,688	253,880	255,156	256,371	256,371	251,101	252,722	269,139
Integrated National Electrification Programme Grant	-	-	(2,553)	-	-	-	-	-	-	-
Municipal Disaster Recovery Grant	-	-	(15,556)	(670)	-	12,511	12,511	12,000	-	-
Municipal Infrastructure Grant	-	(78,743)	(117,558)	(44,424)	45,817	45,817	45,817	-	46,143	47,601
KwaZulu-Natal	-	56,406	56,964	558	-	1,000	1,000	2,335	2,066	2,132
District Municipalities										
Monetary Allocations										
KwaZulu-Natal-DC 29 - Ilembe-Infrastructure	-	-	-	1,284	-	-	-	-	-	-
Total Monetary Allocations		-	-	1,284	-	-	-	-	-	-
Distribution Industry Holdings-Transferred to										
Other transfers/grants [insert description]	-	-	-	-	-	-	-	-	-	-
Total Allocations In-kind		-	-	-	-	-	-	-	-	-
Total Operating/District Municipalities		-	-	1,284	-	-	-	-	-	-
Total Allocations In-kind		-	-	-	-	-	-	-	-	-
Total Operating/Other Grant Providers		-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants		171,844	158,130	209,456	300,973	302,188	302,188	251,101	298,865	316,740
Capital										
National Government										
Monetary Allocations										
Integrated National Electrification Programme Grant	-	-	(2,553)	-	-	-	-	-	-	-
Municipal Infrastructure Grant	-	(78,743)	(117,558)	(44,424)	45,817	45,817	45,817	41,554	46,143	47,601
Total Monetary Allocations		(78,743)	(120,111)	(44,424)	45,817	45,817	45,817	41,554	46,143	47,601
Total National Government		(78,743)	(120,111)	(44,424)	45,817	45,817	45,817	41,554	46,143	47,601
Provincial Government										
Monetary Allocations										
Municipal Disaster Recovery Grant	-	-	(15,556)	(670)	-	12,511	12,511	12,000	-	-
KwaZulu-Natal_Infrastructure_Infrastructure_RECEIPTS	-	50,633	50,633	-	-	1,000	1,000	2,000	-	-
KwaZulu-Natal_Capacity Building and Other_Specify (Add grant description)_Receipts	-	-	-	-	-	-	-	335	-	-
Total Monetary Allocations		50,633	35,077	(670)	-	13,511	13,511	14,335	-	-
Total Provincial Government		50,633	35,077	(670)	-	13,511	13,511	14,335	-	-
Total Allocations In-kind		-	-	-	-	-	-	-	-	-
Total Capital/District Municipalities		-	-	-	-	-	-	-	-	-
Total Allocations In-kind		-	-	-	-	-	-	-	-	-
Total Capital/Other Grant Providers		-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants		(28,110)	(85,034)	(45,094)	45,817	59,328	59,328	55,889	46,143	47,601
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS		143,735	73,096	164,362	346,790	361,515	361,515	306,990	345,008	364,341

Table 33 MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

KZN291 Mandeni - Supporting Table SA20 Reconciliation of transfers, grant receipts and unspent funds

Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Operating transfers and grants:	1,3									
Monetary Allocations										
Balance unspent at beginning of the year										
Current year receipts		(212,818)	(230,823)	(243,588)	(244,198)	(244,198)	(244,198)	(240,637)	(248,435)	(264,752)
Repayment of grants										
Conditions met - transferred to revenue		37,769	44,865	10,292	10,958	12,173	12,173	10,464	4,287	4,387
Conditions still to be met - transferred to liabilities		(250,588)	(275,688)	(253,880)	(255,156)	(256,371)	(256,371)	(251,101)	(252,722)	(269,139)
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts		50,633	50,633	-	-	-	-	-	-	-
Conditions met - transferred to revenue		(5,773)	(6,330)	(558)	-	(1,000)	(1,000)	(2,335)	(2,066)	(2,132)
Conditions still to be met - transferred to liabilities		56,406	56,964	558	-	1,000	1,000	2,335	2,066	2,132
District Municipality:										
Balance unspent at beginning of the year										
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	(1,284)	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	1,284	-	-	-	-	-	-
Other grant providers:										
Balance unspent at beginning of the year										
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
Total operating transfers and grants revenue		31,997	38,535	8,450	10,958	11,173	11,173	8,129	2,221	2,255
Total operating transfers and grants - CTBM	2	(194,182)	(218,724)	(252,038)	(255,156)	(255,371)	(255,371)	(248,766)	(250,656)	(267,006)
Capital transfers and grants:	1,3									
Monetary Allocations										
Balance unspent at beginning of the year										
Current year receipts		82,276	132,244	41,101	45,817	45,817	45,817	41,554	46,143	47,601
Conditions met - transferred to revenue		161,019	252,355	85,525	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		(78,743)	(120,111)	(44,424)	45,817	45,817	45,817	41,554	46,143	47,601
Provincial Government:										
Balance unspent at beginning of the year										
Current year receipts		50,633	50,633	5,182	-	21,000	21,000	2,335	2,066	2,132
Conditions met - transferred to revenue		-	15,556	5,852	-	7,489	7,489	(12,000)	2,066	2,132
Conditions still to be met - transferred to liabilities		50,633	35,077	(670)	-	13,511	13,511	14,335	-	-
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										
Current year receipts		-	-	-	-	-	-	-	-	-
Conditions met - transferred to revenue		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
Total capital transfers and grants revenue		161,019	267,911	91,376	-	7,489	7,489	(12,000)	2,066	2,132
Total capital transfers and grants - CTBM	2	(28,110)	(85,034)	(45,094)	45,817	59,328	59,328	55,889	46,143	47,601
TOTAL TRANSFERS AND GRANTS REVENUE		193,016	306,446	99,826	10,958	18,662	18,662	(3,871)	4,287	4,387
TOTAL TRANSFERS AND GRANTS - CTBM		(222,291)	(303,758)	(297,131)	(209,340)	(196,044)	(196,044)	(192,877)	(204,513)	(219,405)

2.11 Councilors and employee benefits**Table 34 MBRR SA22 - Summary of councilor and staff benefits**

KZN291 Mandeni - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
R thousand		A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)	1									
Allowances and Service Related Benefits										
Basic Salary		12,098	12,770	13,079	14,319	14,319	14,319	14,906	15,398	15,890
Cell phone Allowance		1,502	1,491	1,493	1,754	1,754	1,754	1,826	1,886	1,947
Housing Allowance		182	167	126	269	269	269	280	289	298
In-kind Benefits		-	-	-	-	-	-	-	-	-
Market Related Non-pensionable Allowance		-	-	-	-	-	-	-	-	-
Motor Vehicle Allowance		543	528	452	702	702	702	730	754	779
Office-bearer Allowance		-	-	-	-	-	-	-	-	-
Out of pocket Expenses		-	-	-	-	-	-	-	-	-
Travelling Allowance		-	-	-	-	-	-	-	-	-
Use of Personal Facilities		-	-	-	-	-	-	-	-	-
Total Allowances and Service Related Benefits		14,325	14,955	15,151	17,043	17,043	17,043	17,742	18,327	18,914
Social Contributions										
Medical Aid Benefits		-	-	-	-	-	-	-	-	-
Pension Fund Contributions		-	-	-	-	-	-	-	-	-
Total Social Contributions		-	-	-	-	-	-	-	-	-
Total Councillors		14,325	14,955	15,151	17,043	17,043	17,043	17,742	18,327	18,914
% increase	4		4.4%	1.3%	12.5%	0.0%	-	4.1%	3.3%	3.2%
Senior Managers of the Municipality	2									
Salaries and Allowances										
Basic Salary		4,204	3,865	8,755	5,833	6,303	6,303	6,555	6,820	7,038
Bonuses		583	380	570	399	399	399	415	432	446
Allowance										
Accommodation, Travel and Incidental		-	-	-	-	-	-	-	-	-
Cellular and Telephone	3	182	272	342	281	281	281	292	304	314
Housing Benefits	3	256	114	170	292	292	292	304	316	326
Non-pensionable		-	346	480	483	483	504	524	541	541
Travel or Motor Vehicle	3	645	716	716	909	909	909	962	994	1,026
Voluntary Work		-	-	-	-	-	-	-	-	-
Total Allowance		1,083	1,448	1,708	1,965	1,965	1,965	2,062	2,138	2,206
Service Related Benefits										
Total Service Related Benefits		-	-	-	-	-	-	-	-	-
Total Salaries and Allowances		5,870	5,693	11,033	8,197	8,667	8,667	9,032	9,390	9,690
Social Contributions										
Bargaining Council		1	1	2	2	2	2	2	2	2
Group Life Insurance		-	-	-	-	-	-	-	-	-
Medical		-	163	268	153	191	191	198	206	213
Pension		-	-	-	-	-	-	-	-	-
Unemployment Insurance		1	1	-	11	11	11	11	11	12
Total Social Contributions		3	165	270	165	203	203	211	220	227
Post-retirement Benefit	6									
Medical		1,443	5,131	5,617	3,923	3,923	3,923	4,199	3,400	3,500
Other Benefits		-	-	-	-	-	-	-	-	-
Pension		-	-	-	-	-	-	-	-	-
Total Post-retirement Benefit		1,443	5,131	5,617	3,923	3,923	3,923	4,199	3,400	3,500
Costs Capitalised to PPE		-	-	-	-	-	-	-	-	-
Sub Total - Senior Managers of Municipality	4	7,316	10,989	16,920	12,285	12,793	12,793	13,442	13,010	13,417
% increase			50.2%	54.0%	(27.4%)	4.1%	-	5.1%	(3.2%)	3.1%
Other Municipal Staff	4									
Salaries and Allowances										
Basic Salary		74,961	83,417	96,503	105,238	100,927	100,927	103,676	107,777	111,226
Bonuses		-	-	-	-	-	-	-	-	-
Allowance										
Accommodation, Travel and Incidental		-	-	-	-	-	-	-	-	-
Cellular and Telephone	3	530	617	758	832	837	837	872	906	935
Housing Benefits	3	306	315	340	405	407	407	424	441	455
Non-pensionable		-	-	-	-	-	-	-	-	-
Travel or Motor Vehicle	3	4,672	4,751	4,999	6,161	6,170	6,170	5,709	5,897	6,086
Voluntary Work		-	-	-	-	-	-	-	-	-
Total Allowance		5,508	5,683	6,097	7,397	7,415	7,415	7,004	7,244	7,476
Service Related Benefits										
Acting	3	-	-	-	-	-	-	-	-	-
Bonus	3	6,078	6,601	8,019	5,711	6,031	6,031	6,574	6,840	7,059
Danger Allowance	3	-	-	-	-	-	-	-	-	-
Entertainment	3	-	-	-	-	-	-	-	-	-
Fire Brigade	3	-	-	-	-	-	-	-	-	-
In-kind Benefits	3	-	-	-	-	-	-	-	-	-
Leave Pay	3	2,636	3,462	3,327	2,798	3,386	3,386	3,559	3,703	3,821
Lifeguard/Duty Squads	3	-	-	-	-	-	-	-	-	-
Long Service Award		962	355	439	1,498	1,498	1,498	1,558	1,621	1,673
Overtime		2,388	3,361	4,129	3,191	3,982	3,982	3,449	3,433	3,543
Scarcity	3	-	-	-	-	-	-	-	-	-
Standby Allowance	3	768	908	2,097	970	1,890	1,890	1,966	2,046	2,111
Tools Allowance	3	-	-	-	-	-	-	-	-	-
Uniform/Special/Protective Clothing	3	-	-	-	-	-	-	-	-	-
Leave gratuity		-	-	-	-	-	-	-	-	-
Long Term Service Award		-	-	-	-	-	-	-	-	-
Total Service Related Benefits		12,832	14,687	18,010	14,169	16,788	16,788	17,106	17,643	18,288
Total Salaries and Allowances		83,301	103,788	120,610	126,804	125,130	125,130	127,786	132,664	136,910
Social Contributions										
Bargaining Council		59	75	89	82	82	82	85	88	91
Group Life Insurance		-	-	-	335	335	335	349	363	374
Medical		5,426	6,332	7,748	7,271	7,983	7,983	8,308	8,641	8,917
Pension		11,824	13,022	15,151	16,058	16,507	16,507	17,138	17,826	18,396
Unemployment Insurance		478	545	636	757	761	761	793	787	812
Total Social Contributions		17,788	19,973	23,624	24,503	25,668	25,668	26,673	27,704	28,591
Post-retirement Benefit	6									
Medical		(1,651)	(1,041)	(1,123)	-	-	-	-	-	-
Other Benefits		-	-	-	-	-	-	-	-	-
Pension		-	-	-	4,310	4,310	4,310	3,898	3,723	3,842
Total Post-retirement Benefit		(1,651)	(1,041)	(1,123)	4,310	4,310	4,310	3,898	3,723	3,842
Costs Capitalised to PPE		-	-	-	-	-	-	-	-	-
Sub Total - Other Municipal Staff	4	109,438	122,720	143,111	155,617	155,108	155,108	158,357	164,091	169,342
% increase			12.1%	16.6%	8.7%	(0.3%)	-	2.1%	3.6%	3.2%
Total Parent Municipality		131,079	148,664	175,181	184,944	184,944	184,944	189,541	195,428	201,673
Total Municipal Entities		-	-	-	-	-	-	-	-	-
TOTAL SALARY, ALLOWANCES & BENEFITS		131,079	148,664	175,181	184,944	184,944	184,944	189,541	195,428	201,673
% increase	4		13.4%	17.8%	5.6%	(0.0%)	-	2.5%	3.1%	3.2%
TOTAL MANAGERS AND STAFF	5.7	116,754	133,709	160,030	167,901	167,901	167,901	171,799	177,101	182,760

Table 35 MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/ senior managers)**KZN291 Mandeni - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)**

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum				1.				2.
Councillors	3							
Speaker	4	1	809,224	-	43,200	-	-	852,424
Chief Whip		1	423,234	-	43,200	-	-	466,434
Executive Mayor		1	1,011,529	-	43,200	-	-	1,054,729
Deputy Executive Mayor		1	809,224	-	43,200	-	-	852,424
Executive Committee		5	2,787,002	-	216,000	-	-	3,003,002
Total for all other councillors		26	9,177,265	-	2,335,612	-	-	11,512,877
Total Councillors	8	35	15,017,478	-	2,724,412			17,741,890
Senior Managers of the Municipality	5							
Municipal Manager (MM)		1	1,993,732	395,841	243,719	139,561	-	2,772,853
Chief Finance Officer		1	1,473,983	134,407	358,418	105,532	-	2,072,341
Director Corporate Services		1	1,664,286	121,677	302,731	105,532	-	2,194,226
Director Community Services		1	1,557,606	121,677	302,731	105,532	-	2,087,546
Director Economic Development and Human Settlement		1	1,657,606	121,677	302,731	105,532	-	2,187,546
Director Technical Services		1	1,597,606	121,677	302,731	105,532	-	2,127,546
List of each official with packages >= senior manager								-
								-
								-
Total Senior Managers of the Municipality	8,10	6	9,944,819	1,016,956	1,813,059	667,223		13,442,057
A Heading for Each Entity	6,7							
List each member of board by designation								-
Total for municipal entities	8,10	-	-	-	-	-		-
TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION	10	41	24,962,297	1,016,956	4,537,471	667,223		31,183,947

Table 36 MBRR SA25 - Budgeted monthly revenue and expenditure

Table 37 MBRR SA30 - Budgeted monthly cash flow

March 2026

KZN291 Mandeni - Supporting Table SA30 Budgeted monthly cash flow																
MONTHLY CASH FLOWS	Budget Year 2026/27												Medium Term Revenue and			
	R thousand	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
Cash Receipts By Source																
Property rates	2,984	18,150	2,984	2,984	2,983	2,984	2,983	2,983	2,983	2,984	2,984	2,984	50,970	52,652	54,337	
Service charges - electricity revenue	9,103	9,103	9,103	9,103	9,103	9,103	9,103	9,103	9,103	9,103	9,103	9,103	109,239	112,844	116,455	
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - refuse revenue	1,067	1,067	1,067	1,067	1,067	1,067	1,067	1,067	1,067	1,067	1,067	1,067	12,804	13,227	13,650	
Rental of facilities and equipment	62	62	62	62	62	62	62	62	62	62	62	62	740	764	789	
Interest earned - external investments	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	1,667	20,000	20,660	21,321	
Interest earned - outstanding debtors	7	7	7	7	7	7	7	7	7	7	7	7	86	125	129	
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Fines, penalties and forfeits	89	89	89	89	89	89	89	89	89	89	89	89	1,071	888	916	
Licences and permits	85	85	85	85	85	85	85	85	85	85	85	85	1,015	1,048	1,082	
Agency services	144	144	144	144	144	144	144	144	144	144	144	144	1,725	1,781	1,839	
Transfers and Subsidies - Operational	105,462	-	-	-	-	37,665	-	-	107,974	-	-	0	251,101	252,722	269,139	
Other revenue	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	2,700	32,402	33,472	34,543	
Cash Receipts by Source	123,370	33,074	17,908	17,908	17,907	55,573	17,907	17,907	125,881	17,908	17,908	17,908	481,154	490,184	514,199	
Other Cash Flows by Source																
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	18,434	-	-	-	-	6,583	-	-	18,872	-	-	(0)	43,889	48,209	49,733	
Total Cash Receipts by Source	141,804	33,074	17,908	17,908	17,907	62,156	17,907	17,907	144,753	17,908	17,908	17,908	525,043	538,393	563,933	
Cash Payments by Type																
Employee related costs	14,426	14,426	14,426	14,426	14,426	14,426	14,426	14,426	14,426	14,426	14,426	14,426	173,110	178,455	184,157	
Remuneration of councillors	1,478	1,478	1,478	1,478	1,478	1,478	1,478	1,478	1,478	1,478	1,478	1,478	17,742	18,327	18,914	
Finance charges	50	50	50	50	50	50	50	50	50	50	50	50	600	620	640	
Bulk purchases - Electricity	7,420	7,420	7,420	7,420	7,420	7,420	7,420	7,420	7,420	7,420	7,420	7,420	89,037	91,976	94,919	
Acquisition inventory - water and other infrastructure	358	358	358	358	358	358	358	358	358	358	358	358	4,295	5,255	5,365	
Contracted services	8,016	8,016	8,016	8,016	8,016	8,016	8,016	8,016	8,016	8,016	8,016	8,016	96,193	88,686	93,225	
Transfers and subsidies - other municipalities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers and subsidies - other	167	167	167	167	167	167	167	167	167	167	167	167	2,000	2,066	2,132	
Other expenditure	5,649	5,649	5,649	5,649	5,649	5,649	5,649	5,649	5,649	5,649	5,649	5,649	67,785	42,179	51,732	
Cash Payments by Type	37,563	37,563	37,563	37,563	37,563	37,563	37,563	37,563	37,563	37,563	37,563	37,563	450,762	427,564	451,083	
Other Cash Flows/Payments by Type																
Capital assets	11,222	11,222	11,222	11,222	11,222	11,222	11,222	11,222	11,222	11,222	11,222	11,222	134,667	76,818	79,276	
Retention (Capital)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Cash Payments by Type	48,786	48,786	48,786	48,786	48,786	48,786	48,786	48,786	48,786	48,786	48,786	48,786	585,429	504,381	530,359	
NET INCREASE/(DECREASE) IN CASH HELD	93,018	(15,712)	(30,878)	(30,878)	(30,879)	13,370	(30,879)	(30,879)	95,967	(30,878)	(30,878)	(30,878)	(60,386)	34,011	33,574	
Cash/cash equivalents at the month/year	62,123	155,141	139,429	108,551	77,673	46,794	60,163	29,284	(1,595)	94,372	63,494	32,616	62,123	1,738	35,749	
Cash/cash equivalents at the month/year	155,141	139,429	108,551	77,673	46,794	60,163	29,284	(1,595)	94,372	63,494	32,616	1,738	1,738	35,749	69,323	

2.12 Contracts having future budgetary implications

In terms of the Municipality'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.

2.13 Capital expenditure details

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

Table 38 MBRR SA 34a - Capital expenditure on new assets by asset class

KZN291 Mandeni - Supporting Table SA34a Capital expenditure on new assets by asset class										
Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term		
		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	1									
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure		7,788	11,236	11,621	7,582	5,745	5,745	4,308	-	-
Roads Infrastructure		7,661	7,886	7,996	4,913	4,043	4,043	2,439	-	-
Roads		7,661	7,886	7,776	1,870	1,870	1,870	-	-	-
Road Structures		-	-	-	1,739	870	870	1,304	-	-
Road Furniture		-	-	220	1,304	1,304	1,304	1,134	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Drainage Collection		-	-	-	-	-	-	-	-	-
Storm water Conveyance		-	-	-	-	-	-	-	-	-
Attenuation		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		127	1,849	1,925	870	435	435	-	-	-
Power Plants		-	-	-	-	-	-	-	-	-
HV Substations		127	1,849	1,663	-	-	-	-	-	-
HV Switching Station		-	-	263	-	-	-	-	-	-
HV Transmission Conductors		-	-	-	435	435	435	-	-	-
MV Networks		-	-	-	435	0	0	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	261	-	-
Dams and Weirs		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	140	-	-	-	-	-	-
Toilet Facilities		-	-	140	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	1,500	1,560	1,626	1,267	1,267	1,609	-	-
Landfill Sites		-	-	-	-	-	-	-	-	-
Waste Transfer Stations		-	-	-	756	397	397	783	-	-
Waste Processing Facilities		-	-	-	-	-	-	-	-	-
Waste Drop-off Points		-	1,500	1,560	870	870	870	826	-	-
Waste Separation Facilities		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	174	0	0	-	-	-
Capital Spares		-	-	-	174	0	0	-	-	-
Information and Communication Infra		-	-	-	-	-	-	-	-	-
Community Assets		14,792	30,610	11,507	12,360	17,125	17,125	29,324	10,917	11,266
Community Facilities		11,048	23,398	4,665	9,053	9,647	9,647	3,138	180	185
Halls		-	137	1,889	7,880	7,920	7,920	529	180	185
Centres		9,161	18,054	609	522	522	522	-	-	-
Crèches		-	-	-	-	-	-	-	-	-
Theatres		-	-	-	435	217	217	435	-	-
Libraries		-	-	-	-	-	-	-	-	-
Cemeteries/Crematoria		-	-	248	-	-	-	-	-	-
Stalls		1,888	5,206	1,919	217	987	987	2,174	-	-
Sport and Recreation Facilities		3,744	7,212	6,842	3,307	7,479	7,479	26,186	10,737	11,081
Indoor Facilities		-	-	-	-	-	-	-	-	-
Outdoor Facilities		3,744	7,212	6,842	3,307	7,479	7,479	26,186	10,737	11,081
Capital Spares		-	-	-	-	-	-	-	-	-
Other assets		-	1,723	10,839	435	1,826	1,826	1,252	-	-
Operational Buildings		-	1,723	10,839	435	1,826	1,826	1,252	-	-
Municipal Offices		-	1,723	10,426	435	435	435	-	-	-
Pay/Enquiry Points		-	-	-	-	-	-	-	-	-
Building Plan Offices		-	-	-	-	-	-	-	-	-
Workshops		-	-	-	-	-	-	-	-	-
Yards		-	-	413	-	1,391	1,391	1,252	-	-
Stores		-	-	-	-	-	-	-	-	-
Intangible Assets		-	2,124	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	2,124	-	-	-	-	-	-	-
Computer Software and Application		-	2,124	-	-	-	-	-	-	-
Computer Equipment		-	1,030	1,009	1,570	817	817	378	-	-
Computer Equipment		-	1,030	1,009	1,570	817	817	378	-	-
Furniture and Office Equipment		51,998	52,559	1,240	765	752	752	1,174	-	-
Furniture and Office Equipment		51,998	52,559	1,240	765	752	752	1,174	-	-
Machinery and Equipment		-	8,676	1,473	9,940	9,462	9,462	996	-	-
Machinery and Equipment		-	8,676	1,473	9,940	9,462	9,462	996	-	-
Transport Assets		-	18,989	14,647	-	-	-	2,783	-	-
Transport Assets		-	18,989	14,647	-	-	-	2,783	-	-
March 2025	1	74,579	126,946	52,336	32,652	35,728	35,728	40,215	10,917	11,266

Table 39 MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class

KZN291 Mandeni - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class										
Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure		
R thousand	1	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 renewal of existing assets by Asset Class/Sub-class										
Infrastructure		88,983	98,122	28,744	4,439	16,943	16,943	17,074	6,859	7,078
Roads Infrastructure		66,178	74,697	23,929	3,913	16,943	16,943	17,074	6,859	7,078
<i>Roads</i>		–	8,520	23,929	3,913	16,943	16,943	17,074	6,859	7,078
<i>Road Structures</i>		47,178	47,178	–	–	–	–	–	–	–
<i>Road Furniture</i>		18,999	18,999	–	–	–	–	–	–	–
<i>Capital Spares</i>		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	410	4,436	–	–	–	–	–	–
<i>Drainage Collection</i>		–	410	4,436	–	–	–	–	–	–
<i>Storm water Conveyance</i>		–	–	–	–	–	–	–	–	–
<i>Attenuation</i>		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		22,805	23,015	380	526	0	0	–	–	–
<i>Power Plants</i>		–	–	–	–	–	–	–	–	–
<i>MV Switching Stations</i>		–	–	–	–	–	–	–	–	–
<i>MV Networks</i>		15,362	15,572	380	526	0	0	–	–	–
<i>LV Networks</i>		7,443	7,443	–	–	–	–	–	–	–
<i>Capital Spares</i>		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
Community Assets		53,395	53,395	847	4,348	1,774	1,774	3,478	–	–
Community Facilities		53,395	53,395	847	4,348	1,774	1,774	3,478	–	–
<i>Halls</i>		20,889	20,889	–	–	–	–	–	–	–
<i>Centres</i>		22,854	22,854	–	–	–	–	–	–	–
<i>Crèches</i>		–	–	–	–	–	–	–	–	–
<i>Theatres</i>		–	–	–	–	–	–	–	–	–
<i>Libraries</i>		7,386	7,386	–	–	–	–	–	–	–
<i>Cemeteries/Crematoria</i>		–	–	–	–	–	–	–	–	–
<i>Stalls</i>		2,266	2,266	847	4,348	1,774	1,774	3,478	–	–
<i>Abattoirs</i>		–	–	–	–	–	–	–	–	–
Computer Equipment		7,116	6,257	–	–	–	–	–	–	–
Computer Equipment		7,116	6,257	–	–	–	–	–	–	–
Furniture and Office Equipment		8,121	7,915	–	–	–	–	–	–	–
Furniture and Office Equipment		8,121	7,915	–	–	–	–	–	–	–
Machinery and Equipment		21,441	20,245	–	–	–	–	–	–	–
Machinery and Equipment		21,441	20,245	–	–	–	–	–	–	–
Transport Assets		47,616	45,884	–	–	–	–	–	–	–
Transport Assets		47,616	45,884	–	–	–	–	–	–	–
Total Capital Expenditure on re	1	226,672	231,818	29,591	8,787	18,717	18,717	20,552	6,859	7,078
Renewal of Existing Assets as % of total		57.2%	43.3%	23.4%	6.7%	14.8%	14.8%	17.6%	10.3%	10.3%
Renewal of Existing Assets as % of depr		754.0%	736.2%	78.2%	24.2%	51.6%	51.6%	53.2%	17.7%	17.7%

Table 40 MBRR SA34c - Repairs and maintenance expenditure by asset class

KZN291 Mandeni - Supporting Table SA34c Repairs and maintenance expenditure by asset class										
Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term		
R thousand	1	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
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		13,528	14,325	18,304	21,802	22,706	22,706	25,000	22,746	25,431
Roads Infrastructure		7,600	6,397	8,864	8,426	9,500	9,500	11,096	10,933	11,263
Roads		7,470	6,397	8,569	7,948	9,326	9,326	10,313	10,124	10,429
Road Structures		59	–	269	304	174	174	609	629	649
Road Furniture		70	–	26	174	0	0	174	180	185
Capital Spares		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		627	1,017	1,246	3,913	3,865	3,865	3,913	4,101	4,377
Drainage Collection		627	1,017	1,246	3,913	3,865	3,865	3,913	4,101	4,377
Storm water Conveyance		–	–	–	–	–	–	–	–	–
Attenuation		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		1,196	2,518	2,651	3,148	2,322	2,322	3,035	3,135	3,235
Power Plants		93	–	40	130	130	130	130	135	139
HV Substations		–	–	–	–	–	–	–	–	–
HV Switching Station		–	–	–	–	–	–	–	–	–
HV Transmission Conductors		–	521	169	870	739	739	696	719	742
MV Substations		9	77	(3)	61	61	61	122	126	130
MV Switching Stations		–	–	–	–	–	–	–	–	–
MV Networks		58	47	143	87	217	217	261	269	278
LV Networks		332	784	986	1,130	304	304	957	988	1,020
Capital Spares		704	1,089	1,317	870	870	870	870	898	927
Solid Waste Infrastructure		3,059	3,421	4,343	5,565	5,915	5,915	5,913	3,499	5,438
Landfill Sites		–	–	–	–	–	–	–	–	–
Waste Transfer Stations		–	–	–	–	–	–	–	–	–
Waste Processing Facilities		3,059	3,421	4,343	5,565	5,915	5,915	5,913	3,499	5,438
Information and Communication Infrastr		1,046	972	1,201	750	1,104	1,104	1,043	1,078	1,118
Data Centres		–	–	–	–	–	–	–	–	–
Core Layers		1,046	972	1,201	750	1,104	1,104	1,043	1,078	1,118
Distribution Layers		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Community Assets		1,089	1,843	1,914	2,885	3,001	3,001	2,620	2,706	2,799
Community Facilities		52	207	66	363	479	479	120	124	128
Halls		–	107	–	–	–	–	–	–	–
Centres		–	–	–	–	–	–	–	–	–
Theatres		–	–	–	–	–	–	–	–	–
Libraries		3	–	46	213	213	213	20	21	21
Cemeteries/Crematoria		–	–	–	–	–	–	–	–	–
Police		–	–	–	–	–	–	–	–	–
Parks		49	101	20	150	266	266	100	103	107
Sport and Recreation Facilities		1,036	1,635	1,847	2,522	2,522	2,522	2,500	2,582	2,671
Indoor Facilities		–	–	–	–	–	–	–	–	–
Outdoor Facilities		1,036	1,635	1,847	2,522	2,522	2,522	2,500	2,582	2,671
Capital Spares		–	–	–	–	–	–	–	–	–
Other assets		91	30	–	348	174	174	250	258	267
Operational Buildings		91	30	–	348	174	174	250	258	267
Municipal Offices		91	30	–	348	174	174	250	258	267
Machinery and Equipment		3,970	5,289	8,094	10,438	9,916	9,916	8,713	7,952	7,794
Machinery and Equipment		3,970	5,289	8,094	10,438	9,916	9,916	8,713	7,952	7,794
Total Repairs and Maintenance	1	18,677	21,486	28,312	35,473	35,797	35,797	36,583	33,664	36,291
R&M as a % of PPE & Investment Property		3.4%	3.8%	4.5%	5.1%	4.6%	4.6%	4.9%	4.4%	4.7%
R&M as % Operating Expenditure		5.5%	5.4%	6.0%	7.3%	7.1%	7.1%	11.6%	6.7%	7.5%
March 2025				110						

Table 41 MBRR SA35 - Future financial implications of the capital budget

KZN291 Mandeni - Supporting Table SA35 Future financial implications of the capital budget

Vote Description	Ref	2026/27 Medium Term Revenue & Expenditure Framework			Forecasts			
		Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29	Forecast 2029/30	Forecast 2030/31	Forecast 2031/32	Present value
R thousand								
Capital expenditure	1							
Vote 1 - Executive and council		44,783	42,218	43,569				
Vote 2 - Finance and administration		3,652	-	-				
Vote 3 - Internal audit		-	-	-				
Vote 4 - Community and social services		1,316	180	185				
Vote 5 - Sport and Recreation		26,808	10,737	11,081				
Vote 6 - Public safety		-	-	-				
Vote 7 - Housing		-	-	-				
Vote 8 - Planning and Development		7,009	-	-				
Vote 9 - Road transport		24,034	6,948	7,171				
Vote 10 - Energy sources		7,891	6,715	6,930				
Vote 11 - Waste Management		1,609	-	-				
Vote 12 - Environmental Protection		-	-	-				
Vote 13 - [NAME OF VOTE 13]		-	-	-				
Vote 14 - [NAME OF VOTE 14]		-	-	-				
Vote 15 - [NAME OF VOTE 15]		-	-	-				
<i>List entity summary if applicable</i>								
Total Capital Expenditure		117,102	66,798	68,936	-	-	-	-
Future operational costs by vote	2							
Vote 1 - Executive and council								
Vote 2 - Finance and administration								
Vote 3 - Internal audit								
Vote 4 - Community and social services								
Vote 5 - Sport and Recreation								
Vote 6 - Public safety								
Vote 7 - Housing								
Vote 8 - Planning and Development								
Vote 9 - Road transport								
Vote 10 - Energy sources								
Vote 11 - Waste Management								
Vote 12 - Environmental Protection								
Vote 13 - [NAME OF VOTE 13]								
Vote 14 - [NAME OF VOTE 14]								
Vote 15 - [NAME OF VOTE 15]								
<i>List entity summary if applicable</i>								
Total future operational costs		-	-	-	-	-	-	-
Future revenue by source	3							
Exchange Revenue								
Service charges - Electricity								
Service charges - Water								
Service charges - Waste Water Management								
Service charges - Waste Management								
Agency services								
<i>List other revenues sources if applicable</i>								
<i>List entity summary if applicable</i>								
Total future revenue		-	-	-	-	-	-	-
Net Financial Implications		117,102	66,798	68,936	-	-	-	-

2.14 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 March or (within 10 working days) has progressively improved and includes monthly published financial performance on Municipality's website.

Internship programme

The Municipality is participating in the Municipal Financial Management Internship programme and has employed five interns undergoing training in various divisions of the Financial Services Department.

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 stage and will be drafted after approval of the 2026/27 MTREF during March 2025 directly aligned and informed by the 2026/27 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 Municipality's internal center and training is ongoing.

Policies

An amendment of the Municipal Property Rates Regulations as published in Government Notice 363 of 27 March 2009, was announced in Government Gazette 33016 on 05 September 2014. The ratios as prescribed in the Regulations have been complied with.

Table 42 MBRR Table SA2 – Matrix financial performance budget (revenue source/expenditure type and department)

KZN291 Mandeni - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote 1 - Executive and council	Vote 2 - Finance and administration	Vote 3 - Internal audit	Vote 4 - Community and social services	Vote 5 - Sport and Recreation	Vote 6 - Public safety	Vote 7 - Housing	Vote 8 - Planning and Development	Vote 9 - Road transport	Vote 10 - Energy sources	Vote 11 - Waste Management	Vote 12 - Environmental Protection	Vote 13 - [NAME OF VOTE 13]	Vote 14 - [NAME OF VOTE 14]	Vote 15 - [NAME OF VOTE 15]	Total
R thousand	1																
Revenue																	
Exchange Revenue																	
Service charges - Electricity		-	-	-	-	-	-	-	188	-	99,960	-	-	-	-	-	100,149
Service charges - Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Management		-	-	-	-	-	-	-	-	-	-	18,557	-	-	-	-	18,557
Sale of Goods and Rendering of Services		-	1,041	-	162	-	-	-	252	-	-	-	-	-	-	-	1,454
Agency services		-	-	-	-	-	1,500	-	-	-	-	-	-	-	-	-	1,500
Interest		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		-	1,630	-	-	-	-	-	-	-	86	-	-	-	-	-	1,716
Interest earned from Current and Non Current Assets		-	20,000	-	-	-	-	-	-	-	-	-	-	-	-	-	20,000
Dividends		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		-	-	-	591	-	-	-	52	-	-	-	-	-	-	-	643
Licence and permits		-	-	-	-	-	1,015	-	-	-	-	-	-	-	-	-	1,015
Special rating levies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Construction Contract Revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Development Charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	(250)	-	-	-	-	-	261	-	28	-	-	-	-	-	39
Non-Exchange Revenue																	
Property rates		-	72,815	-	-	-	-	-	-	-	-	-	-	-	-	-	72,815
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	11	-	-	-	-	1,060	-	-	-	-	-	-	1,071
Licences or permits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational		8,243	234,394	-	4,753	-	-	-	2,187	1,524	-	-	-	-	-	-	251,101
Interest		-	121	-	-	-	-	-	-	-	-	3,732	-	-	-	-	3,853
Fuel Levy		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gains on disposal of Fixed and Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contribution)		8,243	329,750	-	5,518	-	2,515	-	2,940	2,584	100,075	22,289	-	-	-	-	473,913
Expenditure																	
Employee related costs		(18,820)	(54,229)	-	(33,327)	(4,934)	-	-	(19,114)	(26,086)	(4,136)	(6,780)	(4,372)	-	-	-	(171,799)
Remuneration of councillors		(17,742)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(17,742)
Bulk purchases - electricity		-	-	-	-	-	-	-	-	-	(77,424)	-	-	-	-	-	(77,424)
Inventory consumed		(1,410)	(260)	-	(1,205)	-	(50)	-	(1,060)	(30)	(200)	(80)	-	-	-	-	(4,295)
Debt impairment		-	-	-	-	-	-	-	-	-	5,329	(10,163)	-	-	-	-	(4,835)
Depreciation, amortisation and impairment		-	(11,157)	-	(3,588)	-	-	-	-	(22,651)	(1,244)	-	-	-	-	-	(38,641)
Interest, Dividends and Rent on Land		-	(600)	-	-	-	-	-	-	-	-	-	-	-	-	-	(600)
Contracted services		(14,139)	(30,157)	-	(1,354)	(5,919)	(535)	(204)	(3,515)	(18,487)	(2,913)	(6,337)	(100)	-	-	-	(83,659)
Transfers and subsidies		-	-	-	-	-	-	-	(2,000)	-	-	-	-	-	-	-	(2,000)
Irrecoverable debts written off		-	(4,429)	-	-	-	-	-	-	-	-	(2,834)	-	-	-	-	(7,263)
Operational costs		(20,486)	(38,498)	-	(2,189)	(505)	(710)	-	(1,391)	(698)	(4,759)	(107)	-	-	-	-	(69,449)
Disposal of Fixed and Intangible Assets		-	(600)	-	-	-	-	-	-	-	-	-	-	-	-	-	(600)
Other Losses		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenditure		(72,596)	(139,929)	-	(41,664)	(11,358)	(1,295)	(204)	(27,081)	(67,952)	(85,347)	(26,301)	(4,579)	-	-	-	(478,305)
Surplus/(Deficit)		80,839	469,679	-	47,181	11,358	3,809	204	30,020	70,536	185,422	48,590	4,579	-	-	-	952,218
Transfers and subsidies - capital (monetary allocations)		-	-	-	335	-	-	-	43,554	12,000	-	-	-	-	-	-	55,889
Transfers and subsidies - capital (in-kind)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		80,839	469,679	-	47,516	11,358	3,809	204	73,574	82,536	185,422	48,590	4,579	-	-	-	1,008,107

Table 43 MBRR Table SA3 – Supporting detail to Statement of Financial Position

KZN291 Mandeni - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'

Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue &		
		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											
Current Assets											
Cash and Cash Equivalents											
Call Deposits and Investments		45,842	26,417	(123,530)	85,922	232	232	208,415	318	364	376
Cash at Bank		208,769	182,414	255,451	(76,114)	61,891	61,891	(8,226)	1,420	97,820	99,425
Cash on Hand		1	6	6	3	-	-	35	-	-	-
Total Cash and Cash Equivalents		254,613	208,837	131,927	9,811	62,123	62,123	200,223	1,738	98,185	99,801
Short term Investments											
Deposit Taking Institutions											
Trade and other receivables from exchange											
Electricity		8,725	9,480	10,520	34,543	17,886	17,886	(15,672)	23,634	24,503	25,287
Waste Management		29,509	32,768	35,863	93,807	74,472	74,472	45,079	84,792	87,447	90,214
Waste Water Management		-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-
Other trade receivables from exchange		15,603	14,809	10,318	6,659	13,289	13,289	37,969	13,441	13,885	14,329
VAT Receivable Input Tax Accrual		-	-	-	1,329	1,254	1,254	36	67	384	395
Gross: Trade and other receivables from exchange		53,837	57,057	56,701	136,338	106,902	106,902	67,412	121,934	126,218	130,225
Less: Impairment for debt											
Impairment for Electricity		-	-	-	(2,818)	(744)	(744)	-	4,584	4,735	4,887
Impairment for Waste Management		-	-	-	(84,582)	(69,876)	(69,876)	-	(75,173)	(77,654)	(80,139)
Impairment for Waste Water Management		-	-	-	-	-	-	-	-	-	-
Impairment for Water		-	-	-	-	-	-	-	-	-	-
Impairment for other trade receivables from exchange		-	-	-	(3,710)	(4,132)	(4,132)	-	(8,999)	(9,296)	(9,593)
Total Less: Impairment for debt		-	-	-	(91,110)	(74,753)	(74,753)	-	(79,588)	(82,214)	(84,845)
Total net Trade and other receivables		53,837	57,057	56,701	45,228	32,149	32,149	67,412	42,346	44,004	45,380
Receivables from non-exchange transactions											
Property rates											
Agricultural Properties		(81,767)	(96,039)	(111,261)	238	238	238	(115,772)	561	579	598
Business and Commercial Properties		135,688	141,517	153,935	37,915	33,547	33,547	156,457	(26,319)	(27,187)	(28,057)
Industrial Properties		2,366	4,831	8,841	3,389	48,902	48,902	14,545	54,386	56,181	57,979
Mining Properties		-	-	-	-	-	-	-	-	-	-
Public Benefit Organisations		48,900	64,191	82,258	77	77	77	72,961	181	187	193
Public Service Infrastructure Properties		3,849	4,397	(13,947)	4,956	4,956	4,956	(13,084)	18,255	18,858	19,461
Public Service Purposes Properties		(8,025)	(22,766)	(13,673)	13,996	13,976	13,976	(30,515)	23,732	24,515	25,300
Residential Properties		14,904	26,424	24,104	129,266	58,991	58,991	31,175	50,692	52,240	53,912
Residential Sectional Title Garages		-	-	-	-	-	-	-	-	-	-
Sports Clubs and Fields		-	-	-	-	-	-	-	-	-	-
Vacant Land		5,504	1,739	4,733	464	464	464	6,904	1,091	1,127	1,163
Property Rates General		-	-	-	-	-	-	-	-	-	-
Gross: Property rates		121,418	124,295	134,990	190,301	161,151	161,151	122,670	122,580	126,501	130,549
Less: Impairment of Property rates		(82,773)	(78,529)	(82,726)	(148,018)	(116,645)	(116,645)	(82,726)	(78,467)	(80,195)	(81,927)
Net Property rates		38,645	45,765	52,263	42,283	44,506	44,506	39,944	44,113	46,305	48,622
Other receivables from non-exchange transactions		(40,913)	(32,639)	(31,861)	8,132	1,004	1,004	(31,862)	(6,259)	(6,246)	(6,446)
Less: Impairment for other receivables from non-exchange transactions		-	-	-	(5,585)	-	-	-	-	-	-
Net other receivables from non-exchange transactions		(40,913)	(32,639)	(31,861)	2,547	1,004	1,004	(31,862)	(6,259)	(6,246)	(6,446)
Total net Receivables from non-exchange transactions		(2,268)	13,127	20,402	44,829	45,510	45,510	8,082	37,855	40,059	42,176
Inventory											
Agricultural		-	-	-	-	-	-	-	-	-	-
Consumables		572	612	1,019	2,867	3,395	3,395	1,205	861	873	928
Finished Goods		-	-	-	-	-	-	-	-	-	-
Housing Stock		-	-	-	-	-	-	-	-	-	-
Land		42,038	41,744	40,456	40,529	40,456	40,456	40,456	40,456	41,791	43,128
Materials and Supplies		141	378	164	(1,596)	(1,435)	(1,435)	449	832	2,881	3,308
Water		-	-	-	-	-	-	-	-	-	-
Work-in-progress		-	-	-	-	-	-	-	-	-	-
Total Inventory		42,752	42,734	41,639	41,799	42,416	42,416	42,110	42,150	45,545	47,364
VAT Receivable											
Input Tax Capital		-	-	-	-	-	-	-	-	-	-
Input Tax General		3,115	4,757	2,538	4,757	1,891	1,891	1,183	-	-	-
VAT Control (Receivable)		2,396	2,919	1,891	32,137	33,473	33,473	1,252	19,329	7,702	8,951
Total VAT Receivable		5,511	7,677	4,428	36,894	35,364	35,364	2,435	19,329	7,702	8,951
Other current assets											
Construction Contracts and Receivables		-	-	-	-	-	-	-	-	-	-
Control, Clearing and Interface Accounts		-	-	-	-	-	-	-	-	-	-
Deposits		225	225	225	-	-	-	225	-	-	-
Fair Value Adjustments		-	-	-	-	-	-	-	-	-	-
Income Tax Receivable		-	-	-	-	-	-	-	-	-	-
Operating Lease - Straight Lining		-	-	-	-	-	-	-	-	-	-
Intercompany/Parent-subsidiary Transactions		-	-	-	-	-	-	-	-	-	-
Total Other current assets		225	225	225	-	-	-	225	-	-	-
March 2025		354,670	329,657	255,346	178,561	217,562	217,562	320,487	143,418	235,495	243,672

KZN291 Mandeni - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'											
Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue &		
R thousand		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
Non-current Assets											
Investment Property											
Investment Property at Cost / Fair Value		40,529	41,913	44,152	41,913	44,152	44,152	44,152	44,152	45,609	47,069
Less: Accumulated Depreciation		-	-	-	-	-	-	-	-	-	-
Less: Accumulated Impairment		-	-	-	-	-	-	-	-	-	-
Total Investment Property		40,529	41,913	44,152	41,913	44,152	44,152	44,152	44,152	45,609	47,069
Property, Plant and Equipment											
Property, Plant and Equipment at Cost /		673,087	713,411	763,311	973,385	809,294	809,294	767,160	822,781	836,574	864,331
Leases recognised as Property, Plant a	3	77,178	74,044	71,884	-	-	-	71,884	752	777	777
Less: Accumulated Depreciation		(265,652)	(287,021)	(314,905)	(321,578)	(72,206)	(72,206)	(341,793)	(108,638)	(110,980)	(114,531)
Less: Accumulated Impairment		29,970	29,970	67,661	-	(8,472)	(8,472)	67,661	(8,472)	(8,752)	(9,032)
Total Property, Plant and Equipment	2	514,585	530,404	587,951	651,807	728,617	728,617	564,912	706,423	717,619	741,544
Construction Work-in-progress											
Acquisitions		47,303	138,887	72,780	109,695	108,993	108,993	55,039	100,055	59,904	61,821
Opening Balance		-	-	86,889	-	-	-	159,600	108,993	112,589	116,192
Prior period corrections		-	-	-	-	-	-	-	-	-	-
Total Construction Work-in-progress	2	47,303	138,887	159,670	109,695	108,993	108,993	214,638	209,048	172,493	178,013
Intangible Assets											
Heritage Assets at Cost / Revaluation		1,133	3,257	2,124	2,893	2,124	2,124	2,124	2,124	2,194	2,264
Less: Accumulated Amortisation		(802)	(885)	-	(79)	(79)	(79)	-	(79)	(82)	(85)
Less: Accumulated Impairment		-	-	-	(885)	-	-	-	-	-	-
Total Intangible Assets		331	2,372	2,124	1,928	2,045	2,045	2,124	2,045	2,112	2,180
Trade and other receivables from exc											
Total Non Current Assets		602,748	713,576	793,896	805,344	883,806	883,806	825,826	961,667	937,833	968,805
TOTAL ASSETS		957,417	1,043,233	1,049,220	983,905	1,101,368	1,101,368	1,146,313	1,105,085	1,173,328	1,212,477
Liabilities											
Current Liabilities											
TOTAL LIABILITIES		96,023	106,455	108,362	114,110	141,505	141,505	111,236	92,985	131,983	136,198
CHANGES IN NET ASSETS		861,394	936,778	940,858	869,795	959,863	959,863	1,035,077	1,012,100	1,041,345	1,076,279
COMMUNITY WEALTH/EQUITY											
Accumulated Surplus/(Deficit)											
Changes in Accounting Policy		-	-	-	-	-	-	-	-	-	-
Correction of Prior Period Error		7,598	7,745	147	-	-	-	163	-	-	-
Depreciation Offsets		243,912	243,912	-	-	-	-	-	-	-	-
Opening Balance		-	-	738,338	854,968	939,098	939,098	742,544	984,463	990,776	1,023,446
Transfers to/from operating revenue an		2,278,182	3,071,421	(29,874)	12,694	18,535	18,535	59,189	25,407	48,266	50,456
Transfers to/from Reserves		29,567	29,567	(51)	-	-	-	-	-	-	-
Total Accumulated Surplus/(Deficit)	1	2,559,259	3,352,646	708,560	867,662	957,633	957,633	801,895	1,009,870	1,039,042	1,073,902
Reserves and Funds											
Housing Development Fund		50,941	50,941	50,941	2,133	2,230	2,230	50,941	2,230	2,304	2,377
Investment in associate account		-	-	-	-	-	-	-	-	-	-
Non-current Provisions Reserve		(0)	(0)	(0)	-	-	-	(0)	-	-	-
Revaluation Reserve		151,731	151,731	151,731	-	-	-	151,731	-	-	-
Self Insurance Reserve		-	-	-	-	-	-	-	-	-	-
Valuation Reserve		-	-	-	-	-	-	-	-	-	-
Total Reserves and Funds	2	202,672	202,672	202,672	2,133	2,230	2,230	202,672	2,230	2,304	2,377
Other											
Intercompany/Parent-subsidiary Transa		-	-	-	-	-	-	-	-	-	-
Total Other	2	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUIT	2	2,761,932	3,555,318	911,232	869,795	959,863	959,863	1,004,568	1,012,100	1,041,345	1,076,279

Table 44 MBRR Table A10 – Basic Service Delivery Measurement

KZN291 Mandeni - Table A10 Basic service delivery measurement

Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue &		Budget Year +2 2028/29
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	
Household service targets	1									
Water:										
Piped water inside dwelling		10,501	11,152	11,152	11,152	11,152	12,825	12,825	12,825	-
Piped water inside yard (but not in dwelling)		11,622	12,385	12,385	12,385	12,385	14,243	14,243	14,243	-
Using public tap (at least min.service level)	2	18,636	19,791	19,791	19,791	19,791	22,760	22,760	22,760	-
Other water supply (at least min.service level)	4	18,636	19,791	19,791	19,791	19,791	22,760	22,760	22,760	-
<i>Minimum Service Level and Above sub-total</i>		59,394	63,120	63,120	63,120	63,120	72,588	72,588	72,588	-
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	36,054	31,921	32,001	32,001	32,001	32,300	32,300	-
No water supply		-	1,876	1,876	1,573	1,573	1,573	1,600	1,600	-
<i>Below Minimum Service Level sub-total</i>		-	37,930	33,797	33,574	33,574	33,574	33,900	33,900	-
Total number of households	5	59,394	101,050	96,917	96,694	96,694	106,162	106,488	106,488	-
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		9,154	9,721	9,721	9,721	9,721	10,693	10,693	10,693	-
Pit toilet (ventilated)		16,174	17,177	17,177	17,177	17,177	18,895	18,895	18,895	-
Other toilet provisions (> min.service level)		2,868	3,175	3,045	(887,771)	(887,771)	(887,466)	(984,351)	(1,029,785)	-
<i>Minimum Service Level and Above sub-total</i>		28,196	30,074	29,944	(860,872)	(860,872)	(857,878)	(954,763)	(1,000,197)	-
Bucket toilet		472	300	300	300	300	150	-	-	-
Other toilet provisions (< min.service level)		472	(7,414,600)	(6,724,621)	(12,146,951)	(12,146,951)	(12,147,101)	(14,026,105)	(14,671,305)	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		944	(7,414,300)	(6,724,321)	(12,146,651)	(12,146,651)	(12,146,951)	(14,026,105)	(14,671,305)	-
Total number of households	5	29,140	(7,384,226)	(6,694,377)	(13,007,523)	(13,007,523)	(13,004,829)	(14,980,868)	(15,671,502)	-
Energy:										
Electricity (at least min.service level)		574	574	629	645	645	645	645	645	-
Electricity - prepaid (min.service level)		963	963	1,018	1,094	1,094	1,094	1,094	1,094	-
<i>Minimum Service Level and Above sub-total</i>		1,537	1,537	1,647	1,739	1,739	1,739	1,739	1,739	-
Electricity (< min.service level)		574	574	629	645	645	645	645	645	-
Electricity - prepaid (< min. service level)		963	(7,413,807)	(6,723,903)	(13,036,973)	(13,036,973)	(13,036,973)	(15,012,712)	(15,703,346)	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		1,537	(7,413,233)	(6,723,274)	(13,036,328)	(13,036,328)	(13,036,328)	(15,012,067)	(15,702,701)	-
Total number of households	5	3,074	(7,411,696)	(6,721,627)	(13,034,589)	(13,034,589)	(13,034,589)	(15,010,328)	(15,700,962)	-
Refuse:										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week		4,601	4,601	4,601	4,695	4,695	4,695	4,695	4,695	-
Using communal refuse dump		4,601	4,601	4,601	4,695	4,695	4,695	4,695	4,695	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		9,202	9,202	9,202	9,390	9,390	9,390	9,390	9,390	-
Total number of households	5	9,202	9,202	9,202	9,390	9,390	9,390	9,390	9,390	-
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
Informal Settlements		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)										
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent household)		-	-	-	-	-	-	-	-	-
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	8	-	-	-	-	-	-	-	-	-
Highest level of free service provided per household										
Property rates (R value threshold)		-	-	-	-	-	-	-	-	-
Water (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (average litres per week)		-	-	-	-	-	-	-	-	-
Revenue cost of subsidised services provided	9									
Property rates (tariff adjustment) (impermissable value)		-	-	-	-	-	-	-	-	-
Property rates exemptions, reductions and rebates and		-	-	-	-	-	-	-	-	-
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	-	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies	6	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
Total revenue cost of subsidised services provided		-	-	-	-	-	-	-	-	-
March 2025		-	-	119	-	-	-	-	-	-

Table 45 MBRR SA32 – List of external mechanisms

KZN291 Mandeni - Supporting Table SA32 List of external mechanisms						
External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Expiry date of service delivery agreement or contract	Monetary value of agreement 2.	
Name of organisation		Number			R thousand	
MABUNE CONSULTING	Yrs	3	A PANEL OF LAND SURVEYORS & TOWN PLAN	30 March 2025	Charged per transaction	
IYER / CRAWFORD JV	Yrs	3	A PANEL OF LAND SURVEYORS & TOWN PLAN	30 March 2025	Charged per transaction	
VELENKOSINI PROFESSIONAL LAND SURVEYORS	Yrs	3	A PANEL OF LAND SURVEYORS & TOWN PLAN	30 March 2025	Charged per transaction	
TSHANI CONSULTING	Yrs	3	A PANEL OF LAND SURVEYORS & TOWN PLAN	30 March 2025	Charged per transaction	
ISIBUKO DEVELOPMENT PLANNING	Yrs	3	A PANEL OF LAND SURVEYORS & TOWN PLAN	30 March 2025	Charged per transaction	
NEW PLANNING	Yrs	3	A PANEL OF LAND SURVEYORS & TOWN PLAN	30 March 2025	Charged per transaction	
CCG TECHNOLOGY GROUP	Yrs	3 YEARS	MSCOA	31 October 2027	12,638	
FNB	Yrs	5 YEARS	BANKING SERVICES	30 May 2026	Charged per transaction	
INSIDE DATA	Yrs	3 YEARS	BULK PRINTING AND MAILING	20 February 2025	3,754	
UMHLABA GEOMATICS	Yrs	3 YEARS	GENERAL VALUATION & PREPARATION OF A V	17 August 2025	1,145	
PAY DAY SOFTWARE SYSTEMS	Yrs	3 YEARS	PAY ROLL AND HR SYSTEMS	02 November 2026	1,570	
KUNENE MAKOPO	Yrs	3 YEARS	SHORT - TERM INSURANCE-ASSETS	30 September 2026	4,607	
MBD CONSULTING	Yrs	3 YEARS	SOURCING OF SOCIAL AND ECONOMIC INFRAS	04 August 2027	10 % Charged per transaction	
MAXIMUM PROFIT- MAXPROF	Yrs	3 YEARS	SOURCING OF SOCIAL AND ECONOMIC INFRAS	04 August 2027	10 % Charged per transaction	
CONLOG (PTY) LIMITED	Yrs	3 YEARS	SMART METRES	29 August 2027	Charged per transaction	
ESKOM		ONGOING	ELECTRICITY SUPPLY	ONGOING	Charge per usage	
MOBILE TELEPHONE NETWORKS (MTN)	Yrs	3 YEARS	3G MODEM FOR 87 USERS	31 January 2027	803	
MICROSOFT IRELAND OPERATIONS LIMITED	Yrs	3 YEARS	MICROSOFT LICENCES	14 November 2024	Based on rand/dollar value	
IMVOKOQA SOLUTIONS (PTY) LTD	Yrs	3 YEARS	ICT PANNEL OF SERVICE PROVIDERS	19 February 2026	695	
KAYOSI TRADING	Yrs	3 YEARS	BULK UNIFORMS & PPE	09 March 2026	Unit cost based	
MIN MAP ENTERPRISES AND SERVICES	Yrs	3 YEARS	BULK UNIFORMS & PPE	09 March 2026	Unit cost based	
UNLIMITED ABC	Yrs	3 YEARS	BULK UNIFORMS & PPE	09 March 2026	Unit cost based	
KONICA MINOLTA T/A BIDVEST	Yrs	3 YEARS	OFFICE AUTOMATION	30 June 2026	3,500	
EMALANGENI TECHNOLOGIES	Yrs	3 YEARS	SD-WAN , VPN AND IP TELEPHONY SOLUTION	31 July 2026	6,962	
CITY OF CHOICE TRAVELS	Yrs	3 YEARS	TRAVEL AGENT	09 August 2026	Unit cost based	
ADVISORY IT	Yrs	3 YEARS	IMPLEMENTATION OF PROJECT MANAGEMENT	31 August 2026	2,000	
EMALANGENI TECHNOLOGIES	Yrs	3 YEARS	SUPPLY, INSTALLATION AND MAINTENANCE OF	04 October 2026	15,807	
MALUTHULI CONSULTING	Yrs	3 YEARS	LEASING OF PARKHOME OFFICES	31 October 2026	2,808	
BAMBHANANI ENTERPRISES	Yrs	3 YEARS	SUPPORT AND MAINTAIN A CLOUD BACK UP A	31 October 2026	Unit cost based	
MOBILE TELEPHONE NETWORKS (MTN)	Yrs	2 YEARS	3G MODEM FOR 87 USERS	31 January 2026	803	
ADVISORY IT	Yrs	2 YEARS	DEVELOPMENT AND INSTALLATION OF AUTOM	05 May 2026	3,000	
SONANI TRADING AND COMMUNICATION	Yrs	3 YEARS	PANEL TO CONDUCT TRAININGS FOR THE MUN	29 May 2027	Transactional Basis	
AGRIOPERATIONS HUB (PTY) LTD	Yrs	3 YEARS	PANEL TO CONDUCT TRAININGS FOR THE MUN	29 May 2027	Transactional Basis	
MORAR INCORPORATED	Yrs	3 YEARS	PANEL TO CONDUCT TRAININGS FOR THE MUN	29 May 2027	Transactional Basis	
BIDVEST STEIGNER	Yrs	3 YEARS	HYGINE SERVICES	15 July 2027	2,353	
MALUTHULI CONSULTING	Yrs	3 YEARS	ESTABLISHMENT OF A PANEL OF MAXIMUM OF	06 January 2028	Transactional Basis	
AYANDA MBANGA	Yrs	3 YEARS	ESTABLISHMENT OF A PANEL OF MAXIMUM OF	06 January 2028	Transactional Basis	
DOLPHIN COAST LANDFILL MANAGEMENT	Yrs	2 YEARS	MUNICIPAL DUMPING SITE	31 December 2026	Transactional basis	
NJOMISA BOERDERY	Yrs	3 YEARS	ANIMAL POUND SERVICES	20 September 2025	1,575	
EZAMALUNGA TRADING	Yrs	3 YEARS	PROVISION OF SECURITY SERVICES	31 December 2025	27,869	
SNOBHO (PTY) LTD	Yrs	3 YEARS	SUPPLY AND DELIVER BLACK & YELLOW REFU	28 February 2026	6,955	
AMANGEMA FUNERALS	Yrs	3 YEARS	PROVISION OF INDIGENT AND PAUPER BURIAL	05 January 2028	Transactional basis	
ISULETHU FUNERAL SERVICE	Yrs	3 YEARS	PROVISION OF INDIGENT AND PAUPER BURIAL	05 January 2028	Transactional basis	
MALUME MOTORING SCHOOL	Yrs	3	YOUTH DRIVER'S LICENCE COURSE	03 April 2027	1,166	
BONAKUDE	Yrs	3	PSP TO PROVIDE INTERNAL AUDIT AND FOREN	31 March 2025	Transactional basis	
THELULWAZI BUSINESS	Yrs	3	PSP TO PROVIDE INTERNAL AUDIT AND FOREN	31 March 2025	Transactional basis	
ISIQU ACCOUNTANTS AND AUDITORS	Yrs	3	PSP TO PROVIDE INTERNAL AUDIT AND FOREN	31 March 2025	Transactional basis	
INTERGRITY FORENSIC SOLUTIONS	Yrs	3	PSP TO PROVIDE INTERNAL AUDIT AND FOREN	31 March 2025	Transactional basis	
KAIZEN INTERNATIONAL	Yrs	3	PSP TO PROVIDE INTERNAL AUDIT AND FOREN	31 March 2025	Transactional basis	
PHUMLANI NGUBANE	Yrs	3	ESTABLISHMENT OF A PANEL OF MINIMUM OF	25 July 2025	Transactional basis	
TEMBE KHESWA NXUMALO INC	Yrs	3	ESTABLISHMENT OF A PANEL OF MINIMUM OF	25 July 2025	Transactional basis	
MHLANGA INCORPORATED	Yrs	3	ESTABLISHMENT OF A PANEL OF MINIMUM OF	25 July 2025	Transactional basis	
BHEKISISA GOQO & CO	Yrs	3	ESTABLISHMENT OF A PANEL OF MINIMUM OF	25 July 2025	Transactional basis	
MEMELA AND ASSOCIATES	Yrs	3	ESTABLISHMENT OF A PANEL OF MINIMUM OF	25 July 2025	Transactional basis	
INNOVATION GOVERNMENT SOFTWARE	Yrs	3	IMPLEMENTATION OF PMS AUTOMATED SYSTE	31 August 2026	3,200	
BVI CONSULTING ENGINEERS KZN	Yrs	3	PANEL OF CONSULTANTS	25 July 2022	9.5% of the project construction co	
NZAMAKHUZA HOLDINGS (PTY) LTD	Yrs	3	PANEL OF CONSULTANTS	29 October 2023	10.5% of the project construction co	
VERITAS ENGINEERING	Yrs	3	PANEL OF CONSULTANTS	25 July 2022	10% of the project construction co	
SKYV CONSULTING ENGINEERS (PTY) LTD	Yrs	3	PANEL OF CONSULTANTS	30 September 2024	13.5% of the project construction co	
MORULA CONSULTING ENGINEERS & PRO	Yrs	3	PANEL OF CONSULTANTS	30 September 2024	10% of the project construction co	
UKWAKHA CONSULTING ENGINEERS	Yrs	3	PANEL OF CONSULTANTS	25 July 2022	11% of the project construction co	
HI TECH CONSULTING ENGINEERS	Yrs	3	PANEL OF CONSULTANTS	26 September 2024	13.5% of the project construction co	
AFICOST JBFF PROJECT MANAGERS (PTY) LTD	Yrs	3	PANEL OF PSP FOR CONSULTING SERVICES	30 September 2024	14% of the project construction co	
BRIMSTOHN CONSULTING JV	Yrs	3	PANEL OF PSP FOR CONSULTING SERVICES	30 September 2024	12% of the project construction co	
DLV PROJECT MANAGERS & ENGINEERS	Yrs	3	PANEL OF PSP FOR CONSULTING SERVICES	30 September 2024	9.9% of the project construction co	
ETILWENI (PTY) LTD	Yrs	3	PANEL OF PSP FOR CONSULTING SERVICES	30 September 2024	13.5% of the project construction co	
IMPUMELLELO CONSULTING ENGINEERS (PTY) LTD	Yrs	3	PANEL OF PSP FOR CONSULTING SERVICES	30 September 2024	10.50% of the project construction co	
KUKHAYA PROJECTS	Yrs	3	PANEL OF PSP FOR CONSULTING SERVICES	30 September 2024	10.50% of the project construction co	
LIBEKO (PTY) LTD	Yrs	3	PANEL OF PSP FOR CONSULTING SERVICES	30 September 2024	12% of the project construction co	
LZM AFRICA HOLDINGS	Yrs	3	PANEL OF PSP FOR CONSULTING SERVICES	30 September 2024	13.50% of the project construction co	
NGEJA CONSULTING ENGINEERS	Yrs	3	PANEL OF PSP FOR CONSULTING SERVICES	30 September 2024	10.5% of the project construction co	
SANOQWABE CONSULTANTS	Yrs	3	PANEL OF PSP FOR CONSULTING SERVICES	30 September 2024	11% of the project construction co	
SINGH GOVENDER & ASSOCIATES CC	Yrs	3	PANEL OF PSP FOR CONSULTING SERVICES	30 September 2024	11% of the project construction co	
TKQ CONSULTING ENGINEERS	Yrs	3	PANEL OF PSP FOR CONSULTING SERVICES	30 September 2024	11.5% of the project construction co	
URBANRU (PTY) LTD	Yrs	3	PANEL OF PSP FOR CONSULTING SERVICES	30 September 2024	11.5% of the project construction co	
THESHANI TRADING ENTERPRISE	Yrs	3	PANEL OF PSP FOR CONSULTING SERVICES	30 September 2024	13.5% of the project construction co	
FDLK ENGINEERING CONSULTANTS	Yrs	3	PANEL OF PSP FOR CONSULTING SERVICES	30 September 2024	13.5% of the project construction co	
PSMT CONSULTING ENGINEERS	Yrs	3	PANEL OF PSP FOR CONSULTING SERVICES	30 September 2024	12.5% of the project construction co	
A-M CONSULTING ENGINEERS (PTY) LTD	Yrs	3	PANEL OF PSP FOR CONSULTING SERVICES	30 September 2024	9.8% of the project construction co	
IQHINA CONSULTING ENGINEERS & MANAGERS	Yrs	3	PANEL OF PSP FOR CONSULTING SERVICES	30 September 2024	14% of the project construction co	
MINATHI CONSULTING	Yrs	3	PANEL OF PSP FOR CONSULTING SERVICES	30 September 2024	10% of the project construction co	
ZLM PROJECT ENGINEERING	Yrs	3	PANEL OF PSP FOR CONSULTING SERVICES	30 September 2024	14% of the project construction co	
MABALENGWE ENGINEERA	Yrs	3	PANEL OF PSP FOR CONSULTING SERVICES	30 September 2024	14% of the project construction co	
DPNC CONSULTING	Yrs	3	PANEL OF PSP FOR CONSULTING SERVICES	30 September 2024	14% of the project construction co	
THESHANI TRADING ENTERPRISE	Yrs	3	PANEL OF PSP FOR CONSULTING SERVICES	30 September 2024	14% of the project construction co	
GIBB ENGINEERING AND ARCHITECTURE	Yrs	3	PANEL OF PSP FOR CONSULTING SERVICES	30 September 2024	12% of the project construction co	
MAP AFRICA CONSULTING	Yrs	3	PANEL OF PSP FOR CONSULTING SERVICES	30 September 2024	12.85% of the project construction co	
SIBAYA ENGINEERS	Yrs	3	PANEL OF PSP FOR CONSULTING SERVICES	30 September 2024	14% of the project construction co	
SIYAZENZELA CONSULTING	Yrs	3	PANEL OF PSP FOR CONSULTING SERVICES	30 September 2024	14% of the project construction co	

2.15 Municipal manager's quality certificate

I S.G.Khuzwayo, Municipal manager of Mandeni Municipality, hereby certify that the Draft mSCOA 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 S.G. Khuzwayo

Municipal Manager of Mandeni Municipality (KZN 291)

Signature _____

Date 27 March 2025