

# MANDENI MUNICIPALITY (KZN 291) mSCOA FINAL BUDGET 2026/27 MTREF



## MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS

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**Abbreviations and Acronyms**

AMR	Automated Meter Reading
ASGISA	Accelerated and Shared Growth Initiative
BPC	Budget Planning Committee
CBD	Central Business District
CFO	Chief Financial Officer
CM	Municipality Manager
CPI	Consumer Price Index
CRRF	Capital Replacement Reserve Fund
DBSA	Development Bank of South Africa
DoRA	Division of Revenue Act
DWA	Department of Water Affairs
EE	Employment Equity
EEDSM	Energy Efficiency Demand Side Management
EM	Executive Mayor
FBS	Free basic services
GAMAP	Generally Accepted Municipal Accounting Practice
GDP	Gross domestic product
GDS	Gauteng Growth and Development Strategy
GFS	Government Financial Statistics
GRAP	General Recognised Accounting Practice
HR	Human Resources
HSRC	Human Science Research Council
IDP	Integrated Development Strategy
IT	Information Technology
kℓ	kilolitre
km	kilometre
KPA	Key Performance Area
KPI	Key Performance Indicator

kWh kilowatt

ℓ	litre
LED	Local Economic Development
MEC	Member of the Executive Committee
MFMA	Municipal Financial Management Act
	Programme
MIG	Municipal Infrastructure Grant
MMC	Member of Mayoral Committee
MPRA	Municipal Properties Rates Act
MSA	Municipal Systems Act
MTEF	Medium-term Expenditure Framework
MTREF	Medium-term Revenue and Expenditure Framework
NERSA	National City Regulator South Africa
NGO	Non-Governmental organisations
NKPIs	National Key Performance Indicators
OHS	Occupational Health and Safety
OP	Operational Plan
PBO	Public Benefit Organisations
PHC	Provincial Health Care
PMS	Performance Management System
PPE	Property Plant and Equipment
PPP	Public Private Partnership
PTIS	Public Transport Infrastructure System
RG	Restructuring Grant
RSC	Regional Services Council
SALGA	South African Local Government Association
SAPS	South African Police Service
SDBIP	Service Delivery Budget Implementation Plan
SMME	Small Micro and Medium Enterprise

**Part 1 – mSCOA Annual Budget**

**1.1 Mayor’s Report**

**STATE OF THE MUNICIPAL ADDRESS BY HIS WORSHIP, THE MAYOR CLLR TP MDLALOSE TABLING THE FINAL REVIEWED INTEGRATED DEVELOPMENT PLAN (IDP); ORGANISATIONAL STRUCTURE AND FINAL MSCOA ANNUAL BUDGET FOR 2026/27 FINANCIAL YEAR - MEETING HELD ON 28 MAY 2026 AT MANDENI COUNCIL CHAMBER**

**PRESENTATION**

**OF:**

**TABLING OF FINAL IDP; ORGANISATION STRUCTURE AND MSCOA ANNUAL BUDGET FOR 2026/27**



**Honorable Speaker,  
Amakhosi Asendlunkulu**

**Deputy Mayor**

**Members of the Executive Committee**

**Chairperson of MPAC and the respected Committee**

**Honorable Councilors**

**Municipal Manager**

**Senior Management, Managers, and staff**

**Ward Committees,**

**Various Stakeholders, distinguished Guests and Community of Mandeni at Large,  
Nginyanibingelela nonke egameni LikaHulumeni weNtando Yeningi.**

It gives me great pleasure and honour to present to Council and the Community of Mandeni and beyond the Final Reviewed Municipal Integrated Development Plan, Municipal Organisational Structure and MSCOA Annual Budget for 2026/27 Medium-Term Budget having been entrusted by this Council and the Community with the responsibilities of being a mayor. Madam Speaker, Honourable members of Council and the Community at large, this is the last IDP review and Annual mSCOA Budget for 2026/27 Financial Year for this term of Office as the current term of Office will officially come to an end on the 4<sup>th</sup> of November 2026 when the Local Government Elections take place.

It is important that we reflect on the journey by the Council since the beginning of term of Office. It is important to mention that despite some minor challenges or differences here and there, Council remained functional and at no stage where there was communication from Cogta on dysfunctionality of Council, hence I wish to thank you all esteemed members of Council. We must acknowledge the contribution by the two Hon Cllrs who departed this world during this term of Office (Hon Cllrs N Nxumalo and S. Mabhida) to not only communities within their respective wards by the community of Mandeni at large; may their soul rest in peace. We must also acknowledge and appreciate the contribution made by former Cllr MS Mdunge who went on retirement during the term of office and we hope she is still in good health and enjoying her retirement. During the term of Office, we also ushered in a total of eight (8) new Cllrs who also join Council and fitted nicely within this Council for the common course of service delivery to the people.

Also, Council has ensured that the municipality remains stable throughout the term of office and in this term of Office we did not experience service delivery unrests on issues related to the Mandate of the Municipality. One must applaud all Cllrs in particular Ward Cllrs and the Office of the Speaker in ensuring that Public Meetings are taking place where feedbacks on community issues were given. Council also ensured all governance structures were established and remained functional. We acknowledge that the Municipality could not achieve clean audit during this term of office but sustained positive audit outcomes with areas of concerns or emphasis which can be avoided and resolved through improvement of internal controls and strengthening of compliance.

This Council also ensured that there is stability at Senior Management by ensuring that all vacant positions were filled timeously. Vacancy rate in general remained low throughout the term of office and it is important to mention that people from Mandeni were prioritised in most positions filled in the process. Of course, it shall remain the objective of Council to increase the number of people from within the municipal jurisdiction occupying senior positions especially females in the future provided they possess relevant qualifications, skills and experience.

Council ensured that appropriate Delegation Framework. By-laws and policies in facilitating smooth municipal operations were developed and reviewed as and when necessary. We

acknowledge that strict and consistent enforcement of municipal by-laws and adherence by the communities thereof remains an area of concern which we must strive for improvement. The municipality during this term of Office managed to insource the Fire and Emergency Services which was previously outsourced for over 10 years, and we shall pride ourselves on this achievement.

Council through utilisation of its reserve managed to construct a number of facilities like the DLTC which is now in operation though we are still expecting for the approval of Grade A testing of drivers' license; Mechanical Workshop which is now in progress towards completion after the previous appointed contractor was terminated due to poor performance. The municipality also utilised its reserves towards the construction of fist two phases of Mini Factories facilities to support local SMMEs. The municipality also through Infrastructure Grant constructed a number of community facilities to mention a few facilities like swimming pool and community halls. The municipality also managed implement a number of urban roads and storm water rehabilitation projects within the Township and further implemented rural re-gravelling and concrete surfacing of roads in various wards. The municipality also maintained hundreds of kilometres of gravel roads through utilisation of its yellow plant and equipment. Of course, there is still some backlog on when it comes to maintenance of rural roads, and this shall remain work in progress. We acknowledge that the municipality still has a lot of work to address the backlogs when it comes to pedestrian bridges; storm water and bus shelters. Fixing of potholes remains the work in progress. The municipality implemented Phase 1 and 2 of high mast lights and phase 3 to be implemented in the near future.

The municipality in effort to enhance service delivery managed to procure a lot of fleets which include yellow plant machines; tipper trucks; cage and waste compactor trucks and small fleet. We are expecting the delivery of a new Fire Engine Truck within a space of two months from now. All this fleet equipment were bought through utilisation of internal reserves other than Cage and Waste Compactor Trucks and two TLBs which were bought through MIG Grant. Of concern is the high rate of breakdowns of the fleet which has increased maintenance costs hence the need for continuous trainings of the operators and implementation of consequence management on wrongdoings.

The municipality continued to ensure sustainable waste collection services across municipality of course we acknowledge the challenges that continue to affect sustainable waste collection services and the backlog on provision of enough waste skips.

The housing backlogs within Mandeni remains a major concern and with the department of Human Settlements facing some financial constraints, this remains a serious service delivery pressure point. This situation leaves a lot of residents vulnerable to elements of disasters when sever weather pattern attacks our area of Mandeni.

The municipality during this term of office supported a lot of SMMEs across Mandeni through skills development; provision of equipment and materials. A number of local SMMEs benefitted through municipal procurement of goods and services; constructions and security services. Mobilisation of interventions by other stakeholders like EDTEA;

DSBD and COGTA. A number of local people benefitted from various EPWP initiatives and through implementation of infrastructure projects.

The municipality remained financially viable throughout the term of Office and of course the ever-increasing debtors book remains a great concern and all efforts implemented to recover old debts did not yield the very positive results. The municipality ensured that all creditors are paid in time to ensure that they remained in business. A lot of effort is required to strike the balance between the operational costs and operating revenue for the sustainability of the municipality.

The municipality also implemented a number of programmes and interventions aimed at empowering local youth and women. Hundreds of local youth benefitted on tertiary registration bursaries and drivers license and many other intervention.

Madam Speaker and Council, I was just giving some few highlights of what this Council has achieved and the short-comings during this term of office. Indeed, we shall all be proud of ourselves as this collective of the work done and the efforts to improve the lives of our people shall continue. Most importantly, I must also acknowledge and appreciate the vital role played by Amakhosi Asendlunkulu by availing land for the municipality to put up the social and economic infrastructure within their Traditional Council Areas for the advancement of the lives of people of Mandeni, asizishayele ihlombe sonke ngomsebenzi esiwenzile but Aluta Continua.

### **FINAL IDP, ORGANISATIONAL STRUCTURE AND MSCOA ANNUAL BUDGET FOR 2026/27**

Madam Speaker and Council, let me now get into business of today, my responsibility today is to table the Mandeni Municipality's Final 2026/2027 Integrated Development Plan (IDP) annual review, and Final 2026/2027 Municipal MSCOA Annual Budget as guided by the Municipal Systems Act in the case of IDP and the Municipal Finance Management in the case of the Budget. Madam Speaker, municipalities are required to plan and facilitate development in an integrated manner, ensuring that resources are utilized efficiently and effectively to alleviate poverty and inequality, provide basic services, and promote sustainable development.

The Council after tabling of the First Draft IDP and Budget for 2026/27 during the month of April 2026, embarked on intensive Public and Stakeholders Consultation process to obtain comments, inputs, and suggestions hence the final product is presented today before Council and the Community of Mandeni. Madam Speaker and Council, as assigned with the responsibility to work closely with Council members and Administration to drive the Process of reviewing of the IDP and Budget, I am satisfied that the processes followed met all legislative requirements and today's session is in compliance with Section 24(1) of the Municipal Finance Management Act which stipulates that the Municipal Council must at least 30 days before the start of the new budget year consider approval of the annual budget.

The Municipal Reviewed Municipal IDP 2026/27 is premise on the principle of service delivery for all, and we remain committed to the following indicators:

- Create better municipal systems to better execute its mandate,
- Create an enabling infrastructure to improve access in urban and rural areas and the maintenance of storm water facilities and to promote local economic development.
- Create local economic development engagement platforms in a bid to grow economy, create job opportunities and to break the cycle of poverty facing our people.
- Ensure that the spending of municipal funds in a responsible and transparent manner; and
- Be a productive workforce with a high work ethic and a high standard of customer care.
- Ensure a strong financial system to boost investors' confidence.

We have also undertaken the following matters to improve the lives of our citizens:

Honorable Speaker, Chapter 2 of the Municipal Finance Management Act, Section 53(I) (c) (I) 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.”***

### **2026 Local Government Elections and the budget process**

Madam Speaker and Council, the 2026/27 municipal financial year represents the last year of the current municipal councils' electoral term. The next municipal election to usher in new councils are scheduled for 4<sup>th</sup> November 2026 as announced by the President in terms of section 24(2) of the Municipal Structures Act, 2000 (Act No. 32 of 2000) (MSA).

Municipalities are cautioned to adhere to the guidance provided in paragraph 3 (pages 4 and 5) of Budget Circular No. 107 as the outgoing council may be tempted to prepare budget with unrealistically low tariff increases, additional absorption of unskilled staff, writing off debtors which can still be pursued and an over-ambitious capital expenditure programme. The outcome of this approach will undoubtedly be an unfunded municipal budget that threatens the municipality's financial sustainability and service delivery for the incoming Council after the elections”.

National and Provincial Treasuries will be closely monitoring tabled budgets, collection rates and expenditure for any indications that the above guidance is not adhered to and appropriate consequences will be applied.

### **Organizational overview**

#### **Human Resource Management**

The Management at the level of both Senior Management and middle Management level is stable will position 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 any elements 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 and Council, we are very much aware of other pressing areas of priority in terms of human resources, but the available budget resources and the Treasury Norms are restricting us from recruiting more people as this may result in a situation where more budget being directed to pay salaries thus affecting service delivery.

### **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, 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 hence the advert to achieve this objective has been issued.

### **BUDGET SUMMARY**

Madam Speaker and Council, the municipal Final MSCOA Annual Budget for 2026/27 MTREF has been prepared in accordance with version 7.2 of MSCOA Chart which ensures compliance with the prescribed standards and alignment with regulatory framework. It should be noted that comments provided by the Community and Provincial Treasury on the First Draft Budget have been factored in, when the Budget was finalized and as per confirmation by the Provincial Treasury that the municipal budget appears to be **funded**. However, it should be noted that concerns have been raised by Provincial Treasury regarding the tabling of an Operational Deficit budget. They highlighted that the municipality no longer holds long-term investments, and the decreasing levels of Closing Cash and cash equivalents over the years have placed the **municipality's cash position under significant concern**.

The Medium-Term Expenditure Framework proposes a **total budget of R 622.2 million** for the 2026/27 financial year. It appropriates a **total operating expenditure of R 504.9 million** and **capital expenditure of R 117.2 million**. An amount of R 107.2 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. The above presented figures are VAT exclusive.

**Total operating revenue of R 475.3 million** has increased by 2.6 per cent or R 12.2 million for the 2026/2027 financial year when compared to the 2025/2026 Adjustments Budget. **Transfer and subsidies capital is R 55,8 million** which has decreased by 6.11 per cent or R 3.6 million for 2026/27 financial year.

**The total operating expenditure** for the 2026/2027 financial year has been appropriated at R504.9 million, resulting in a deficit budget of R29.6 million. This outcome is in contravention of the guidelines set out in MFMA Circular No.126, which requires municipalities to adopt a surplus budget.

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

Further to this, the municipality has developed strategies aimed at addressing the operating deficit; however, these will be phased in over a period of three years. For the 2026/27 financial year, the municipality has undertaken an assessment and implemented cost-reflective tariffs for service charges on Electricity and Waste Management and has revived the implementation of cost-containment measures, which have contributed towards

reducing the operational deficit budget. It should also be noted that in the outer years, the municipality has improved its position and budgeted for an 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 117,2 million** has been committed for 2026/2027 however this shows a decrease by 8.1 per cent when compared to the 2025/2026 Adjustment Budget where the municipality had to counter-fund some of the capital projects.

It must be noted that when final 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	
<b>CPI Inflation</b>	4.4%	3.2%	3.4%	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 75 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 3.4% 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 20 March 2026, considered and approved the Eskom Retail Tariffs and Structural Adjustment (ERTSA) application, at an increase of **9.01 percent** for Bulk Electricity and **10.05 percent** for municipal tariffs which will be implemented from 1 July 2026.

### **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.

Refuse Collection Service Tariff has been set at **10.5 percent**, as determined by the outcome of cost-reflective tariff assessment. This adjustment ensures that tariff remains aligned with the actual cost of service provision, thereby supporting the sustainability of refuse collection operations.

Other sources of revenue have been aligned to the Consumer Price Index (CPI) inflation of **3.4 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.

### **CAPITAL BUDGET**

Somlomo and Council, the municipality has allocated a total budget of **R 41.5 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 2.5 million Construction of High Mast Lights in Wards 1,2,6,7,8,13,14 & 15 which will overlap onto 2027/28; R10.2 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 78.9 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 2.5 mil** set aside toward construction of Bus Shelters in Ward 14 and 15; **R1.3 mil** set aside for the construction of Pedestrian bridge in Ward 11 and R400 000. Also set aside for the construction of Wooden pedestrian bridges in Ward 10 and 17.

A total amount of **R3.6 mil** has been allocated from internal funding towards construction of roads in the form of regravelling and concrete surfacing in wards 5, 6, and 12, where each Ward will be allocated a budget of R1.2 mil. An amount of **R 4.9 mil** has been allocated towards Upgrading of Storm Water in various Wards where R900k will go towards upgrading of storm water in Masomonco link road in Ward 13; R1.5 mil towards the upgrading of storm water at Ugagane and Umvemve Road in Ward 13; R500K towards the planning and design of the storm water from Nkankane Road in Ward 14; R1.5 mil committed towards cleaning of Umsithinja River covering Ward 13, 14 and 15 and R500k to be spent toward procurement and installation of storm water culverts at Manzamnyama in Ward 16. R4 mil has been set aside for potholes fixing and repairs in various wards and also R3 mil to be made available towards maintenance of Rural gravel roads across all wards. R2.3 mil set aside for small operational works like construction of V-drains; road markings; construction of gabions eKhenana and Hadwalls.

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 sportfield-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 construction of Phase 3 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 Fencing of Sundumbili Swimming Pool at **R 1.5 mil**; Installation of Borehole at Dokodweni Beach at **R 300 000**; construction of Life guard house in Tugela mouth at **R 1.5 mil**; procurement of new 15 waste skips at **R 1.4 million** 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 36,9 mil** which equates to **Five percent (5%)** of the PPE Budget, towards repairs and maintenance of municipal assets, this will ensure adequate maintenance to prevent breakdowns and interruptions of service delivery.

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 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 to ensure that municipal infrastructure does not end up in a dilapidated condition.

### **OPERATIONAL BUDGET**

Somlomo kanye ne Council kukhona futhi imali esiyibeke ecaleni engaphezulu kuka **R 6.5 mil** ethinta izinhlelo zokuthuthukiswa kwabantu abasha ngaphansi kwehhovisi labo uma ngibala okumbalwa- ukusizwa kwabantu abasha nge Driver's License Programme; School Bursaries; Sports, Artist Development, SALGA Games and Library Community outreach Programs. 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 2.5 mil** ukubhekelela izinhlelo zokuthuthukiswa kwabantu besifazane ngaphansi kohlelo lwe Womens Caucus. Futhi siphinde sabeka nemali engaphezulu kuka **R 2.0 million** ukubhekelele izihlelo ezithinta iGender and Disability kanye nezinhlelo zama Special Programmes.

Siphinde sabeka imali engaphezulu kuka **R 1.6 mil** ukubhekelela izinhlelo zokuthuthukiswa zosomabhizinisi abafufusayo ngaphansi kohlelo lakwa Local Economic Development (SMME).

Siphinde sabeka imali engaphezulu kuka **R 1.2 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 cater 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.

### **PROCUREMENT PLANS**

MFMA Circulars No. 62 (dated 20 August 2012) and 94 (dated 08 March 2019) requested for the submission of annual municipal procurement plans, this will ensure that procurement of goods, service or infrastructure projects in a proactive manner and to move away from merely reacting to purchasing requests

All user departments must ensure submission of their procurement plans containing all planned procurement for 2026/27 financial year, in respect of the procurement of goods,

services and infrastructure projects which are below and exceeds R300 000 to the Supply Chain Manager and relevant treasuries.

These plans should encompass comprehensive information on planned procurements, estimated costs, and the proposed procurement strategies.

Hon Speaker and Council, this was just a high-level summary as the detailed overall Municipal Budget is included in your Agenda Documents. I am mindful of the list of priorities per ward as submitted by the Communities and Ward Councillors. However, the available budget is not sufficient to cater for all community priorities in the current financial year. Hence other priorities will be implemented under 2027/28 Financial Year.

Somlomo and Council, after having considered the Final Integrated Development Plan and Annual 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 Organizational 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 622,204 million** for the 2026/27 Financial Year and let us all focus on the implementation thereof.

### **In Conclusion:**

Therefore, I recommend that:

The Council considers and adopts the Final Reviewed IDP and mSCOA Budget for 2026/2027 MTREF and the Proposed Final Organisational Structure for 2026/27 as stated on the document of the Council Agenda (**C120, C121 and C122**) with all recommendations under each item.

**I thank you all**

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**CLLR TP Mdlalose**  
**The Mayor**

**COUNCIL SPECIAL MEETING HELD ON THURSDAY, 28 MAY 2026 AT 09H20 AT  
MANDENI MUNICIPAL COUNCIL CHAMBER, NO.02 KINGFISHER RD, MANDENI**

**DELEGATED MATTER  
FOR CONSIDERATION**

**C 121**

**COUNCIL: 28/05/2026**

**TABLING OF FINAL mSCOA ANNUAL BUDGET 2026/27 MTREF**

On a proposal by Cllr TP Mdlalose seconded by Cllr SC Mdletshe, it was

**RESOLVED**

THAT, the Council acting in terms of section 24(1) of the Municipal Finance Management Act, (Act 56 of 2003) considered the Municipality's mSCOA Annual Budget 2026/27 MTREF. The Council approved and adopted the following resolutions:

- 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:
- Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 13 on page 31;
- Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 14 on page 33;
- Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 15 on page 35; and
- 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.

THAT, the financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets be approved as set out in the following tables of the budget document:

- Budgeted Financial Position as contained in Table 17 on page 39;
- Budgeted Cash Flows as contained in Table 18 on page 41;
- Cash backed reserves and accumulated surplus reconciliation as contained in Table 19 on page 43;
- Asset management as contained in Table 20 on page 39 to 44; and
- Basic service delivery measurement as contained in Table 21 on page 46.

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 1<sup>st</sup> July 2026:

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

THAT, to give proper effect to the Municipality’s mSCOA Annual Budget, the Council of Mandeni Municipality approved:

- 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.

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.

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.

THAT the Final mSCOA Road Map as per MFMA Circular No. 107 be approved.

THAT the Final Service Level Standards as per MFMA circular No.72 be approved;

THAT, the Council of Mandeni acting in terms of 23(1)(b) of the MFMA has considered the High-level feedback assessment from Provincial Treasury of the Tablet Annual Budget for 2026/27 and that it has considered comments raised and has revised them in the Final mSCOA Annual Budget 2026/27 MTREF; and

THAT the 2026/27 Final Organisational structure as budgeted for be approved.

**CERTIFIED TRUE EXTRACT OF THE MINUTES OF THE MEETING**

**SIGNED BY:** .....  
**MUNICIPAL MANAGER**

.....  
**DATE**

## 1.2 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 (*m*SCOA)

The *m*SCOA 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 *m*SCOA 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 *m*SCOA Final Annual Budget & IDP for 2026/27 MTREF in an *m*SCOA classification framework and the data string (IDP and Budget) will be uploaded to the LG Database portal on the 28<sup>th</sup> May 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		
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
<b>Financial Performance</b>										
Total Revenue (excluding capital transfers and contributions)	401,560	420,889	429,670	454,622	463,028	463,028	382,097	475,259	483,258	507,025
Total Expenditure	340,534	395,482	471,165	487,944	504,021	504,021	314,415	504,982	482,068	505,141
Surplus/(Deficit)	61,026	25,407	(41,495)	(33,322)	(40,993)	(40,993)	67,682	(29,723)	1,190	1,884
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	80,500	6,173	12,694	18,535	18,535	94,056	26,166	49,399	51,617
Surplus/(Deficit) for the year	106,413	80,500	6,173	12,694	18,535	18,535	94,056	26,166	49,399	51,617
<b>Capital expenditure &amp; funds sources</b>										
Capital expenditure	93,331	139,662	432,380	130,596	126,749	126,749	58,936	117,222	64,642	66,711
Transfers recognised - capital	12,628	51,789	190,436	40,058	51,806	51,806	25,171	48,599	22,424	23,141
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	409,878	130,596	126,749	126,749	58,936	117,222	64,642	66,711

KZN291 Mandeni - Table A1 Budget Summary

Description	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year	Budget Year +1	Budget Year +2
<b>R thousands</b>										
<b>Financial Performance</b>										
Total Revenue (excluding capital transfers)	401,560	422,381	430,797	454,622	463,028	463,028	382,097	475,259	483,258	507,025
Total Expenditure	338,084	395,659	464,929	487,944	504,021	504,021	314,415	504,851	482,068	505,141
Surplus/(Deficit)	63,476	26,722	(34,132)	(33,322)	(40,993)	(40,993)	67,682	(29,592)	1,190	1,884
(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)	-	-	-	-	-	-	-	-	-	-
contributions	108,862	81,815	13,536	12,694	18,535	18,535	94,056	26,297	49,399	51,617
Associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	108,862	81,815	13,536	12,694	18,535	18,535	94,056	26,297	49,399	51,617
<b>Capital expenditure &amp; funds sources</b>										
Capital expenditure	93,331	139,662	126,192	130,596	126,749	126,749	58,936	117,222	64,642	66,711
Transfers recognised - capital	12,628	51,789	-	40,058	51,806	51,806	25,171	48,599	22,424	23,141
Borrowing	0	-	-	-	-	-	-	-	-	-
Internally generated funds	80,703	87,873	-	90,538	74,943	74,943	33,765	68,623	42,218	43,569
<b>Total sources of capital funds</b>	93,331	139,662	-	130,596	126,749	126,749	58,936	117,222	64,642	66,711

Total operating revenue has increased by 2.57 per cent or R12.2 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 R505 million, resulting in an operating deficit of R29.7 million when compared to total operating revenue of R475.3 million. Operating expenditure shows a marginal increase of 0.1 per cent from the 2025/26 Adjustments Budget of R504.0 million to R505.9 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 R117.2 million, which represents a decrease of R9.6 million or 8.13 per cent when compared to the 2025/26 Adjustments Budget of R126.7 million. The capital programme decreases to R64.6 million in 2027/28 and slightly increases to R66.7 million in 2028/29, mainly due to the reduction in capital grant allocations and internally generated funding over the MTREF period.

### 1.3 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
<b>Revenue</b>											
<b>Exchange Revenue</b>											
Service charges - Electricity	2	49,864	61,164	64,753	82,686	90,708	90,708	60,323	100,420	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	19,075	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	2	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	1,032	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	539	557	575
<b>Non-Exchange Revenue</b>											
Property rates	2	50,660	58,321	63,942	64,913	64,913	64,913	46,519	72,620	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	251,336	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		-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers a</b>		<b>401,560</b>	<b>422,381</b>	<b>430,797</b>	<b>454,622</b>	<b>463,028</b>	<b>463,028</b>	<b>382,097</b>	<b>475,259</b>	<b>483,258</b>	<b>507,025</b>

**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		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>Expenditure</b>											
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	3,257	2,322	1,988
Debt impairment	2,3	(1,919)	6,048	24,403	32,077	30,077	30,077	16,039	29,925	31,084	31,244
Depreciation, amortisation and impairment	2	29,987	31,406	37,764	36,240	36,240	36,240	26,888	38,641	38,672	39,910
Interest, Dividends and Rent on Land	2	325	3,135	3,399	3,050	3,050	3,050	-	600	620	640
Contracted services	2	62,194	84,659	81,246	89,650	87,841	87,841	53,618	86,462	76,967	80,912
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	60,093	68,839	62,722	74,726	74,726	49,192	69,270	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	-	-	-
<b>Total Expenditure</b>		<b>338,084</b>	<b>395,659</b>	<b>468,328</b>	<b>487,944</b>	<b>504,021</b>	<b>504,021</b>	<b>314,415</b>	<b>504,982</b>	<b>482,068</b>	<b>505,141</b>

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 a significant portion of the total revenue mix. In the 2026/27 financial year, revenue from rates and services charges totaled R192.1 million or 40 per cent.

This increases to R197.7 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 R100.4 million or 21 percent, contributing is the proposed approved increase of 10.5 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 10.5%. The municipality has increased its electricity tariff in alignment with the circular, this increase has been changed during Final budget so as to align with the Final approved increase by NERSA.

Interest on outstanding debtors both for exchange (Basing it on the performance of 2025/26 and even though the Debt is increasing there is also programme of the community roll out of indigent consumer which have since increased from this exercise resulting in decrease of Interest charge.) and non-exchange has decreased from R6.5 million to R5.6 million with a decrease of 13.9 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 R251.3 million in the 2026/27 financial year and increase to R252.7 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
<b>R thousand</b>										
<b>RECEIPTS</b>	1.2									
<b>Operating</b>										
<b>National Government</b>										
<b>Monetary Allocations</b>										
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	4,988	-	-
KwaZulu-Natal_Capacity Building and Other_Specify (Add grant description)_Receipts						600	600			
<b>Total Monetary Allocations</b>		<b>257,378</b>	<b>279,773</b>	<b>253,322</b>	<b>255,156</b>	<b>255,648</b>	<b>255,648</b>	<b>251,336</b>	<b>252,722</b>	<b>269,139</b>
<b>Total Operating/National Government</b>		<b>257,378</b>	<b>279,773</b>	<b>253,322</b>	<b>255,156</b>	<b>255,648</b>	<b>255,648</b>	<b>251,336</b>	<b>252,722</b>	<b>269,139</b>
<b>District Municipalities</b>										
<b>KwaZulu-Natal_DC 29 - Ilembe_Infrastructure_Specify (Add grant description)_RECEIPTS</b>	-	-	-	1,284	-	-	-	-	-	-
Other transfers/grants [insert description]										
<b>Total Monetary Allocations</b>		-	-	-	-	-	-	-	-	-
<b>Allocations In-kind</b>										
Other transfers/grants [insert description]										
<b>Total Allocations In-kind</b>		-	-	-	-	-	-	-	-	-
<b>Total Operating/District Municipalities</b>		-	-	-	-	-	-	-	-	-
<b>Total Operating/Other Grant Providers</b>		-	-	-	-	-	-	-	-	-
<b>Total Operating</b>	5	<b>308,012</b>	<b>330,406</b>	<b>253,322</b>	<b>255,156</b>	<b>255,648</b>	<b>255,648</b>	<b>251,336</b>	<b>252,722</b>	<b>269,139</b>
<b>Capital</b>										
<b>National Government</b>										
<b>Monetary Allocations</b>										
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	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
<b>Total Monetary Allocations</b>		<b>82,276</b>	<b>132,244</b>	<b>41,101</b>	<b>45,817</b>	<b>45,817</b>	<b>45,817</b>	<b>41,554</b>	<b>46,143</b>	<b>47,601</b>
<b>Total Capital/National Government</b>		<b>82,276</b>	<b>132,244</b>	<b>41,101</b>	<b>45,817</b>	<b>45,817</b>	<b>45,817</b>	<b>41,554</b>	<b>46,143</b>	<b>47,601</b>
<b>Provincial Government</b>										
<b>Monetary Allocations</b>										
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			
<b>Total Monetary Allocations</b>		<b>50,633</b>	<b>50,633</b>	<b>5,182</b>	<b>-</b>	<b>21,000</b>	<b>21,000</b>	<b>2,335</b>	<b>2,066</b>	<b>2,132</b>
<b>Allocations In-kind</b>										
Other transfers/grants [insert description]										
<b>Total Allocations In-kind</b>		-	-	-	-	-	-	-	-	-
<b>Total Capital/Provincial Government</b>		<b>50,633</b>	<b>50,633</b>	<b>5,182</b>	<b>-</b>	<b>21,000</b>	<b>21,000</b>	<b>2,335</b>	<b>2,066</b>	<b>2,132</b>
<b>Total Capital/Other Grant Providers</b>		-	-	-	-	-	-	-	-	-
<b>Total Capital</b>	5	<b>132,909</b>	<b>182,877</b>	<b>46,283</b>	<b>45,817</b>	<b>66,817</b>	<b>66,817</b>	<b>43,889</b>	<b>48,209</b>	<b>49,733</b>
<b>TOTAL RECEIPTS OF TRANSFERS AND GRANTS</b>		<b>440,921</b>	<b>513,284</b>	<b>299,605</b>	<b>300,973</b>	<b>322,465</b>	<b>322,465</b>	<b>295,225</b>	<b>300,931</b>	<b>318,872</b>

**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.

#### **1.4 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 rateables 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 3.4 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 rates to be levied for the 2026/27 financial year.**

<b>Cartegories</b>	<b>Tariff 2025/26</b>	<b>Tariff 2026/27</b>
Farms Agricultural Purpose	<b>0.0043</b>	<b>0.0044</b>
Business and Commercial	<b>0.0287</b>	<b>0.0297</b>
Industrial	<b>0.0287</b>	<b>0.0297</b>
Mining Properties	<b>0.0287</b>	<b>0.0297</b>
Municipal Properties	<b>0.0268</b>	<b>0.0277</b>
Public Benefit Organisation	<b>0.0043</b>	<b>0.0044</b>
Public Service Infrastructure	<b>0.0042</b>	<b>0.0044</b>
State Trust Land	-	-
PublicServices Purpose	<b>0.0268</b>	<b>0.0277</b>
Residential	<b>0.0169</b>	<b>0.0175</b>
Vacant Land	<b>0.0268</b>	<b>0.0277</b>
Place of Worship	<b>0.0268</b>	<b>0.0277</b>

### **1.5 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 20 March 2026, considered and approved the Eskom Retail Tariffs and Structural Adjustment (ERTSA) application, at an increase of **9.01** percent for Bulk Electricity.

The municipality has undertaken a Cost of Supply Study for the provision of electricity services, which informed the tariff application submitted to NERSA for the 2026/27 financial year. The municipality initially applied for an average tariff increase of 14.30%. NERSA

approved an average increase of 10.5% for implementation during the 2026/27 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 Final mSCOA Annual budget.

Service Charges- electricity revenue have increased from R90.7 million to R100.4 million in the 2026/27 financial year by R9.7 million or 10.71 per cent. Electricity revenue increase has considered approved increase of 10.5 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 R9.7 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 unchanged at 1 146 for the 2026/27 financial year. Of these households, 90 customers are on postpaid meters while 1 056 customers are on prepaid meters. The increase in the budget has been based on the current year's performance and the increase in electricity tariffs as proposed by National Energy Regulator of South Africa.

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 10 per cent to bill Umngeni as per agreement.

Eskom is providing Free Basic Electricity (FBE) on behalf of the Municipality to qualifying registered indigent beneficiaries. The Municipality currently has 147 qualifying indigent electricity customers receiving Free Basic Electricity support across the municipal area. Although the Municipality has electricity distribution license authority to supply electricity only within parts of Ward 3, qualifying indigent beneficiaries receiving FBE are spread across the Municipality's 18 wards, with Eskom administering the service on behalf of the Municipality in areas outside the Municipality's licensed supply area. Budget allocated for FBE has increase from R1.41 million to R2 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 the above, it should be noted that the Municipality has 18 wards within its jurisdiction; however, the Municipality has licence authority to provide electricity only within parts of Ward 3. Eskom therefore continues to provide electricity distribution services, including Free Basic Electricity, within the remaining areas of the Municipality on behalf of qualifying beneficiaries.

The inadequate electricity bulk capacity and the impact on service delivery and development remain a challenge for the Municipality. Most of the suburbs and inner municipal areas have ageing electricity reticulation infrastructure that has exceeded its life expectancy. The upgrading of the Municipality's electricity network has therefore become a strategic priority, particularly the upgrading of 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 R2 million. The municipality continues to monitor electricity tariffs, distribution losses, and operational costs to ensure the service remains financially sustainable.

## **1.6 Waste Removal and Impact of Tariff Increases**

Refuse is removed at least once a week, number of properties that are billed on the system is 6800 customers for 2026/27 financial year.

Currently solid waste removal service is operating at a surplus of R4.9 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 R20.2 million for billing to debtors and R1.1 million allocated from equitable share towards free basic services thus totaling R19.1 million.

Projected expenditure is R17.9 million which has been broken down as follows: Employee Related cost of R6.8 million, contracted services of R6.3 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, Debt write offs and Operational cost of R3 million and Debt Impairment provision of R1.8 million.

The Consumer Price Index (CPI) inflation is forecasted at Three coma four percent (3.4%); 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.

The Municipality had proposed the introduction of a flat rate tariff structure for business refuse removal services, categorized into four groups based on the number of refuse bins or bags collected per site. Residential households are already billed on a flat rate basis for refuse removal services. However, following further consideration, the Municipality has resolved that additional stakeholder consultation and assessment processes are required before implementation. As a result, the proposed flat rate tariff structure for business refuse removal services will only be considered for implementation during the 2027/28 financial year.

Service Charges- refuse revenue increased from R14.1 million to R19.1 million in the 2026/27 financial year with an increase of 29.7 per cent. Increase in refuse is not aligned with the CPI increase of 3.4 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 and has considered increase of 10.5%

The number of properties that are receiving FBS of Refuse removal have remained constant at 32 300. This has taken into consideration all properties within the municipal jurisdiction (Low-cost housing). To which most consumers are deemed to be indigent for this service hence they receive the free basic service.

### **1.6.1 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, 3.4 per cent and 10.5 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 % incr.	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>Rand/cent</b>											
<b>Monthly Account for Household - 'Middle Income Range'</b>	1										
<b>Rates and services charges:</b>											
Property rates		51,762	58,321	63,942	64,913	64,913	64,913	3.4%	67,120	69,402	71,762
Electricity: Basic levy		9,973	12,233	12,950	16,537	16,537	16,537	10.5%	18,273	20,192	22,312
Electricity: Consumption		39,891	48,932	51,802	66,148	66,148	66,148	10.5%	73,094	80,768	89,249
Water: Basic levy		0	0	0	0	0	0	-	0	0	0
Water: Consumption		0	0	0	0	0	0	-	0	0	0
Sanitation		0	0	0	0	0	0	-	0	0	0
Refuse removal		11,570	12,380	13,073	14,713	14,713	14,713	10.5%	16,258	17,965	19,851
Other		-	-	-	-	-	-	-	0	0	0
<b>sub-total</b>		<b>113,196</b>	<b>131,866</b>	<b>141,767</b>	<b>162,311</b>	<b>162,311</b>	<b>162,311</b>	<b>7.7%</b>	<b>174,745</b>	<b>188,328</b>	<b>203,174</b>
VAT on Services		0	0	0	0	0	0	-	0	0	0
<b>Total large household bill:</b>		<b>113,196</b>	<b>131,866</b>	<b>141,767</b>	<b>162,311</b>	<b>162,311</b>	<b>162,311</b>	<b>7.7%</b>	<b>174,745</b>	<b>188,328</b>	<b>203,174</b>
<b>% increase/-decrease</b>		<b>-</b>	<b>16.5%</b>	<b>7.5%</b>	<b>14.5%</b>	<b>-</b>	<b>-</b>	<b>(47.1%)</b>	<b>7.7%</b>	<b>7.8%</b>	<b>7.9%</b>
<b>Monthly Account for Household - 'Affordable Range'</b>	2										
<b>Rates and services charges:</b>											
Property rates		51,762	58,321	63,942	64,913	64,913	64,913	3.4%	67,120	69,402	71,762
Electricity: Basic levy		9,973	12,233	12,950	16,537	16,537	16,537	10.5%	18,273	20,192	22,312
Electricity: Consumption		39,891	48,932	51,802	66,148	66,148	66,148	10.5%	73,094	80,768	89,249
Water: Basic levy		0	0	0	0	0	0	-	0	0	0
Water: Consumption		0	0	0	0	0	0	-	0	0	0
Sanitation		0	0	0	0	0	0	-	0	0	0
Refuse removal		11,570	12,380	13,073	14,713	14,713	14,713	10.5%	16,258	17,965	19,851
Other		0	0	0	0	0	0	-	0	0	0
<b>sub-total</b>		<b>113,196</b>	<b>131,866</b>	<b>141,767</b>	<b>162,311</b>	<b>162,311</b>	<b>162,311</b>	<b>7.7%</b>	<b>174,745</b>	<b>188,328</b>	<b>203,174</b>
VAT on Services		0	0	0	0	0	0	-	0	0	0
<b>Total small household bill:</b>		<b>113,196</b>	<b>131,866</b>	<b>141,767</b>	<b>162,311</b>	<b>162,311</b>	<b>162,311</b>	<b>7.7%</b>	<b>174,745</b>	<b>188,328</b>	<b>203,174</b>
<b>% increase/-decrease</b>		<b>-</b>	<b>16.5%</b>	<b>7.5%</b>	<b>14.5%</b>	<b>-</b>	<b>-</b>	<b>(47.1%)</b>	<b>7.7%</b>	<b>7.8%</b>	<b>7.9%</b>
				(0.54)	0.93	(1.00)	-				
<b>Monthly Account for Household - 'Indigent' Household receiving free basic services</b>	3										
<b>Rates and services charges:</b>											
Property rates		1,738	1,738	1,738	1,738	1,738	1,738	3.4%	1,797	1,858	2,050
Electricity: Basic levy		0	0	0	0	0	0	-	0	0	0
Electricity: Consumption		11	11	11	11	11	11	10.5%	12	13	14
Water: Basic levy		0	0	0	0	0	0	-	0	0	0
Water: Consumption		0	0	0	0	0	0	-	0	0	0
Sanitation		0	0	0	0	0	0	-	0	0	0
Refuse removal		205,000	360,000	378,000	439,000	439,000	439,000	10.5%	485,000	536,000	592,000
Other		0	0	0	0	0	0	-	0	0	0
<b>sub-total</b>		<b>206,749</b>	<b>361,749</b>	<b>379,749</b>	<b>440,749</b>	<b>440,749</b>	<b>440,749</b>	<b>10.5%</b>	<b>486,809</b>	<b>537,871</b>	<b>594,065</b>
VAT on Services		0	0	0	0	0	0	-	0	0	0
<b>Total small household bill:</b>		<b>206,749</b>	<b>361,749</b>	<b>379,749</b>	<b>440,749</b>	<b>440,749</b>	<b>440,749</b>	<b>10.5%</b>	<b>486,809</b>	<b>537,871</b>	<b>594,065</b>
<b>% increase/-decrease</b>		<b>-</b>	<b>75.0%</b>	<b>5.0%</b>	<b>16.1%</b>	<b>-</b>	<b>-</b>	<b>(34.9%)</b>	<b>10.5%</b>	<b>10.5%</b>	<b>10.4%</b>

## 1.7 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 **R29.7 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
<b>Expenditure</b>											
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	3,257	2,322	1,988
Debt impairment	2,3	(1,919)	6,048	24,403	32,077	30,077	30,077	16,039	29,925	31,084	31,244
Depreciation, amortisation and impairment	2	29,987	31,406	37,764	36,240	36,240	36,240	26,888	38,641	38,672	39,910
Interest, Dividends and Rent on Land	2	325	3,135	3,399	3,050	3,050	3,050	-	600	620	640
Contracted services	2	62,194	84,659	81,246	89,650	87,841	87,841	53,618	86,462	76,967	80,912
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	60,093	68,839	62,722	74,726	74,726	49,192	69,270	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	-	-	-
<b>Total Expenditure</b>		<b>338,084</b>	<b>395,659</b>	<b>468,328</b>	<b>487,944</b>	<b>504,021</b>	<b>504,021</b>	<b>314,415</b>	<b>504,982</b>	<b>482,068</b>	<b>505,141</b>

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 Thirteen (13) existing vacant positions which have been prioritized in the current year's budget but have not been filled as per the approved organizational 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 Final Budget for 2026/27:**

ORGANOGRAM APPROVED BUT VACANT POSITION PROVIDED FOR ORIGINAL BUDGET 2026/27		
VACANT POSITION	TASK GRADE	DEPARTMENT
Supervisor Public Facilities	10	Community Service
Driver Waste Services	7	Community Service
Supervisor Waste Services	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
General Assistant (Old title Small Plant Operator)	4	Technical Service & Infrastructure Development
General Assistant Road & stormwater x2	3	Technical Service & Infrastructure Development
General Assistant Building & Maintenance	3	Technical Service & Infrastructure 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.

Further to that it should be noted that 2025/26 increase have not been processed due to delays in the issue of the gazette, and municipality has only paid for 2024/25 increase whilst awaiting the approved 2025/26 increase from MEC.

**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 **9.01 percent** for Eskom Bulk Electricity 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 Ethekwini 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 R3.3 million, reflecting a decrease from R5.5 million in the 2025/26 adjusted budget. The budget decreases further to R2.3 million in 2027/28 and R1.9 million in 2028/29

Further to that, the budget allocated towards repairs and maintenance relates to materials and supplies and standard rated items procured by the municipality towards repairs and maintenance, Contracted Services associated with outsourced maintenance activities, including expenditure such as hire of plant, urban road maintenance, Streetlight maintenance, and other contracted maintenance services. The municipality requires these specialized services to support the maintenance and upkeep of infrastructure where works are undertaken by external service providers.

**Debt Impairment:** For the 2026/27 financial year amounts to R30 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 decreased from R30.1 million to R30 million with a decrease of 3 per cent. Decrease in Provision for debt impairment is due to rollout exercise of screening for

people who qualify for Indigent which has since seen an increase in the indigent book. 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.

## Mandeni Fixed Asset Register as at 31 March 2026

Class Level 3	Cost Opening		WIP	Cost Closing	Depreciation	Depreciation	Accumulated	Carrying Value	Closing Balance
	Balance	Additions	Commissioned	Balance	Opening Balance	for Period	Depreciation	Opening Balance	Carrying Value
COMMUNITY ASSET Total	117 450 293.10	0.00	0.00	117 450 293.10	36 256 133.63	2 838 769.72	39 094 903.35	81 194 159.47	78 355 389.75
COMPUTER EQUIPMENT Total	9 515 036.48	628 826.25	0.00	10 143 862.73	3 847 615.70	783 578.46	4 631 194.16	5 667 420.78	5 512 668.57
ELECTRICAL INFRASTRUCTURE Total	24 338 061.31	0.00	1 047 374.04	25 385 435.35	8 914 207.76	888 400.30	9 802 608.06	15 423 853.55	15 582 827.29
FURNITURE AND OFFICE EQUIPMENT Total	10 463 263.51	517 840.09	7 848.78	10 988 952.38	4 397 082.39	587 277.24	4 984 359.63	6 066 181.12	6 004 592.75
INTANGIBLE ASSET Total	2 123 913.05	0.00	0.00	2 123 913.05	0.00	0.00	0.00	2 123 913.05	2 123 913.05
INVESTMENT PROPERTY Total	44 152 000.00	0.00	0.00	44 152 000.00	0.00	0.00	0.00	44 152 000.00	44 152 000.00
LAND Total	51 998 320.00	0.00	0.00	51 998 320.00	0.00	0.00	0.00	51 998 320.00	51 998 320.00
MACHINERY AND EQUIPMENT Total	36 131 812.62	126 598.14	0.00	36 258 405.76	7 376 022.15	1 801 516.34	9 177 538.49	28 755 790.47	27 080 867.27
OTHER ASSET Total	57 536 216.70	200 400.00	389 371.32	58 125 988.02	6 752 212.02	1 498 752.41	8 250 964.43	50 784 004.68	49 875 023.59
ROADS INFRASTRUCTURE Total	479 541 562.22	187 500.00	23 311 593.51	503 040 655.73	199 575 894.68	14 254 761.53	213 830 656.21	279 965 667.54	289 209 999.52
STORM WATER INFRASTRUCTURE Total	76 861 729.59	0.00	5 096 717.78	81 958 447.37	25 763 240.68	2 358 436.29	28 121 676.97	51 098 488.91	53 836 770.40
TRANSPORT ASSET Total	74 137 573.77	0.00	0.00	74 137 573.77	22 022 888.34	5 345 579.25	27 368 467.59	52 114 685.43	46 769 106.18
Grand Total	984 249 782.35	1 661 159.48	29 852 905.43	1 015 763 847.26	314 905 297.35	30 357 071.54	345 262 368.89	669 344 485.00	670 501 478.37
WIP Register Totals	124 551 894.88	63 104 540.25		157 803 529.70				124 551 894.88	157 803 529.70
TOTAL FAR	1 108 801 677.23	64 765 699.73	29 852 905.43	1 173 567 376.96	314 905 297.35	30 357 071.54	345 262 368.89	793 896 379.88	828 305 008.07

**Interest:** Currently the municipality does not have 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.

**Disposal of Fixed and Intangible Assets:** For the 2026/27 financial year, the budget allocation remained at R600 thousand, which has been set aside to provide for any potential shortfall that may arise during the disposal of fixed and intangible assets. The reason for the absence of expenditure to date is that the disposal exercise is typically undertaken during the fourth quarter of the financial year.

**Transfers and Subsidies:** for the 2026/27 financial year, the budget decreased to R2 million from R2,3 million during Adjustment Budget. This budget amount relates to transfer of monetary allocations to private entities where municipality in this case will be assist in support for tourism events.

**Contracted Services** for 2026/27 the appropriation against this group of expenditure has been decreased by 1.5 per cent (R1.4 million) and continue to decreases 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.

<b>Contracted Service</b>	<b>Final Adjustment 2025/26</b>	<b>Final Budget 2026/27</b>	<b>% Increase /Decrease</b>	<b>Reason for movement</b>
Municipal Security Services & VIP Security	18,072,304	18,029,767	-0.3%	Since the contract was signed in December 2025, we are still going to be paying similar amount for the first half of the year. Variances may be shown on VIP as they are used as and when required.

Catering	5,056,471.00	4,335,674.00	-14%	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	6,421,886	13%	Increase is due to current year's performance and also considered expired contract.
Transportation	2,817,558	3,032,000	8%	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	31,545,231	5%	Increase has been based on this current year's performance, further to that the municipality is to ensure the management of its asset.

**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 R69.1 million in the 2026/27 budget, reflecting a decrease of 7.8 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.

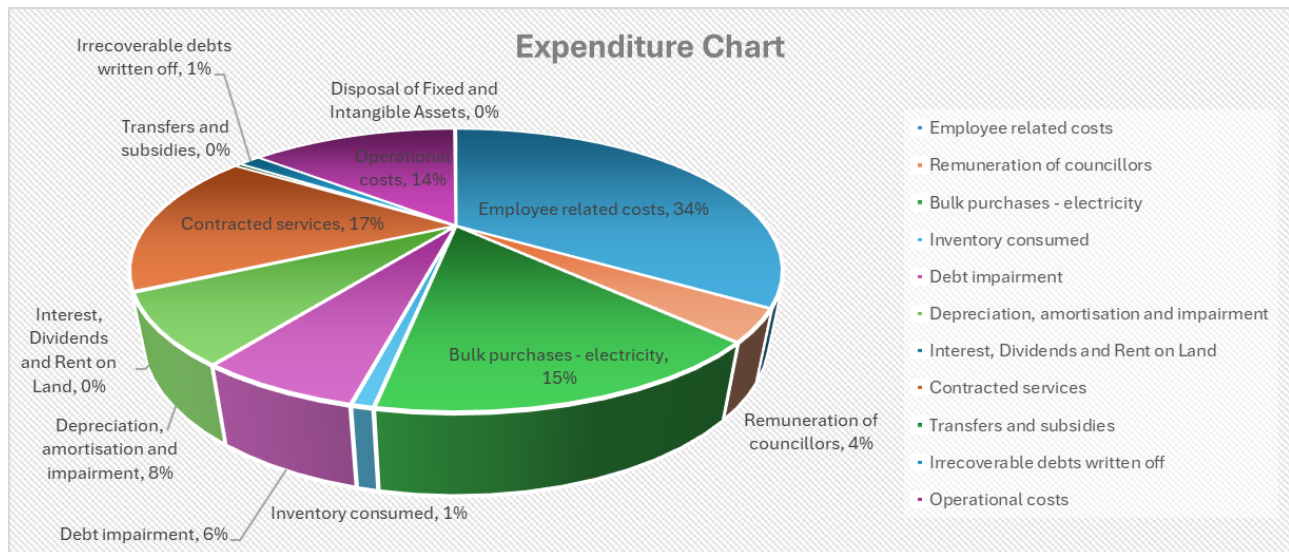
Furthermore, it should be noted that other expenditure exceeds the recommended norm of 10 per cent by 14 per cent. This variance is mainly due to critical operational requirements that must be prioritised to ensure continued service delivery, including fuel and oil, licensing of the municipal fleet, 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.

<b>Other Expenditure</b>	<b>Final Adjustment 2025/26</b>	<b>Final Budget 2026/27</b>	<b>% Increase</b>	<b>Reason for movement</b>
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	1,148,000	16%	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	3,445,176	-19%	Decrease is due to performance noted in this current year and consideration of cost containment measures.

All Licensing	5,520,555	5,725,767	4%	Increases are due to an annual software license 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**

### 1.7.1 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, 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 R36.9 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 5 per cent of the Property, Plant and Equipment with value of R36,9 million which is below the National Treasury MFMA Circular No.55 guideline of 8 percent.

### **Table 8 Operational repairs and maintenance**

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
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		<b>13,528</b>	<b>14,325</b>	<b>18,304</b>	<b>21,802</b>	<b>22,706</b>	<b>22,706</b>	<b>24,964</b>	<b>22,746</b>	<b>25,431</b>
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	5,877	3,499	5,438
Landfill Sites		–	–	–	–	–	–	–	–	–
Waste Transfer Stations		–	–	–	–	–	–	–	–	–
Waste Processing Facilities		3,059	3,421	4,343	5,565	5,915	5,915	5,877	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		–	–	–	–	–	–	–	–	–
<b>Community Assets</b>		<b>1,089</b>	<b>1,843</b>	<b>1,914</b>	<b>2,885</b>	<b>3,001</b>	<b>3,001</b>	<b>2,620</b>	<b>2,706</b>	<b>2,799</b>
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		–	–	–	–	–	–	–	–	–
<b>Other assets</b>		<b>91</b>	<b>30</b>	<b>–</b>	<b>348</b>	<b>174</b>	<b>174</b>	<b>250</b>	<b>258</b>	<b>267</b>
Operational Buildings		91	30	–	348	174	174	250	258	267
Municipal Offices		91	30	–	348	174	174	250	258	267
<b>Machinery and Equipment</b>		<b>3,970</b>	<b>5,289</b>	<b>8,094</b>	<b>10,438</b>	<b>9,916</b>	<b>9,916</b>	<b>9,113</b>	<b>7,952</b>	<b>7,794</b>
Machinery and Equipment		3,970	5,289	8,094	10,438	9,916	9,916	9,113	7,952	7,794
<b>Total Repairs and Maintena</b>	<b>1</b>	<b>18,677</b>	<b>21,486</b>	<b>28,312</b>	<b>35,473</b>	<b>35,797</b>	<b>35,797</b>	<b>36,947</b>	<b>33,664</b>	<b>36,291</b>
<b>R&amp;M as a % of PPE &amp; Investment Property</b>		<b>3.4%</b>	<b>3.8%</b>	<b>4.5%</b>	<b>5.1%</b>	<b>4.6%</b>	<b>4.6%</b>	<b>5.0%</b>	<b>4.4%</b>	<b>4.7%</b>
<b>R&amp;M as % Operating Expenditure</b>		<b>5.5%</b>	<b>5.4%</b>	<b>6.0%</b>	<b>7.3%</b>	<b>7.1%</b>	<b>7.1%</b>	<b>11.8%</b>	<b>6.7%</b>	<b>7.5%</b>

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		
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
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		<b>88,983</b>	<b>98,122</b>	<b>28,744</b>	<b>4,439</b>	<b>16,943</b>	<b>16,943</b>	<b>19,335</b>	<b>9,194</b>	<b>9,488</b>
Roads Infrastructure		66,178	74,697	23,929	3,913	16,943	16,943	19,335	9,194	9,488
Roads		–	8,520	23,929	3,913	16,943	16,943	19,335	9,194	9,488
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	–	–	–
Power Plants		–	–	–	–	–	–	–	–	–
MV Switching Stations		–	–	–	–	–	–	–	–	–
MV Networks		15,362	15,572	380	526	0	0	–	–	–
LV Networks		7,443	7,443	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Water Supply Infrastructure		–	–	–	–	–	–	–	–	–
<b>Community Assets</b>		<b>53,395</b>	<b>53,395</b>	<b>847</b>	<b>4,348</b>	<b>1,774</b>	<b>1,774</b>	<b>3,478</b>	<b>–</b>	<b>–</b>
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	–	–	–	–	–	–	–
Cemeteries/Crematoria		–	–	–	–	–	–	–	–	–
Stalls		2,266	2,266	847	4,348	1,774	1,774	3,478	–	–
Abattoirs		–	–	–	–	–	–	–	–	–
<b>Computer Equipment</b>		<b>7,116</b>	<b>6,257</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Computer Equipment		7,116	6,257	–	–	–	–	–	–	–
<b>Furniture and Office Equipment</b>		<b>8,121</b>	<b>7,915</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Furniture and Office Equipment		8,121	7,915	–	–	–	–	–	–	–
<b>Machinery and Equipment</b>		<b>21,441</b>	<b>20,245</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Machinery and Equipment		21,441	20,245	–	–	–	–	–	–	–
<b>Transport Assets</b>		<b>47,616</b>	<b>45,884</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
Transport Assets		47,616	45,884	–	–	–	–	–	–	–
<b>Total Capital Expenditure on re</b>	<b>1</b>	<b>226,672</b>	<b>231,818</b>	<b>29,591</b>	<b>8,787</b>	<b>18,717</b>	<b>18,717</b>	<b>22,813</b>	<b>9,194</b>	<b>9,488</b>
<b>Renewal of Existing Assets as % of total</b>		<b>57.2%</b>	<b>43.3%</b>	<b>23.4%</b>	<b>6.7%</b>	<b>14.8%</b>	<b>14.8%</b>	<b>19.5%</b>	<b>14.2%</b>	<b>14.2%</b>
<b>Renewal of Existing Assets as % of depre</b>		<b>754.0%</b>	<b>736.2%</b>	<b>78.2%</b>	<b>24.2%</b>	<b>51.6%</b>	<b>51.6%</b>	<b>59.0%</b>	<b>23.8%</b>	<b>23.8%</b>

For the 2026/27 financial year 83 per cent or R19 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.

### **1.8 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 basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is largely financed by national government through the local government equitable share received in terms of the annual Division of Revenue Act.

### **1.9 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
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		54,368	16,494	27,275	34,549	31,778	31,778	18,678	46,351	42,218	43,569
Executive and council		-	1,932	12,470	30,000	23,540	23,540	17,185	42,699	42,218	43,569
Finance and administration		54,368	14,562	14,806	4,549	8,239	8,239	1,494	3,652	-	-
Internal audit		-	-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		17,174	6,284	12,330	26,644	28,699	28,699	8,707	31,631	10,917	11,266
Community and social services		21,438	772	4,026	8,664	8,616	8,616	4,659	3,099	180	185
Sport and recreation		(4,264)	5,512	7,487	8,836	10,940	10,940	3,846	28,228	10,737	11,081
Public safety		-	-	817	9,143	9,143	9,143	201	304	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		15,885	108,996	82,638	62,038	62,478	62,478	31,154	33,648	9,284	9,581
Planning and development		11,028	19,023	7,313	7,522	5,208	5,208	3,301	7,009	-	-
Road transport		4,857	89,974	75,324	54,517	57,270	57,270	27,853	26,639	9,284	9,581
Environmental protection		-	-	-	-	-	-	-	-	-	-
<b>Trading services</b>		5,903	7,888	3,949	7,365	3,793	3,793	397	5,591	2,223	2,294
Energy sources		5,903	2,154	2,389	4,869	2,087	2,087	-	3,544	2,223	2,294
Water management		-	-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	870	440	440	-	870	-	-
Waste management		-	5,734	1,560	1,626	1,267	1,267	397	1,178	-	-
<b>Other</b>		-	-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional</b>	3	93,331	139,662	126,192	130,596	126,749	126,749	58,936	117,222	64,642	66,711

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
<b>Funded by:</b>											
National Government		12,628	51,072	-	39,884	50,763	50,763	25,089	46,569	22,424	23,141
Provincial Government		-	717	-	174	1,043	1,043	83	2,030	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (N)		-	-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>	4	12,628	51,789	-	40,058	51,806	51,806	25,171	48,599	22,424	23,141
<b>Borrowing</b>	6	0	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		80,703	87,873	-	90,538	74,943	74,943	33,765	68,623	42,218	43,569
<b>Total Capital Funding</b>	7	93,331	139,662	-	130,596	126,749	126,749	58,936	117,222	64,642	66,711

For 2026/27 an amount of R42.2 million has been appropriated for the construction of Other Assets which represents 36 per cent of the total capital budget which is the highest allocation toward capital expenditure.

Community assets have been allocated R11 million, which represents 10 per cent.

Infrastructure Assets have been allocated budget of R32.2 million appropriated at 28 per cent.

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

The total Final Capital Budget for the 2026/27 financial year amounts to R134.8 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 R41.5 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, R44.6 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 R114.9 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 R1.4 million for ICT infrastructure and office equipment.

### **1.10 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 & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year	Budget Year +1	Budget Year +2
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	50,660	58,321	63,942	64,913	64,913	64,913	46,519	72,620	75,217	77,624
Service charges	61,440	73,544	77,826	97,399	105,421	105,421	70,281	119,495	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	251,336	252,722	269,139
Other own revenue	46,342	21,787	16,156	12,353	12,846	12,846	5,554	11,808	12,181	12,571
<b>Total Revenue (excluding capital transfers)</b>	<b>401,560</b>	<b>422,381</b>	<b>430,797</b>	<b>454,622</b>	<b>463,028</b>	<b>463,028</b>	<b>382,097</b>	<b>475,259</b>	<b>483,258</b>	<b>507,025</b>
Employee costs	116,754	133,709	156,631	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	29,987	31,406	37,764	36,240	36,240	36,240	26,888	38,641	38,672	39,910
Interest, Dividends and Rent on Land	325	3,135	3,399	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	80,681	82,301	84,526
Transfers and subsidies	-	-	2,450	-	2,350	2,350	2,200	2,000	2,066	2,132
Other expenditure	127,029	156,144	184,884	191,685	199,880	199,880	118,861	193,389	162,981	176,260
<b>Total Expenditure</b>	<b>338,084</b>	<b>395,659</b>	<b>464,929</b>	<b>487,944</b>	<b>504,021</b>	<b>504,021</b>	<b>314,415</b>	<b>504,851</b>	<b>482,068</b>	<b>505,141</b>
<b>Surplus/(Deficit)</b>	<b>63,476</b>	<b>26,722</b>	<b>(34,132)</b>	<b>(33,322)</b>	<b>(40,993)</b>	<b>(40,993)</b>	<b>67,682</b>	<b>(29,592)</b>	<b>1,190</b>	<b>1,884</b>
(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)	-	-	-	-	-	-	-	-	-	-
<b>contributions</b>	<b>108,862</b>	<b>81,815</b>	<b>13,536</b>	<b>12,694</b>	<b>18,535</b>	<b>18,535</b>	<b>94,056</b>	<b>26,297</b>	<b>49,399</b>	<b>51,617</b>
Associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>108,862</b>	<b>81,815</b>	<b>13,536</b>	<b>12,694</b>	<b>18,535</b>	<b>18,535</b>	<b>94,056</b>	<b>26,297</b>	<b>49,399</b>	<b>51,617</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>93,331</b>	<b>139,662</b>	<b>126,192</b>	<b>130,596</b>	<b>126,749</b>	<b>126,749</b>	<b>58,936</b>	<b>117,222</b>	<b>64,642</b>	<b>66,711</b>
Transfers recognised - capital	12,628	51,789	-	40,058	51,806	51,806	25,171	48,599	22,424	23,141
Borrowing	0	-	-	-	-	-	-	-	-	-
Internally generated funds	80,703	87,873	-	90,538	74,943	74,943	33,765	68,623	42,218	43,569
<b>Total sources of capital funds</b>	<b>93,331</b>	<b>139,662</b>	<b>-</b>	<b>130,596</b>	<b>126,749</b>	<b>126,749</b>	<b>58,936</b>	<b>117,222</b>	<b>64,642</b>	<b>66,711</b>
<b>Financial position</b>										
Total current assets	354,670	335,264	256,896	178,561	217,562	217,562	320,487	183,762	303,034	313,687
Total non current assets	602,748	713,576	793,896	805,344	883,806	883,806	825,826	961,787	935,677	966,580
Total current liabilities	73,605	94,673	94,613	88,340	114,184	114,184	89,038	70,265	132,060	136,278
Total non current liabilities	17,730	25,770	27,647	25,770	27,321	27,321	22,198	-	-	-
Community wealth/Equity	2,764,382	3,558,057	920,785	869,795	959,863	959,863	1,004,568	1,075,114	1,106,651	1,143,989
<b>Cash flows</b>										
Net cash from (used) operating	153,874	114,895	68,211	62,299	70,457	70,457	(380,293)	51,654	113,837	113,639
Net cash from (used) investing	(107,331)	(160,611)	(145,120)	(144,685)	(140,261)	(140,261)	-	(134,805)	(74,338)	(76,717)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	<b>254,525</b>	<b>208,808</b>	<b>131,899</b>	<b>9,822</b>	<b>62,123</b>	<b>62,123</b>	<b>(148,394)</b>	<b>41,096</b>	<b>80,594</b>	<b>117,516</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	254,525	208,808	131,899	9,822	62,123	62,123	(148,394)	41,096	80,594	117,516
Application of cash and investments	99,900	112,918	118,661	(1,024)	37,967	37,967	125,243	5,133	34,846	31,619
<b>Balance - surplus (shortfall)</b>	<b>154,625</b>	<b>95,890</b>	<b>13,238</b>	<b>10,846</b>	<b>24,157</b>	<b>24,157</b>	<b>(273,638)</b>	<b>35,964</b>	<b>45,748</b>	<b>85,897</b>
<b>Asset management</b>										
Asset register summary (WDV)	778,050	669,291	747,620	805,344	883,806	883,806		747,961	760,848	773,579
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		74,311	53,725	55,445
Repairs and Maintenance	18,677	21,486	28,312	35,473	35,797	35,797		36,947	33,664	36,291
<b>Free services</b>										
Cost of Free Basic Services provided	216	371	389	450	-	450		570	630	661
Revenue cost of free services provided	15	15	15	15	15	(970)		15	(1,073)	(15,760)
<b>Households below minimum service level</b>										
Water:	-	-	-	-	-	-		-	-	34
Sanitation/sewerage:	0	0	0	0	0	0		-	-	(14,671)
Energy:	9,133	9,240	11,310	12,526	12,526	12,526		13,842	14,534	(15,703)
Refuse:	9	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
<b>Revenue - Functional</b>										
<b>Governance and administration</b>		<b>319,605</b>	<b>323,455</b>	<b>339,132</b>	<b>342,170</b>	<b>339,669</b>	<b>339,669</b>	<b>307,342</b>	<b>323,464</b>	<b>343,049</b>
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	299,099	314,949	334,262
Internal audit		–	–	–	–	–	–	–	–	–
<b>Community and public safety</b>		<b>10,732</b>	<b>4,710</b>	<b>6,994</b>	<b>6,128</b>	<b>5,933</b>	<b>5,933</b>	<b>8,619</b>	<b>3,387</b>	<b>3,496</b>
Community and social services		5,497	4,710	5,270	5,719	5,611	5,611	6,001	700	723
Sport and recreation		5,234	–	1,707	–	–	–	–	–	–
Public safety		–	–	17	408	321	321	2,619	2,687	2,773
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
<b>Economic and environmental services</b>		<b>46,274</b>	<b>63,161</b>	<b>51,516</b>	<b>52,717</b>	<b>66,707</b>	<b>66,707</b>	<b>61,077</b>	<b>52,269</b>	<b>53,853</b>
Planning and development		44,726	42,536	47,129	48,740	50,219	50,219	46,493	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		–	–	–	–	–	–	–	–	–
<b>Trading services</b>		<b>70,336</b>	<b>86,468</b>	<b>80,731</b>	<b>99,623</b>	<b>110,248</b>	<b>110,248</b>	<b>123,154</b>	<b>126,257</b>	<b>130,270</b>
Energy sources		56,878	72,748	66,249	83,081	91,103	91,103	100,347	103,377	106,685
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		13,458	13,720	14,482	16,543	19,145	19,145	22,807	22,880	23,585
<b>Other</b>	4	–	–	–	–	–	–	–	–	–
<b>Total Revenue - Functional</b>	<b>2</b>	<b>446,946</b>	<b>477,794</b>	<b>478,373</b>	<b>500,638</b>	<b>522,556</b>	<b>522,556</b>	<b>500,191</b>	<b>505,377</b>	<b>530,668</b>
<b>Expenditure - Functional</b>										
<b>Governance and administration</b>		<b>170,455</b>	<b>188,147</b>	<b>219,970</b>	<b>212,727</b>	<b>220,480</b>	<b>220,480</b>	<b>214,604</b>	<b>188,324</b>	<b>201,149</b>
Executive and council		54,325	62,011	66,501	79,879	74,794	74,794	70,417	60,657	67,763
Finance and administration		116,130	126,137	153,469	132,847	145,686	145,686	144,188	127,667	133,386
Internal audit		–	–	–	–	–	–	–	–	–
<b>Community and public safety</b>		<b>34,639</b>	<b>46,599</b>	<b>57,060</b>	<b>51,805</b>	<b>56,250</b>	<b>56,250</b>	<b>54,000</b>	<b>54,299</b>	<b>56,207</b>
Community and social services		26,279	33,291	41,974	36,398	40,484	40,484	41,328	41,805	43,149
Sport and recreation		8,335	12,862	13,472	13,045	13,608	13,608	10,639	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		–	–	–	–	–	–	–	–	–
<b>Economic and environmental services</b>		<b>65,567</b>	<b>69,233</b>	<b>83,973</b>	<b>92,410</b>	<b>93,620</b>	<b>93,620</b>	<b>95,211</b>	<b>97,158</b>	<b>99,952</b>
Planning and development		19,166	18,934	23,562	26,477	25,445	25,445	25,745	25,988	26,407
Road transport		43,242	46,605	55,834	60,311	62,637	62,637	64,887	66,408	68,630
Environmental protection		3,159	3,694	4,577	5,622	5,538	5,538	4,579	4,762	4,914
<b>Trading services</b>		<b>71,791</b>	<b>88,370</b>	<b>88,785</b>	<b>102,391</b>	<b>107,049</b>	<b>107,049</b>	<b>109,579</b>	<b>115,546</b>	<b>121,071</b>
Energy sources		60,265	77,057	72,643	75,903	82,005	82,005	88,362	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	17,855	24,090	26,689
<b>Other</b>	4	–	–	<b>292</b>	<b>522</b>	<b>531</b>	<b>531</b>	<b>630</b>	<b>651</b>	<b>672</b>
<b>Total Expenditure - Functional</b>	<b>3</b>	<b>342,452</b>	<b>392,349</b>	<b>450,079</b>	<b>459,854</b>	<b>477,931</b>	<b>477,931</b>	<b>474,025</b>	<b>455,978</b>	<b>479,051</b>
<b>Surplus/(Deficit) for the year</b>		<b>104,494</b>	<b>85,445</b>	<b>28,295</b>	<b>40,784</b>	<b>44,625</b>	<b>44,625</b>	<b>26,166</b>	<b>49,399</b>	<b>51,617</b>

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		
		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										
<b>Revenue by Vote</b>	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	330,055	341,039	360,352
Vote 3 - Internal audit		–	–	–	–	–	–	–	–	–
Vote 4 - Community and social services		5,497	4,710	5,287	6,128	5,933	5,933	6,088	790	815
Vote 5 - Sport and Recreation		5,234	–	1,707	–	–	–	–	–	–
Vote 6 - Public safety		–	–	–	–	–	–	2,532	2,597	2,681
Vote 7 - Housing		–	–	–	–	–	–	–	–	–
Vote 8 - Planning and Development		44,726	42,536	47,129	48,740	50,219	50,219	46,493	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	100,347	103,377	106,685
Vote 11 - Waste Management		13,458	13,720	14,482	16,543	19,145	19,145	22,807	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]		–	–	–	–	–	–	–	–	–
<b>Total Revenue by Vote</b>	2	<b>446,946</b>	<b>477,794</b>	<b>478,373</b>	<b>500,638</b>	<b>522,556</b>	<b>522,556</b>	<b>531,148</b>	<b>531,467</b>	<b>556,758</b>
<b>Expenditure by Vote to be appropriate</b>	1									
Vote 1 - Executive and council		54,325	62,011	66,501	79,879	74,794	74,794	70,417	60,657	67,763
Vote 2 - Finance and administration		116,130	126,137	153,469	132,534	145,417	145,417	175,144	153,757	159,476
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	41,863	41,995	43,352
Vote 5 - Sport and Recreation		8,335	12,862	13,472	13,045	13,608	13,608	10,639	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	26,375	26,640	27,080
Vote 9 - Road transport		45,730	49,148	58,897	63,359	65,685	65,685	68,249	69,881	72,215
Vote 10 - Energy sources		60,265	77,057	72,643	75,903	82,005	82,005	88,362	87,983	90,798
Vote 11 - Waste Management		9,039	8,770	13,078	23,440	21,997	21,997	17,855	24,090	26,689
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]		–	–	–	–	–	–	–	–	–
<b>Total Expenditure by Vote</b>	2	<b>342,452</b>	<b>392,349</b>	<b>450,079</b>	<b>459,854</b>	<b>477,931</b>	<b>477,931</b>	<b>504,982</b>	<b>482,068</b>	<b>505,141</b>
<b>Surplus/(Deficit) for the year</b>	2	<b>104,494</b>	<b>85,445</b>	<b>28,295</b>	<b>40,784</b>	<b>44,625</b>	<b>44,625</b>	<b>26,166</b>	<b>49,399</b>	<b>51,617</b>

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

**Table A3** is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the 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
R thousand	1										
<b>Revenue</b>											
<b>Exchange Revenue</b>											
Service charges - Electricity	2	49,864	61,164	64,753	82,686	90,708	90,708	60,323	100,420	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	19,075	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	-	-	-	-	-	-	1,032	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	539	557	575
<b>Non-Exchange Revenue</b>											
Property rates	2	50,660	58,321	63,942	64,913	64,913	64,913	46,519	72,620	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	251,336	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		-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers)</b>		<b>401,560</b>	<b>422,381</b>	<b>430,797</b>	<b>454,622</b>	<b>463,028</b>	<b>463,028</b>	<b>382,097</b>	<b>475,259</b>	<b>483,258</b>	<b>507,025</b>
<b>Expenditure</b>											
Employee related costs	2	116,754	133,709	156,631	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	3,257	2,322	1,988
Debt impairment	2,3	(1,919)	6,048	24,403	32,077	30,077	30,077	16,039	29,925	31,084	31,244
Depreciation, amortisation and impairment	2	29,987	31,406	37,764	36,240	36,240	36,240	26,888	38,641	38,672	39,910
Interest, Dividends and Rent on Land	2	325	3,135	3,399	3,050	3,050	3,050	-	600	620	640
Contracted services	2	62,194	84,659	81,246	89,650	87,841	87,841	53,618	86,462	76,967	80,912
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	60,093	68,839	62,722	74,726	74,726	49,192	69,139	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	-	-	-
<b>Total Expenditure</b>		<b>338,084</b>	<b>395,659</b>	<b>464,929</b>	<b>487,944</b>	<b>504,021</b>	<b>504,021</b>	<b>314,415</b>	<b>504,851</b>	<b>482,068</b>	<b>505,141</b>
<b>Surplus/(Deficit)</b>		<b>63,476</b>	<b>26,722</b>	<b>(34,132)</b>	<b>(33,322)</b>	<b>(40,993)</b>	<b>(40,993)</b>	<b>67,682</b>	<b>(29,592)</b>	<b>1,190</b>	<b>1,884</b>
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	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>108,862</b>	<b>81,815</b>	<b>13,536</b>	<b>12,694</b>	<b>18,535</b>	<b>18,535</b>	<b>94,056</b>	<b>26,297</b>	<b>49,399</b>	<b>51,617</b>
Income Tax		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after income tax</b>		<b>108,862</b>	<b>81,815</b>	<b>13,536</b>	<b>12,694</b>	<b>18,535</b>	<b>18,535</b>	<b>94,056</b>	<b>26,297</b>	<b>49,399</b>	<b>51,617</b>
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>108,862</b>	<b>81,815</b>	<b>13,536</b>	<b>12,694</b>	<b>18,535</b>	<b>18,535</b>	<b>94,056</b>	<b>26,297</b>	<b>49,399</b>	<b>51,617</b>
Share of Surplus/Deficit attributable to Associates	7	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>1</b>	<b>108,862</b>	<b>81,815</b>	<b>13,536</b>	<b>12,694</b>	<b>18,535</b>	<b>18,535</b>	<b>94,056</b>	<b>26,297</b>	<b>49,399</b>	<b>51,617</b>

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

Total operating revenue (excluding capital transfers) amounts to R475.3 million in the 2026/27 financial year and increases to R483.3 million in 2027/28 and R507 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 R72.6 million in 2026/27 and increases to R75.2 million in 2027/28 and R77.6 million in 2028/29, contributing approximately 15.3 per cent of the total operating revenue base of the Municipality in 2026/27. The increase in property rates is aligned to the 3.4 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 R119.5 million in 2026/27 (Electricity R100.4 million and Waste Management R19.1 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 10.5 per cent increase in electricity tariffs approved for the municipality by NERSA 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 a 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. We also looked at AFS performance for the 2025/26 financial year using it as benchmark and added the CPI to it.

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. The municipality noted a decline in interest earned during the current financial year, which was partly attributable to significant investment amounts being redirected towards building-related expenditure, resulting in investments being recalled prior to maturity. This had an adverse impact on investment returns. In response, the municipality has since developed a more robust investment management plan, informed

by improved expenditure projections and a clearer understanding of anticipated cash flow requirements, to optimize investment performance while ensuring sufficient liquidity for operational and capital commitments.

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. The audited outcome also included Retentions Forfeits of R2.5 million.

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. The audited outcome is reflected under Licenses and permits (non-exchange revenue) this is due to reclassification of the item.

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 R251.3 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

- Equitable Share of R 240,6
- MIG allocation of R 2.2 million
- EPWP allocation is R 1.5 million
- FMG allocation is R 2.0 million
- Library Grant allocation is R 5. million

Agency Services revenue is budgeted at R1.5 million in 2026/27, increasing to R1.6 million in 2027/28. This revenue item relates to commission received from the DLTC in terms of the existing Memorandum of Understanding (MOU). In accordance with the agreement, the municipality is entitled to receive a 10 per cent commission on revenue collected on behalf of the DLTC. The budget estimates are based on anticipated collection levels

Operational Revenue is budgeted at R539 thousand, reflecting a decrease of R1.3 million compared to the Adjustment Budget. The reduction is mainly attributable to the inclusion, during the Adjustment Budget, of Skills Development Levy (SDL) and insurance refunds amounting to R622 thousand, which are not budgeted for in the current financial year due to the uncertainty surrounding the receipt of such refunds. Furthermore, during the Adjustment Budget engagements, movements in handling fees were reviewed and it was identified that these amounts had been overstated. Consequently, the budget for handling fees was revised downward to reflect a more realistic revenue projection.

**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		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>R thousand</b>	1										
<b>Single-year expenditure to be appropriated</b>	2										
Vote 1 - Executive and council		–	1,932	12,470	30,000	23,540	23,540	17,185	42,699	42,218	43,569
Vote 2 - Finance and administration		54,368	14,562	14,806	4,549	8,239	8,239	1,494	3,652	–	–
Vote 3 - Internal audit		–	–	–	–	–	–	–	–	–	–
Vote 4 - Community and social services		21,438	772	4,026	17,738	17,690	17,690	4,659	3,403	180	185
Vote 5 - Sport and Recreation		(4,264)	5,512	7,487	8,836	10,940	10,940	3,846	28,228	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	7,313	7,522	5,208	5,208	3,301	7,009	–	–
Vote 9 - Road transport		4,857	89,974	75,324	55,386	57,709	57,709	27,853	27,509	9,284	9,581
Vote 10 - Energy sources		5,903	2,154	2,389	4,869	2,087	2,087	–	3,544	2,223	2,294
Vote 11 - Waste Management		–	5,734	1,560	1,626	1,267	1,267	397	1,178	–	–
Vote 12 - Environmental Protection		–	–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–	–
<b>Capital single-year expenditure sub-total</b>		<b>93,331</b>	<b>139,662</b>	<b>126,192</b>	<b>130,596</b>	<b>126,749</b>	<b>126,749</b>	<b>58,936</b>	<b>117,222</b>	<b>64,642</b>	<b>66,711</b>
<b>Total Capital Expenditure - Vote</b>		<b>93,331</b>	<b>139,662</b>	<b>126,192</b>	<b>130,596</b>	<b>126,749</b>	<b>126,749</b>	<b>58,936</b>	<b>117,222</b>	<b>64,642</b>	<b>66,711</b>
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		<b>54,368</b>	<b>16,494</b>	<b>27,275</b>	<b>34,549</b>	<b>31,778</b>	<b>31,778</b>	<b>18,678</b>	<b>46,351</b>	<b>42,218</b>	<b>43,569</b>
Executive and council		–	1,932	12,470	30,000	23,540	23,540	17,185	42,699	42,218	43,569
Finance and administration		54,368	14,562	14,806	4,549	8,239	8,239	1,494	3,652	–	–
Internal audit		–	–	–	–	–	–	–	–	–	–
<b>Community and public safety</b>		<b>17,174</b>	<b>6,284</b>	<b>12,330</b>	<b>26,644</b>	<b>28,699</b>	<b>28,699</b>	<b>8,707</b>	<b>31,631</b>	<b>10,917</b>	<b>11,266</b>
Community and social services		21,438	772	4,026	8,664	8,616	8,616	4,659	3,099	180	185
Sport and recreation		(4,264)	5,512	7,487	8,836	10,940	10,940	3,846	28,228	10,737	11,081
Public safety		–	–	817	9,143	9,143	9,143	201	304	–	–
Housing		–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–
<b>Economic and environmental services</b>		<b>15,885</b>	<b>108,996</b>	<b>82,638</b>	<b>62,038</b>	<b>62,478</b>	<b>62,478</b>	<b>31,154</b>	<b>33,648</b>	<b>9,284</b>	<b>9,581</b>
Planning and development		11,028	19,023	7,313	7,522	5,208	5,208	3,301	7,009	–	–
Road transport		4,857	89,974	75,324	54,517	57,270	57,270	27,853	26,639	9,284	9,581
Environmental protection		–	–	–	–	–	–	–	–	–	–
<b>Trading services</b>		<b>5,903</b>	<b>7,888</b>	<b>3,949</b>	<b>7,365</b>	<b>3,793</b>	<b>3,793</b>	<b>397</b>	<b>5,591</b>	<b>2,223</b>	<b>2,294</b>
Energy sources		5,903	2,154	2,389	4,869	2,087	2,087	–	3,544	2,223	2,294
Water management		–	–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	870	440	440	–	870	–	–
Waste management		–	5,734	1,560	1,626	1,267	1,267	397	1,178	–	–
<b>Other</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total Capital Expenditure - Functional</b>	3	<b>93,331</b>	<b>139,662</b>	<b>126,192</b>	<b>130,596</b>	<b>126,749</b>	<b>126,749</b>	<b>58,936</b>	<b>117,222</b>	<b>64,642</b>	<b>66,711</b>
<b>Funded by:</b>											
National Government		12,628	51,072	–	39,884	50,763	50,763	25,089	46,569	22,424	23,141
Provincial Government		–	717	–	174	1,043	1,043	83	2,030	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (monetary allocations) (N		–	–	–	–	–	–	–	–	–	–
<b>Transfers recognised - capital</b>	4	<b>12,628</b>	<b>51,789</b>	<b>–</b>	<b>40,058</b>	<b>51,806</b>	<b>51,806</b>	<b>25,171</b>	<b>48,599</b>	<b>22,424</b>	<b>23,141</b>
<b>Borrowing</b>	6	<b>0</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Internally generated funds</b>		<b>80,703</b>	<b>87,873</b>	<b>–</b>	<b>90,538</b>	<b>74,943</b>	<b>74,943</b>	<b>33,765</b>	<b>68,623</b>	<b>42,218</b>	<b>43,569</b>
<b>Total Capital Funding</b>	7	<b>93,331</b>	<b>139,662</b>	<b>–</b>	<b>130,596</b>	<b>126,749</b>	<b>126,749</b>	<b>58,936</b>	<b>117,222</b>	<b>64,642</b>	<b>66,711</b>

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 &		
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
<b>ASSETS</b>											
<b>Current assets</b>											
Cash and cash equivalents	1	254,613	208,837	131,927	9,811	62,123	62,123	200,223	41,247	167,845	169,698
Short term Investments	2	-	-	-	-	-	-	-	-	-	-
Trade and other receivables from exchange	3	53,837	22,958	20,004	45,228	32,149	32,149	67,412	41,312	43,829	45,200
Receivables from non-exchange transactio	3	(2,268)	52,833	58,673	44,829	45,510	45,510	8,082	35,484	37,820	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	43,188	46,184	48,020
VAT Receivable	6	5,511	7,677	4,428	36,894	35,364	35,364	2,435	22,531	7,356	8,594
Other current assets	7	225	225	225	-	-	-	225	-	-	-
<b>Total current assets</b>		<b>354,670</b>	<b>335,264</b>	<b>256,896</b>	<b>178,561</b>	<b>217,562</b>	<b>217,562</b>	<b>320,487</b>	<b>183,762</b>	<b>303,034</b>	<b>313,687</b>
<b>Non current assets</b>											
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	915,591	887,956	917,332
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	-	-	-	-	-	-	-	-	-	-
<b>Total non current assets</b>		<b>602,748</b>	<b>713,576</b>	<b>793,896</b>	<b>805,344</b>	<b>883,806</b>	<b>883,806</b>	<b>825,826</b>	<b>961,787</b>	<b>935,677</b>	<b>966,580</b>
<b>TOTAL ASSETS</b>		<b>957,417</b>	<b>1,048,840</b>	<b>1,050,793</b>	<b>983,905</b>	<b>1,101,368</b>	<b>1,101,368</b>	<b>1,146,313</b>	<b>1,145,549</b>	<b>1,238,711</b>	<b>1,280,267</b>
<b>LIABILITIES</b>											
<b>Current liabilities</b>											
Bank overdraft	17	-	-	-	-	-	-	-	-	-	-
Financial liabilities	18	-	-	-	-	-	-	9,105	-	-	-
Consumer deposits	19	216	185	179	162	179	179	271	179	185	191
Trade and other payables from exchange t	20	41,816	70,348	74,121	46,847	66,114	66,114	24,446	43,413	92,983	95,967
Trade and other payables from non-exchar	21	25,789	9,028	5,292	4,084	14,216	14,216	39,565	2,370	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	16,357	17,186	17,736
Other current liabilities	24	894	1,126	1,123	17,141	9,356	9,356	1,123	8,097	7,123	7,342
<b>Total current liabilities</b>		<b>73,605</b>	<b>94,673</b>	<b>94,613</b>	<b>88,340</b>	<b>114,184</b>	<b>114,184</b>	<b>89,038</b>	<b>70,415</b>	<b>132,060</b>	<b>136,278</b>
<b>Non current liabilities</b>											
Financial liabilities	25	-	-	-	-	-	-	-	-	-	-
Provision	26	-	-	-	-	-	-	-	-	-	-
Long term portion of trade payables	27	-	-	-	-	-	-	-	-	-	-
Other non-current liabilities	28	17,730	25,770	27,647	25,770	27,321	27,321	22,198	-	-	-
<b>Total non current liabilities</b>		<b>17,730</b>	<b>25,770</b>	<b>27,647</b>	<b>25,770</b>	<b>27,321</b>	<b>27,321</b>	<b>22,198</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>91,335</b>	<b>120,442</b>	<b>122,260</b>	<b>114,110</b>	<b>141,505</b>	<b>141,505</b>	<b>111,236</b>	<b>70,415</b>	<b>132,060</b>	<b>136,278</b>
<b>NET ASSETS</b>		<b>866,082</b>	<b>928,397</b>	<b>928,533</b>	<b>869,795</b>	<b>959,863</b>	<b>959,863</b>	<b>1,035,077</b>	<b>1,075,133</b>	<b>1,106,651</b>	<b>1,143,989</b>
<b>COMMUNITY WEALTH/EQUITY</b>											
Accumulated surplus/(deficit)	29	2,561,709	3,355,385	718,113	867,662	957,633	957,633	801,895	1,072,884	1,104,348	1,141,612
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	-	-	-	-	-	-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	32	<b>2,764,382</b>	<b>3,558,057</b>	<b>920,785</b>	<b>869,795</b>	<b>959,863</b>	<b>959,863</b>	<b>1,004,568</b>	<b>1,075,114</b>	<b>1,106,651</b>	<b>1,143,989</b>

## Explanatory notes to Table A6 - Budgeted Financial Position

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

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		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates		48,916	25,547	37,575	49,972	49,993	49,993	68,596	50,834	52,652	54,337
Service charges		70,197	70,197	83,605	98,454	106,665	106,665	(100,755)	120,915	126,071	130,105
Other revenue		17,565	44,765	15,198	26,748	27,243	27,243	50,029	37,544	38,547	39,781
Transfers and Subsidies - Operational	1	221,748	240,489	251,822	254,956	255,448	255,448	(113,263)	251,336	252,722	269,139
Transfers and Subsidies - Capital	1	41,511	56,571	47,149	46,017	67,017	67,017	46,743	43,889	48,209	49,733
Interest		22,648	30,208	23,433	25,232	25,232	25,232	2,705	23,376	23,024	21,450
Dividends		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Suppliers and employees		(265,388)	(349,747)	(387,170)	(436,031)	(455,741)	(455,741)	(334,349)	(473,489)	(424,704)	(448,135)
Finance charges		(3,323)	(3,135)	(3,399)	(3,050)	(3,050)	(3,050)	-	(600)	(620)	(640)
Transfers and Subsidies	1	-	-	-	-	(2,350)	(2,350)	-	(2,000)	(2,066)	(2,132)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>153,874</b>	<b>114,895</b>	<b>68,211</b>	<b>62,299</b>	<b>70,457</b>	<b>70,457</b>	<b>(380,293)</b>	<b>51,805</b>	<b>113,837</b>	<b>113,639</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Insurance Refund - Capital		-	-	-	-	-	-	-	-	-	-
Interest on Short Term Investment (Greater than 90 days) and Long Term Investments		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Capital assets		(107,331)	(160,611)	(145,120)	(144,685)	(140,261)	(140,261)	-	(134,805)	(74,338)	(76,717)
Retention (Capital)		-	-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(107,331)</b>	<b>(160,611)</b>	<b>(145,120)</b>	<b>(144,685)</b>	<b>(140,261)</b>	<b>(140,261)</b>	<b>-</b>	<b>(134,805)</b>	<b>(74,338)</b>	<b>(76,717)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>		<b>46,543</b>	<b>(45,717)</b>	<b>(76,909)</b>	<b>(82,386)</b>	<b>(69,804)</b>	<b>(69,804)</b>	<b>(380,293)</b>	<b>(83,000)</b>	<b>39,498</b>	<b>36,922</b>
Cash/cash equivalents at the year begin	2	207,982	254,525	208,808	92,208	131,927	131,927	231,899	124,247	41,247	80,745
Cash/cash equivalents at the year end:	2	254,525	208,808	131,899	9,822	62,123	62,123	(148,394)	41,247	80,745	117,667

**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 R50.8 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 R101.5 million (inclusive of VAT), representing approximately 88 per cent of the electricity billing, resulting in R120.9 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 R19.4 million, representing about 88 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 R251.3 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 R473.6million 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.

It should further be noted that employee-related costs reflected in Table A7 are slightly higher than the payments reflected in Table A4. This variance arises from the Skills Development Levy, which is classified under operational costs in Table A4 but allocated to employee-related costs in Table A7. This classification difference also explains the corresponding shortfall under operational costs in Table A7.

Furthermore, the remaining payment categories reflect higher cash outflows, even after accounting for VAT, due to the inclusion of payments relating to outstanding creditors from the previous financial year.

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
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	254,525	208,808	131,899	9,822	62,123	62,123	(148,394)	41,247	80,745	117,667
Other current investments > 90 days		-	-	-	-	-	-	-	-	-	-
Non current Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>254,525</b>	<b>208,808</b>	<b>131,899</b>	<b>9,822</b>	<b>62,123</b>	<b>62,123</b>	<b>(148,394)</b>	<b>41,247</b>	<b>80,745</b>	<b>117,667</b>
<b>Application of cash and investments</b>											
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	(14,728)	12,168	11,551
Other working capital requirements	3	23,791	46,640	52,763	17,945	40,898	40,898	22,681	17,723	7,917	4,837
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
<b>Total Application of cash and investments:</b>		<b>99,900</b>	<b>112,918</b>	<b>118,661</b>	<b>(1,024)</b>	<b>37,967</b>	<b>37,967</b>	<b>125,243</b>	<b>5,283</b>	<b>34,846</b>	<b>31,619</b>
<b>Surplus(shortfall) - Excluding Non-Current Credit</b>		<b>154,625</b>	<b>95,890</b>	<b>13,238</b>	<b>10,846</b>	<b>24,157</b>	<b>24,157</b>	<b>(273,638)</b>	<b>35,964</b>	<b>45,899</b>	<b>86,048</b>
<b>Creditors transferred to Debt Relief - Non-Current</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Surplus(shortfall) - Including Non-Current Credito</b>		<b>154,625</b>	<b>95,890</b>	<b>13,238</b>	<b>10,846</b>	<b>24,157</b>	<b>24,157</b>	<b>(273,638)</b>	<b>35,964</b>	<b>45,899</b>	<b>86,048</b>

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 6 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 & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>CAPITAL EXPENDITURE</b>										
<b>Total New Assets</b>	1	74,579	126,946	52,336	32,652	35,728	35,728	42,911	10,917	11,266
Roads Infrastructure		7,661	7,886	7,996	4,913	4,043	4,043	3,478	-	-
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	1,178	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	174	0	0	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		<b>7,788</b>	<b>11,236</b>	<b>11,621</b>	<b>7,582</b>	<b>5,745</b>	<b>5,745</b>	<b>4,917</b>	-	-
Community Facilities		11,048	23,398	4,665	9,053	9,647	9,647	5,225	180	185
Sport and Recreation Facilities		3,744	7,212	6,842	3,307	7,479	7,479	26,186	10,737	11,081
<b>Community Assets</b>		<b>14,792</b>	<b>30,610</b>	<b>11,507</b>	<b>12,360</b>	<b>17,125</b>	<b>17,125</b>	<b>31,411</b>	<b>10,917</b>	<b>11,266</b>
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Operational Buildings		-	1,723	10,839	435	1,826	1,826	1,252	-	-
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		-	<b>1,723</b>	<b>10,839</b>	<b>435</b>	<b>1,826</b>	<b>1,826</b>	<b>1,252</b>	-	-
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	2,124	-	-	-	-	-	-	-
<b>Intangible Assets</b>		-	<b>2,124</b>	-	-	-	-	-	-	-
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	-	-
<b>Total Renewal of Existing Assets</b>	2	226,672	231,818	29,591	8,787	18,717	18,717	22,813	9,194	9,488
Roads Infrastructure		66,178	74,697	23,929	3,913	16,943	16,943	19,335	9,194	9,488
Storm water Infrastructure		-	410	4,436	-	-	-	-	-	-
Electrical Infrastructure		22,805	23,015	380	526	0	0	-	-	-
<b>Infrastructure</b>		<b>88,983</b>	<b>98,122</b>	<b>28,744</b>	<b>4,439</b>	<b>16,943</b>	<b>16,943</b>	<b>19,335</b>	<b>9,194</b>	<b>9,488</b>
Community Facilities		53,395	53,395	847	4,348	1,774	1,774	3,478	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		<b>53,395</b>	<b>53,395</b>	<b>847</b>	<b>4,348</b>	<b>1,774</b>	<b>1,774</b>	<b>3,478</b>	-	-
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-
<b>Total Upgrading of Existing Assets</b>	6	94,948	177,097	44,265	89,157	72,305	72,305	51,497	44,531	45,956
Roads Infrastructure		21,457	81,081	38,444	46,560	36,723	36,723	4,696	90	93
Storm water Infrastructure		-	5,128	-	-	-	-	-	-	-
Electrical Infrastructure		8,858	9,080	-	3,126	1,565	1,565	3,196	2,223	2,294
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		<b>30,314</b>	<b>95,290</b>	<b>38,444</b>	<b>49,686</b>	<b>38,288</b>	<b>38,288</b>	<b>7,891</b>	<b>2,313</b>	<b>2,387</b>
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	1,420	-	-
<b>Community Assets</b>		<b>63,548</b>	<b>69,015</b>	-	<b>6,318</b>	<b>5,377</b>	<b>5,377</b>	<b>3,159</b>	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Operational Buildings		1,086	12,354	4,385	33,153	28,640	28,640	40,012	42,218	43,569
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		<b>1,086</b>	<b>12,354</b>	<b>4,385</b>	<b>33,153</b>	<b>28,640</b>	<b>28,640</b>	<b>40,012</b>	<b>42,218</b>	<b>43,569</b>
Computer Equipment		-	439	1,436	-	-	-	435	-	-
<b>Total Capital Expenditure</b>	4	396,199	535,861	126,192	130,596	126,749	126,749	117,222	64,642	66,711
Roads Infrastructure		95,295	163,665	70,369	55,386	57,709	57,709	27,509	9,284	9,581
Storm water Infrastructure		-	5,538	4,436	-	-	-	-	-	-
Electrical Infrastructure		31,790	33,944	2,305	4,522	2,000	2,000	3,196	2,223	2,294
Water Supply Infrastructure		-	-	-	-	-	-	261	-	-
Sanitation Infrastructure		-	-	140	-	-	-	-	-	-
Solid Waste Infrastructure		-	1,500	1,560	1,626	1,267	1,267	1,178	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	174	0	0	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		<b>127,086</b>	<b>204,647</b>	<b>78,810</b>	<b>61,707</b>	<b>60,976</b>	<b>60,976</b>	<b>32,144</b>	<b>11,507</b>	<b>11,875</b>
Community Facilities		70,611	89,162	5,512	16,010	13,420	13,420	10,442	180	185
Sport and Recreation Facilities		61,124	63,857	6,842	7,016	10,856	10,856	27,607	10,737	11,081
<b>Community Assets</b>		<b>131,735</b>	<b>153,019</b>	<b>12,354</b>	<b>23,026</b>	<b>24,276</b>	<b>24,276</b>	<b>38,049</b>	<b>10,917</b>	<b>11,266</b>
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Operational Buildings		1,086	14,077	15,225	33,588	30,466	30,466	41,264	42,218	43,569
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		<b>1,086</b>	<b>14,077</b>	<b>15,225</b>	<b>33,588</b>	<b>30,466</b>	<b>30,466</b>	<b>41,264</b>	<b>42,218</b>	<b>43,569</b>
Licences and Rights		-	2,124	-	-	-	-	-	-	-
<b>Intangible Assets</b>		-	<b>2,124</b>	-	-	-	-	-	-	-
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	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>		<b>396,199</b>	<b>535,861</b>	<b>126,192</b>	<b>130,596</b>	<b>126,749</b>	<b>126,749</b>	<b>117,222</b>	<b>64,642</b>	<b>66,711</b>

KZN291 Mandeni - Table A9 Asset Management										
Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>		<b>396,199</b>	<b>535,861</b>	<b>126,192</b>	<b>130,596</b>	<b>126,749</b>	<b>126,749</b>	<b>117,222</b>	<b>64,642</b>	<b>66,711</b>
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	778,050	669,291	747,620	805,344	883,806	883,806	747,961	760,848	773,579
<i>Roads Infrastructure</i>		111,303	108,872	107,836	340,589	465,459	465,459	388,461	401,280	414,121
<i>Storm water Infrastructure</i>		379,265	238,085	287,336	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	2,847	1,863	1,922
<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	2,445	1,309	1,350
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		<b>515,650</b>	<b>374,686</b>	<b>425,797</b>	<b>402,981</b>	<b>464,573</b>	<b>464,573</b>	<b>387,342</b>	<b>397,830</b>	<b>410,560</b>
<b>Community Assets</b>		85,473	92,433	98,548	113,116	119,157	119,157	93,922	96,172	96,172
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		40,529	157	-	41,913	44,152	44,152	44,152	45,609	45,609
<b>Other Assets</b>		25,662	68,574	78,672	100,831	106,930	106,930	77,086	80,873	80,873
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		331	2,372	2,124	1,928	2,045	2,045	2,045	2,112	2,112
<b>Computer Equipment</b>		3,938	4,448	6,302	6,060	47	47	(88)	(3,620)	(3,620)
<b>Furniture and Office Equipment</b>		4,415	4,476	5,329	5,121	222	222	532	(619)	(619)
<b>Machinery and Equipment</b>		16,573	26,550	25,340	33,869	99,306	99,306	97,573	99,764	99,764
<b>Transport Assets</b>		33,480	43,597	53,509	47,526	(4,623)	(4,623)	(6,601)	(10,986)	(10,986)
<b>Land</b>		51,998	51,998	51,998	51,998	51,998	51,998	51,998	53,714	53,714
<b>Zoo's, Marine and Non-biological Animals</b>		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-
<b>Living Resources</b>		-	-	-	-	-	-	-	-	-
<b>TOTAL ASSET REGISTER SUMMARY - PPE</b>	5	<b>778,050</b>	<b>669,291</b>	<b>747,620</b>	<b>805,344</b>	<b>883,806</b>	<b>883,806</b>	<b>747,961</b>	<b>760,848</b>	<b>773,579</b>

### 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 &		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		10,501	11,152	11,152	11,152	11,152	12,825	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	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	22,760
Other water supply (at least min.service level)	4	40,759	43,329	43,329	43,329	43,329	49,828	49,828	49,828	49,828
<i>Minimum Service Level and Above sub-total</i>		81,518	86,657	86,657	86,657	86,657	99,656	99,656	99,656	99,656
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	32,300
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	1,600
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	33,900
<b>Total number of households</b>	5	<b>81,518</b>	<b>86,657</b>	<b>86,657</b>	<b>86,657</b>	<b>86,657</b>	<b>99,656</b>	<b>99,656</b>	<b>99,656</b>	<b>133,556</b>
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		9,154	9,721	9,721	9,721	9,721	10,693	10,693	10,693	10,693
Chemical toilet		16,174	17,177	17,177	17,177	17,177	18,895	18,895	18,895	18,895
Pit toilet (ventilated)		2,868	3,045	3,045	3,045	3,045	3,350	3,350	3,350	3,350
Other toilet provisions (> min.service level)		40,255	42,751	42,751	42,751	42,751	47,026	47,026	47,026	(986,109)
<i>Minimum Service Level and Above sub-total</i>		68,451	72,694	72,694	72,694	72,694	79,964	79,964	79,964	(953,171)
Bucket toilet		472	300	300	300	300	150	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	(14,671,305)
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		472	300	300	300	300	150	-	-	(14,671,305)
<b>Total number of households</b>	5	<b>68,923</b>	<b>72,994</b>	<b>72,994</b>	<b>72,994</b>	<b>72,994</b>	<b>80,114</b>	<b>79,964</b>	<b>79,964</b>	<b>(15,624,476)</b>
<b>Energy:</b>										
Electricity (at least min.service level)		116	156	146	107	107	107	107	108	108
Electricity - prepaid (min.service level)		963	963	1,018	1,056	1,056	1,056	1,056	1,056	1,056
<i>Minimum Service Level and Above sub-total</i>		1,079	1,119	1,164	1,163	1,163	1,163	1,163	1,164	1,164
Electricity (< min.service level)		116	156	146	107	107	107	107	108	108
Electricity - prepaid (< min. service level)		9,132,467	9,240,279	11,309,363	12,526,388	12,526,388	12,526,388	13,841,659	14,533,742	16,059,785
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		9,132,583	9,240,435	11,309,509	12,526,495	12,526,495	12,526,495	13,841,766	14,533,850	(15,703,346)
<b>Total number of households</b>	5	<b>9,133,662</b>	<b>9,241,554</b>	<b>11,310,673</b>	<b>12,527,658</b>	<b>12,527,658</b>	<b>12,527,658</b>	<b>13,842,929</b>	<b>14,535,014</b>	<b>(15,702,897)</b>
<b>Refuse:</b>										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week		4,601	4,601	4,601	4,695	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	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	9,390
<b>Total number of households</b>	5	<b>9,202</b>	<b>9,202</b>	<b>9,202</b>	<b>9,390</b>	<b>9,390</b>	<b>9,390</b>	<b>9,390</b>	<b>9,390</b>	<b>9,390</b>
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		59	59	59	59	59	59	59	59	59
Refuse (removed at least once a week)		2,012	2,012	2,012	2,241	-	2,241	2,590	2,590	2,590
Informal Settlements		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>										
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent household)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		11	11	11	11	-	11	11	11	11
Refuse (removed once a week for indigent households)		205	360	378	439	-	439	559	619	650
<b>Cost of Free Basic Services provided - Informal Form</b>		-	-	-	-	-	-	-	-	-
<b>Total cost of FBS provided</b>	8	<b>216</b>	<b>371</b>	<b>389</b>	<b>450</b>	<b>-</b>	<b>450</b>	<b>570</b>	<b>630</b>	<b>661</b>
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)		185,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000
Water (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		196	196	196	196	196	196	196	196	196
<b>Revenue cost of subsidised services provided</b>	9									
Property rates (tariff adjustment) (impermissible value)		15	15	15	15	15	15	15	15	15
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)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent)		-	-	-	-	-	(985)	-	(1,088)	(1,088)
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies	6	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Total revenue cost of subsidised services provided</b>		<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>15</b>	<b>(970)</b>	<b>15</b>	<b>(1,073)</b>	<b>(15,760)</b>

## 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 Of Alignment of

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 2026) 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 31<sup>st</sup> August 2026. Key dates applicable to the process were:

**August 2026** – 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 2026** – Review of National Policies and budget plans and potential price increase of bulk resources with function and department officials

**December 2026** - 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 2027** - 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 2027** – Multi-year budget proposals are submitted to the Mayoral Committee for endorsement.

**29 January 2027** - Council considers the 2025/26 Mid-year Review.

**February 2027** - 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 2027** – Council considers the 2025/26 Adjustment Budget

**February 2027** - 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 2027** - Tabling in Council of the 2026/27 IDP and Budget MTREF for public consultation.

**April 2027** – Public consultation.

**29<sup>th</sup> April 2027** - Closing date for written comments.

**01 April to 07 June 2027** – 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

**17<sup>th</sup> June 2027** - 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 28<sup>th</sup> May 2026 after community consultation **were held**, and hard copies **were** made available at customer care offices, municipal notice boards and various libraries. The opportunity to give electronic feedback **was** communicated on the Municipality's website, and the Municipality's call centre **was** engaged in collecting inputs via e-mail, fax and SMS.

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

Ward Committees **were** utilised to facilitate the community consultation process from 02 April to 30 April 2026, and include 8 public briefing sessions. The applicable dates and venues **were** published in all the local newspapers. This consultation was compared to the previous year's process. This then attributed to the additional initiatives which **were** launched during the consultation process, including the specific targeting of ratepayer associations. Individual sessions **were** scheduled with organised business and imbizo's **were** 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 PERFORMAN CE AREA	GOAL	MLM OBJECTIVE	STRATEGIC STRATEGIES	RESPONS IBLE DEPARTM
<b>GOOD GOVERNANCE AND PUBLIC PARTICIPATION</b>					
GGPP 01					Communit y services

GGPP 02	GOOD GOVERNANCE AND PUBLIC PARTICIPATION	TO FOSTER A CULTURE OF COMMUNITY INVOLVEMENT AND GOOD GOVERNANCE IN THE	2.3 Ensure a participative, transparent and	2.3.1 Improve the public participation processes	OMM
GGPP 03				2.3.2 Ensure the existence and functionality of the public participation	OMM
GGPP 04				2.3.3 Ensure functional municipal	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	TSD
BSD 03				1.1.2 Facilitate access to electricity for all	TSD
BSD 04				1.1.3 Reduce the road and storm-water	TSD
BSD 05				1.1.4 Facilitate the reduction of the housing	TSD
BSD 18				1.1.5 Provide efficient waste collection and	TSD
BSD 19				1.1.6 Maintain a functional	TSD
BSD 22				1.1.7 To prepare a 3 year capital infrastructure funding	TSD

IDP/POE REF	KEY PERFORMANCE AREA	GOAL	MLM STRATEGIC OBJECTIVE	STRATEGIES	RESPONSIBLE DEPARTMENT
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### FINANCIAL VIABILITY AND MANAGEMENT

FVM 01	FINANCIAL VIABILITY AND MANAGEMENT	TO DEVELOP A SUSTAINABLE AND EFFICIENT MUNICIPALITY	2.2 Ensure a financially viable	2.2.1 Improve the audit opinion	OMM
FVM 03				2.2.2 Ensure the IDP aligned financial	BTO
FVM 04				2.2.3 Effectively and efficiently manage the expenditure of the municipality	BTO

FVM 09		BASED ON SOUND FINANCIAL MANAGEMENT		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	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	CSPS
CSD 03				5.2.2 Ensure the municipal contribution to	CSPS
CSD 04				5.2.3 Improve on road safety	CSPS
CSD 05				5.2.4 Ensure the municipal contribution to	CSPS
CSD 06				5.3.2 Design and implement sports arts	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	3.1.1 Improve the community skills base	EDPHS
LED 03				3.1.2 Ensure the empowerment of youth, women and people living with	EDPHS
LED 04		4. Facilitate the creation of	4.1 Facilitating the creation of employment opportunities for skilled and	4.1.1 Implement the EPWP programme	EDPHS

LED 06		job opportunities		4.1.2 Strategically plan for the local economic development	EDPHS
				4.1.3 facilitate the implementation of the GMP	
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	

IDP/POE REF	KEY PERFORMANCE	GOAL	MLM STRATEGIC OBJECTIVE	STRATEGIES	RESPONSIBLE DEPARTMENT
<b>MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION</b>					
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	CSD
IDT 06				2.1.6 Improve on customer care	CSD
IDT 07				2.1.7 Maintain and improve municipal	CSD
IDT 08					
<b>BACK TO BASICS –Cross cutting measures</b>					
SDF 01	SPATIAL RATIONAL AND ENVIRONMENTAL MANAGEMENT	Promoting and facilitating environmental protection and sustainable spatial planning.	6.1 Realise a completely protected environment	6.1.1 Improve community awareness on environmental protection	EDPHS
				6.1.2 Implement the coastal management plan	
				6.2.1 Develop and adopt the disaster management plan	
			6.2.2 Create a community disaster		
SDF 02				6.3.1 Implement the SDF	EDPHS
				6.3.2 Implement the Dokodweni Local Area Development Plan	

SDF 03			6.3 Ensure an integrated and aligned development planning	6.3.3 Implement the Tugela Mouth Local Area Development Plan	EDPH
				6.3.4 Ensure the existence of the municipal land use	
				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**

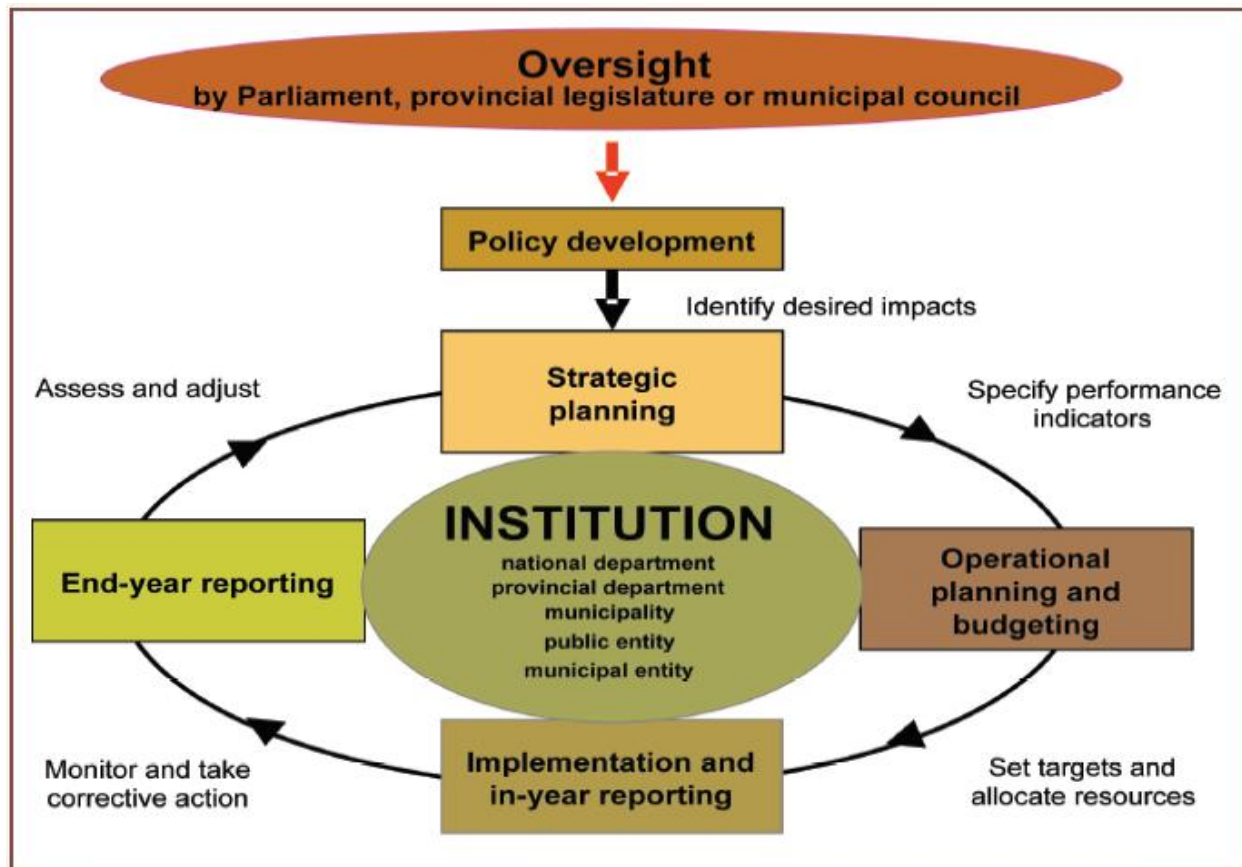
KZN291 Mandeni - Supporting Table SA4 Reconciliation of IDP strategic objectives and budget (revenue)												
Strategic Objective	MTDP Service Outcome	IUDF	Ref	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27	Medium Term	Revenue
				Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
R thousand												
	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)
<b>Allocations to other priorities</b>			2									
<b>Total Revenue (excluding capital transfers and contributions)</b>			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:

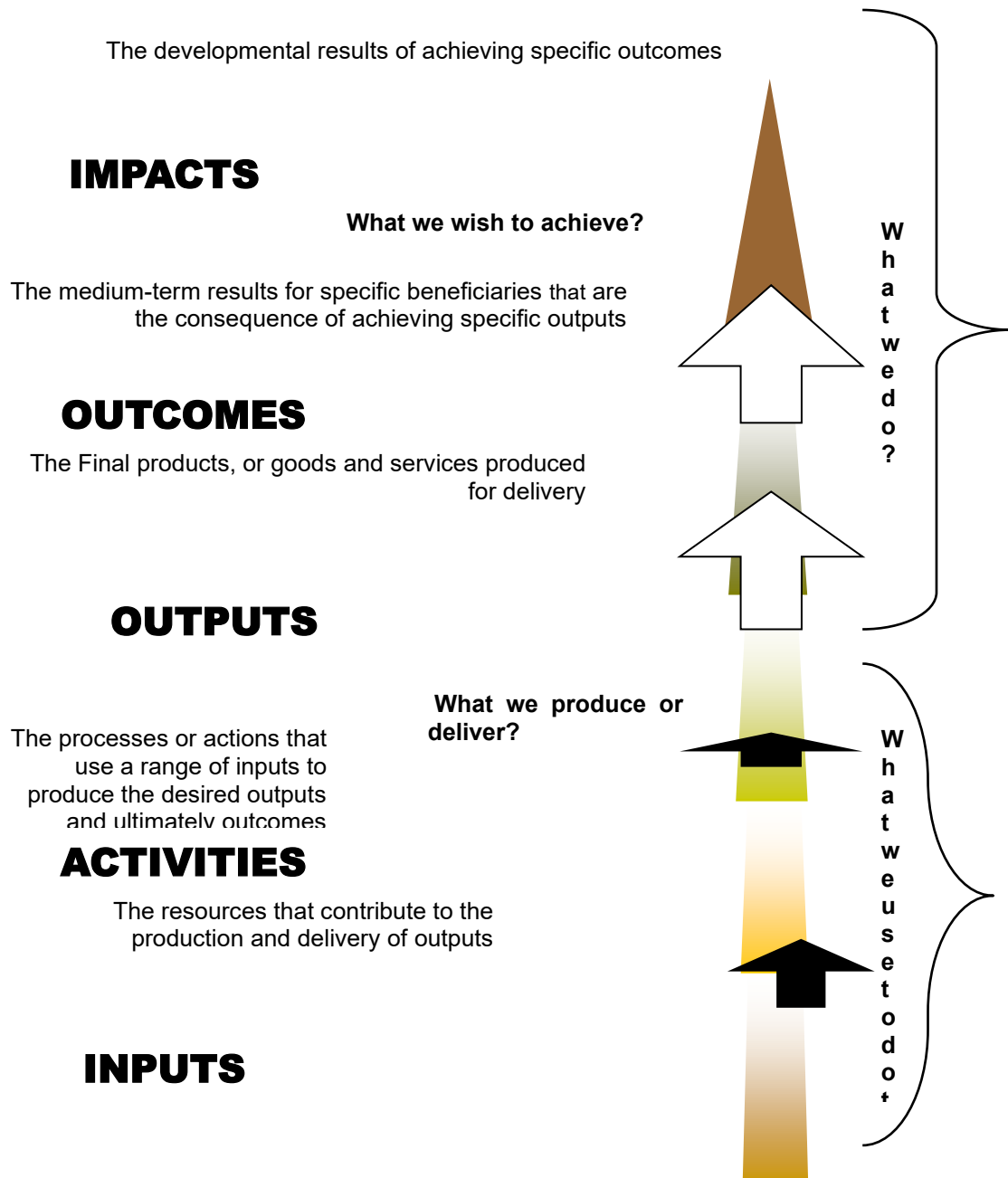


**Figure 2 Planning, budgeting and reporting cycle**

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
<b>Vote 1 - vote name</b>										
<b>Function 1 - (name)</b>										
<b>Sub-function 1 - (name)</b>										
<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%
<b>Sub-function 2 - (name)</b>	kilometres		23900.0%	25000.0%	25000.0%	25000.0%	27500.0%	29500.0%	29500.0%	29500.0%
<i>Insert measure/s description</i>										
<b>Sub-function 3 - (name)</b>										
<i>Insert measure/s description</i>	kilometres		7000.0%	9800.0%	9800.0%	9800.0%	8500.0%	8600.0%	8600.0%	8600.0%
<b>Function 2 - (name)</b>										
<b>Sub-function 1 - (name)</b>	kilometres		4500.0%	7500.0%	7500.0%	7500.0%	9500.0%	9880.0%	10295.0%	10747.9%
<i>Insert measure/s description</i>										
<b>Sub-function 2 - (name)</b>										
<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%
<b>Sub-function 3 - (name)</b>										
<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%
<b>Vote 2 - vote name</b>										
<b>Function 1 - (name)</b>	percentage		4500.0%	5500.0%	5500.0%	5500.0%	5500.0%	5720.0%	5960.2%	6222.5%
<b>Sub-function 1 - (name)</b>										
<i>Insert measure/s description</i>										
<b>Vote 3 - vote name</b>										
<b>Function 1 - (name)</b>										
<b>Sub-function 1 - (name)</b>										
<i>Insert measure/s description</i>										
<b>And so on for the rest of the Votes</b>										

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
<b>Borrowing Management</b>											
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%
<b>Safety of Capital</b>											
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%
<b>Liquidity</b>											
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
<b>Revenue Management</b>											
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%
<b>Creditors Management</b>											
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%
<b>Other Indicators</b>											
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%
<b>IDP regulation financial viability indicators</b>											
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	17.12	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. 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 In May 2026. 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 Budget and Virement Policy is currently has been reviewed and adopted by Council in May 2026.

### **2.7.5 Cash Management and Investment Policy**

The Municipality's Cash Management and Investment Policy have been currently adopted by Council in May 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**

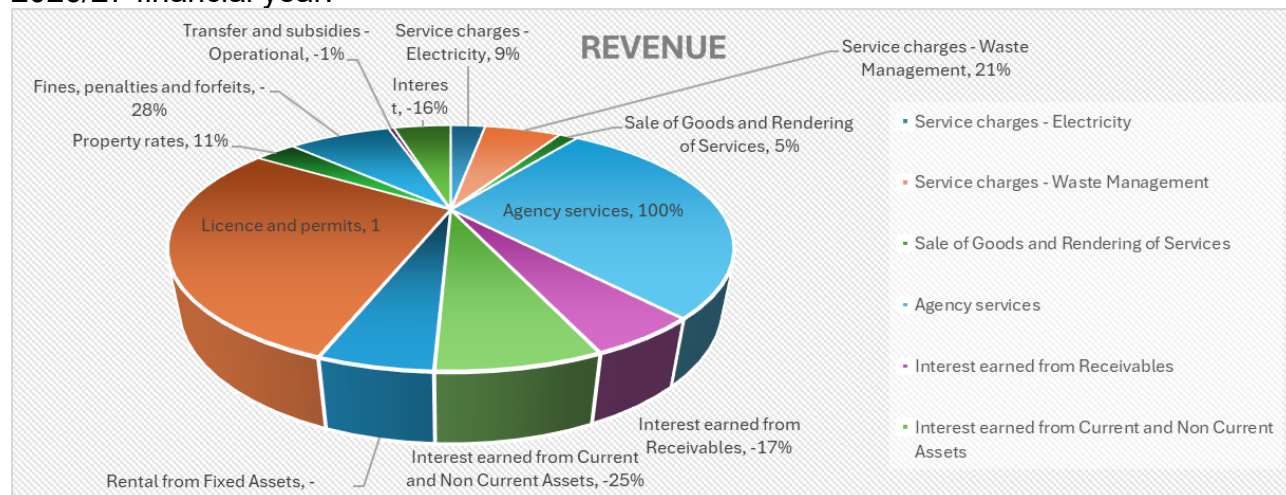
The following table is a breakdown of the operating revenue over the medium-term:

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

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

Description	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
<b>Revenue</b>											
<b>Exchange Revenue</b>											
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
<b>Non-Exchange Revenue</b>											
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		-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers a</b>		<b>401,560</b>	<b>422,381</b>	<b>430,797</b>	<b>454,622</b>	<b>463,028</b>	<b>463,028</b>	<b>382,097</b>	<b>473,913</b>	<b>482,742</b>	<b>506,492</b>

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
<b>Rand/cent</b>											
<b>Monthly Account for Household - 'Middle Income Range'</b>	1										
<b>Rates and services charges:</b>											
Property rates		51,762	58,321	63,942	64,913	64,913	64,913	0	67,120	69,402	71,762
Electricity: Basic levy		9,973	12,233	12,950	16,537	16,537	16,537	0	18,273	20,192	22,312
Electricity: Consumption		39,891	48,932	51,802	66,148	66,148	66,148	0	73,094	80,768	89,249
Water: Basic levy		0	0	0	0	0	0	0	0	0	0
Water: Consumption		0	0	0	0	0	0	0	0	0	0
Sanitation		0	0	0	0	0	0	0	0	0	0
Refuse removal		11,570	12,380	13,073	14,713	14,713	14,713	0	16,258	17,965	19,851
Other		0	0	0	0	0	0	0	0	0	0
<b>sub-total</b>		<b>113,196</b>	<b>131,866</b>	<b>141,767</b>	<b>162,311</b>	<b>162,311</b>	<b>162,311</b>	<b>0</b>	<b>174,745</b>	<b>188,328</b>	<b>203,174</b>
VAT on Services		0	0	0	0	0	0	0	0	0	0
<b>Total large household bill:</b>		<b>113,196</b>	<b>131,866</b>	<b>141,767</b>	<b>162,311</b>	<b>162,311</b>	<b>162,311</b>	<b>0</b>	<b>174,745</b>	<b>188,328</b>	<b>203,174</b>
<b>% increase/-decrease</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

Revenue to be generated from property rates amounts to R72.6 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 R119.5 million in the 2026/27 financial year (Electricity: R100.4 million and Waste Management: R19 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 R251.3 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 R20 million in 2026/27, R20.1 million in 2027/28, and R21.3 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 27 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
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:

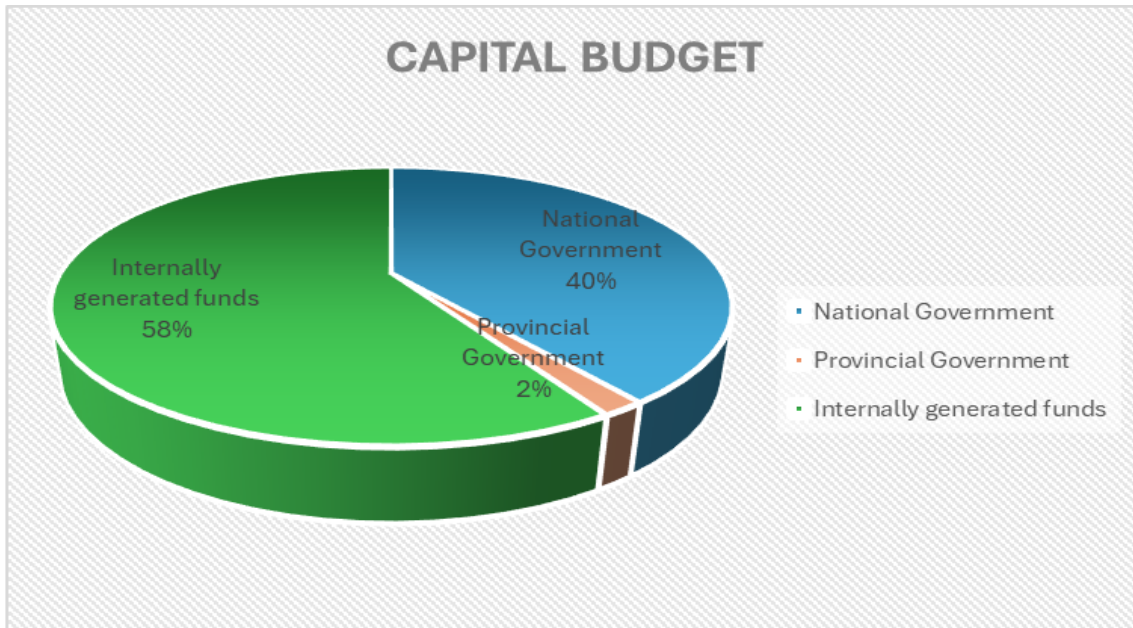
**Table 28 Sources of capital revenue over the MTREF**

KZN291 Mandeni - Table A5 Budgeted Capital Expenditure

Vote Description	Ref	Current Year 2025/26		2026/27 Medium Term Revenue & Expenditure					
		Adjusted Budget		Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29			
<b>R thousand</b>	1								
<b>Total Capital Expenditure - Functional</b>	3	126,749		117,102	66,798	68,936			
<b>Funded by:</b>									
National Government		50,763	40%	46,569	40%	22,424	35%	23,141	35%
Provincial Government		1,043	1%	2,030	2%	-	0%	-	0%
District Municipality		-		-		-		-	
Transfers and subsidies - capital (monetary allocations) (National Government)		-		-		-		-	
<b>Transfers recognised - capital</b>	4	51,806		48,599	22,424	23,141			
<b>Borrowing</b>	6	-		-	-	-		-	
<b>Internally generated funds</b>		74,943	59%	68,623	59%	42,218	65%	43,569	65%
<b>Total Capital Funding</b>	7	126,749	100%	117,222	100%	64,642	100%	66,711	100%

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 receipts equates to 42 per cent of the total funding source which represents R48.6 million for the 2026/27 financial year and steadily decreases to 35 per cent by 2027/28.

**Table 29 MBRR Table SA 18 - Capital 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 & 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										
<b>RECEIPTS</b>	1.2									
<b>Operating</b>										
<b>National Government</b>										
<b>Monetary Allocations</b>										
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 Prog	–	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
<b>Total Monetary Allocations</b>		<b>243,698</b>	<b>260,680</b>	<b>248,703</b>	<b>250,223</b>	<b>250,223</b>	<b>250,223</b>	<b>246,348</b>	<b>252,722</b>	<b>269,139</b>
<b>Total Operating/National Government</b>		<b>243,698</b>	<b>260,680</b>	<b>248,703</b>	<b>250,223</b>	<b>250,223</b>	<b>250,223</b>	<b>246,348</b>	<b>252,722</b>	<b>269,139</b>
<b>Provincial Government</b>										
KwaZulu-Natal_Capacity Building and	–	13,680	19,093	4,619	4,933	5,425	5,425	4,988	–	–
<b>Total Operating/Provincial Government</b>		<b>13,680</b>	<b>19,093</b>	<b>4,619</b>	<b>4,933</b>	<b>5,425</b>	<b>5,425</b>	<b>4,988</b>	<b>-</b>	<b>-</b>
<b>District Municipalities</b>										
<b>Monetary Allocations</b>										
Other transfers/grants [insert description]										
<b>Total Monetary Allocations</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Allocations In-kind</b>										
Other transfers/grants [insert description]										
<b>Total Allocations In-kind</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Operating/District Municipalities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Grant Providers</b>										
<b>Monetary Allocations</b>										
[insert description]										
<b>Total Monetary Allocations</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Allocations In-kind</b>										
[insert description]										
<b>Total Allocations In-kind</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Operating/Other Grant Providers</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Operating</b>	5	<b>257,378</b>	<b>279,773</b>	<b>253,322</b>	<b>255,156</b>	<b>255,648</b>	<b>255,648</b>	<b>251,336</b>	<b>252,722</b>	<b>269,139</b>
<b>Capital</b>										
<b>National Government</b>										
<b>Monetary Allocations</b>										
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 Prog	–	–	3,576	–	–	–	–	–	–	–
Municipal Disaster Recovery Grant	–	–	–	5,182	–	20,000	20,000	–	–	–
<b>Total Monetary Allocations</b>		<b>82,276</b>	<b>132,244</b>	<b>46,283</b>	<b>45,817</b>	<b>65,817</b>	<b>65,817</b>	<b>41,554</b>	<b>46,143</b>	<b>47,601</b>
<b>Total Capital/National Government</b>		<b>82,276</b>	<b>132,244</b>	<b>46,283</b>	<b>45,817</b>	<b>65,817</b>	<b>65,817</b>	<b>41,554</b>	<b>46,143</b>	<b>47,601</b>
<b>Provincial Government</b>										
<b>Monetary Allocations</b>										
KwaZulu-Natal_Infrastructure_Infrastr	–	50,633	50,633	–	–	1,000	1,000	2,335	2,066	2,132
<b>Total Monetary Allocations</b>		<b>50,633</b>	<b>50,633</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>1,000</b>	<b>2,335</b>	<b>2,066</b>	<b>2,132</b>
<b>Allocations In-kind</b>										
Other transfers/grants [insert descrip										
<b>Total Allocations In-kind</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital/Provincial Government</b>		<b>50,633</b>	<b>50,633</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>1,000</b>	<b>2,335</b>	<b>2,066</b>	<b>2,132</b>
<b>District Municipalities</b>										
<b>Monetary Allocations</b>										
KwaZulu-Natal_DC 29 - Ilembe_Infras	–	–	–	1,284	–	–	–	–	–	–
<b>Total Monetary Allocations</b>		<b>-</b>	<b>-</b>	<b>1,284</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Allocations In-kind</b>										
Other transfers/grants [insert description]										
<b>Total Allocations In-kind</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital/District Municipalities</b>		<b>-</b>	<b>-</b>	<b>1,284</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Grant Providers</b>										
<b>Monetary Allocations</b>										
[insert description]										
<b>Total Monetary Allocations</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Allocations In-kind</b>										
[insert description]										
<b>Total Allocations In-kind</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital/Other Grant Providers</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital</b>	5	<b>132,909</b>	<b>182,877</b>	<b>47,567</b>	<b>45,817</b>	<b>66,817</b>	<b>66,817</b>	<b>43,889</b>	<b>48,209</b>	<b>49,733</b>
<b>TOTAL RECEIPTS OF TRANSFERS AN</b>		<b>390,288</b>	<b>462,650</b>	<b>300,889</b>	<b>300,973</b>	<b>322,465</b>	<b>322,465</b>	<b>295,225</b>	<b>300,931</b>	<b>318,872</b>

## **GRANT RECEIPTS**

- **Equitable Share** Operational 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.
  - **MIG** Operational of R2,2 million
  - **MIG** Capital of R41,6 million
- **EPWP** Operational allocation is R 1.5 million which has been decreased by R 190 thousand.
- **FMG** Operational allocation is R 2.0 million which has been increased by R 100 thousand.
- **Library Grant** allocation is R 5.3 million (where Provincialization is R3,3 million and Community Library is R2 million) which has increased by R 501 thousand.
  - **Library** Operational allocation of R4,8 million
  - **Library** Capital allocation of R335 thousand
- **Disaster Recovery Grant** Capital allocation of R 0 has been received for the 2026/27 financial year. Whilst R20 million was received in the 2025/26 financial, 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.
- **EDTEA GRANT** Capital allocation of R2 million has been increased by R1 million
- **INEP** allocation is R 0, but budget provision has been made for two outer years.

### **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 30 MBRR Table A7 - Budget 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
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
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		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
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)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>1,087,019</b>	<b>1,442,512</b>	<b>60,870</b>	<b>62,299</b>	<b>70,457</b>	<b>70,457</b>	<b>(380,293)</b>	<b>74,281</b>	<b>110,829</b>	<b>112,850</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Insurance Refund - Capital		-	-	-	-	-	-	-	-	-	-
Interest on Short Term Investment (Greater than 90 days) and Long Term Investments		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Capital assets		-	-	-	(144,685)	(140,261)	(140,261)	-	(134,667)	(76,818)	(79,276)
Retention (Capital)		-	-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>(144,685)</b>	<b>(140,261)</b>	<b>(140,261)</b>	<b>-</b>	<b>(134,667)</b>	<b>(76,818)</b>	<b>(79,276)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
<b>Payments</b>											
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>1,087,019</b>	<b>1,442,512</b>	<b>60,870</b>	<b>(82,386)</b>	<b>(69,804)</b>	<b>(69,804)</b>	<b>(380,293)</b>	<b>(60,386)</b>	<b>34,011</b>	<b>33,574</b>
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

The above table shows that cash and cash equivalents of the Municipality will increase between the 2026/27 and 2027/28 financial year moving from a positive cash balance of R1.7 million to a surplus of R69.3 million with the approved 2027/28 MTREF. With the 2026/27 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.

The reduction in cash and cash equivalents is largely driven by capital expenditure incurred on the municipal building project. Funding for the project is sourced primarily from internally accumulated reserves, resulting in a deliberate utilization of available cash resources in line with approved budget allocations

## 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 may be a concern that requires closer examination.

**Table 31 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		
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
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	254,525	208,808	131,899	9,822	62,123	62,123	(148,394)	41,247	80,745	117,667
Other current investments > 90 days		-	-	-	-	-	-	-	-	-	-
Non current Investments	1	-	-	-	-	-	-	-	-	-	-
<b>Cash and investments available:</b>		<b>254,525</b>	<b>208,808</b>	<b>131,899</b>	<b>9,822</b>	<b>62,123</b>	<b>62,123</b>	<b>(148,394)</b>	<b>41,247</b>	<b>80,745</b>	<b>117,667</b>
<b>Application of cash and investments</b>											
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	(14,728)	12,168	11,551
Other working capital requirements	3	23,791	46,640	52,763	17,945	40,898	40,898	22,681	17,723	7,917	4,837
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
<b>Total Application of cash and investments:</b>		<b>99,900</b>	<b>112,918</b>	<b>118,661</b>	<b>(1,024)</b>	<b>37,967</b>	<b>37,967</b>	<b>125,243</b>	<b>5,283</b>	<b>34,846</b>	<b>31,619</b>
<b>Surplus(shortfall) - Excluding Non-Current Credit</b>		<b>154,625</b>	<b>95,890</b>	<b>13,238</b>	<b>10,846</b>	<b>24,157</b>	<b>24,157</b>	<b>(273,638)</b>	<b>35,964</b>	<b>45,899</b>	<b>86,048</b>
<b>Creditors transferred to Debt Relief - Non-Current</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Surplus(shortfall) - Including Non-Current Credito</b>		<b>154,625</b>	<b>95,890</b>	<b>13,238</b>	<b>10,846</b>	<b>24,157</b>	<b>24,157</b>	<b>(273,638)</b>	<b>35,964</b>	<b>45,899</b>	<b>86,048</b>

From the above table it can be seen that the cash and investments available total R35.9 million in the 2026/27 financial year and decreases to R45,7 million by 2028/29, including the projected cash and cash equivalents as determined in the cash flow forecast. The following is a breakdown of the application of this funding:

Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year.

There is no unspent borrowing from the previous financial years. 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.

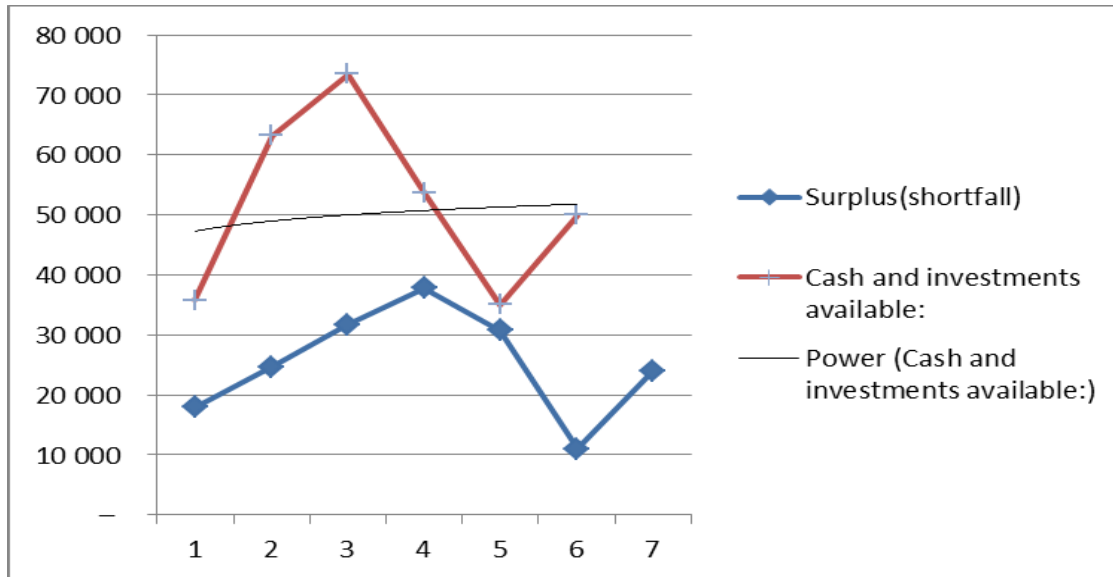
The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and 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 32 MBRR SA10 – Funding compliance measurement**

**KZN291 Mandeni Supporting Table SA10 Funding measurement**

Description	MFMA section	Ref	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>Funding measures</b>												
Cash/cash equivalents at the year end - R'000	18(1)b	1	254,525	208,808	131,899	9,822	62,123	62,123	(148,394)	41,247	80,745	117,667
Cash + investments at the yr end less applications - R'000	18(1)b	2	154,625	95,890	13,238	10,846	24,157	24,157	(273,638)	35,964	45,899	86,048
Cash year end/monthly employee/supplier payments	18(1)b	3	4.9	3.8	2.4	0.2	1.5	1.1	(2.7)	0.7	-	-
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	352,775	325,727	13,536	12,694	18,535	18,535	94,056	26,297	49,399	51,617
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	11.6%	1.5%	8.5%	(1.1%)	(6.0%)	(37.4%)	6.8%	(3.1%)	(2.8%)
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	35.0%	31.3%	27.4%	34.3%	35.2%	35.2%	5.0%	36.5%	106.8%	106.8%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	(1.7%)	4.6%	17.2%	19.8%	17.7%	17.7%	13.7%	15.6%	15.7%	15.3%
Capital payments % of capital expenditure	18(1)c,(19)	8	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c)	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gazetted allocations	18(1)a	10	-	-	-	-	-	-	-	0.0%	0.0%	0.0%
Current consumer debtors % change - incr/(decr)	18(1)a	11	N.A.	47.0%	3.8%	14.5%	(13.8%)	0.0%	(2.8%)	1.7%	6.3%	7.0%
Long term receivables % change - incr/(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	2.4%	3.2%	3.8%	4.4%	4.1%	4.1%	5.0%	4.4%	4.7%	0.0%
Asset renewal % of capital budget	20(1)(vi)	14	242.9%	166.0%	23.4%	6.7%	14.8%	14.8%	0.0%	19.5%	14.2%	14.2%
<b>Supporting indicators</b>												
% incr total service charges (incl prop rates)	18(1)a		0.0%	17.6%	7.5%	14.5%	4.9%	0.0%	(31.4%)	12.8%	2.9%	3.2%
% incr Property Tax	18(1)a		0.0%	15.1%	9.6%	1.5%	0.0%	0.0%	(28.3%)	11.9%	3.6%	3.2%
% incr Service charges - Electricity	18(1)a		0.0%	22.7%	5.9%	27.7%	9.7%	0.0%	(33.5%)	10.7%	3.0%	3.2%
% incr Service charges - Water	18(1)a		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% incr Service charges - Waste Water Management	18(1)a		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
% incr Service charges - Waste Management	18(1)a		0.0%	6.9%	5.6%	12.5%	0.0%	0.0%	(32.3%)	29.6%	(0.3%)	3.1%
% incr in Sale of Goods and Rendering of Services	18(1)a		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Total billable revenue	18(1)a		112,100	131,865	141,768	162,312	170,334	170,334	116,801	192,115	197,695	203,995
Service charges			112,100	131,865	141,768	162,312	170,334	170,334	116,801	192,115	197,695	203,995
Property rates			50,660	58,321	63,942	64,913	64,913	64,913	46,519	72,620	75,217	77,624
Service charges - electricity revenue			49,864	61,164	64,753	82,686	90,708	90,708	60,323	100,420	103,454	106,764
Service charges - water revenue			-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue			-	-	-	-	-	-	-	-	-	-
Service charges - refuse removal			11,577	12,380	13,073	14,713	14,713	14,713	9,958	19,075	19,024	19,606
Agency services			-	-	-	-	-	-	-	1,500	1,549	1,599
Capital expenditure excluding capital grant funding			80,703	87,873	126,192	90,538	74,943	74,943	33,765	68,623	42,218	43,569
Cash receipts from ratepayers	18(1)a		136,677	140,509	136,377	175,175	183,901	183,901	17,870	209,293	217,271	224,224
Ratepayer & Other revenue	18(1)a		391,021	449,178	497,814	510,085	521,716	521,716	357,812	574,019	203,458	209,943
Change in consumer debtors (current and non-current)			N/A	24,222	2,886	11,381	(12,398)	-	(2,165)	1,303	4,852	5,727
Operating and Capital Grant Revenue	18(1)a		268,494	297,074	300,678	300,973	314,376	314,376	277,821	307,225	300,931	318,872
Capital expenditure - total	20(1)(vi)		93,331	139,662	126,192	130,596	126,749	126,749	58,936	117,222	64,642	66,711
Capital expenditure - renewal	20(1)(vi)		226,672	231,818	29,591	8,787	18,717	18,717		22,813	9,194	9,488
<b>Supporting benchmarks</b>												
Growth guideline maximum			6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
CPI guideline			4.3%	3.9%	4.6%	5.0%	5.0%	5.0%	5.0%	5.4%	5.6%	5.4%
DoRA operating grants total MFY												
DoRA capital grants total MFY												
Provincial operating grants												
Provincial capital grants												
District Municipality grants												
Total gazetted/advised national, provincial and district grants												
Average annual collection rate (arrears inclusive)												
<b>DoRA operating</b>												
List operating grants												
<b>DoRA capital</b>												
List capital grants												
<b>Trend</b>												
Change in consumer debtors (current and non-current)			N/A	24,222	2,886	11,381	(12,398)	-	(2,165)	1,303	4,852	5,727

<b>Total Operating Revenue</b>		401,560	422,381	430,797	454,622	463,028	463,028	382,097	475,259	483,258	507,025
<b>Total Operating Expenditure</b>		338,084	395,659	464,929	487,944	504,021	504,021	314,415	504,851	482,068	505,141
<b>Operating Performance Surplus/(Deficit)</b>		63,476	26,722	(34,132)	(33,322)	(40,993)	(40,993)	67,682	(29,592)	1,190	1,884
<b>Cash and Cash Equivalents (30 June 2012)</b>								41,247			
<b>Revenue</b>											
% Increase in Total Operating Revenue			5.2%	2.0%	5.5%	1.8%	0.0%	(17.5%)	2.6%	1.7%	4.9%
% Increase in Property Rates Revenue			15.1%	9.6%	1.5%	0.0%	0.0%	(28.3%)	56.1%	3.6%	3.2%
% Increase in Electricity Revenue			22.7%	5.9%	27.7%	9.7%	0.0%	(33.5%)	10.7%	3.0%	3.2%
% Increase in Property Rates & Services Charges			17.6%	7.5%	14.5%	4.9%	0.0%	(31.4%)	12.8%	2.9%	3.2%
<b>Expenditure</b>											
% Increase in Total Operating Expenditure		0.0%	17.0%	17.5%	5.0%	3.3%	0.0%	(37.6%)	0.2%	(4.5%)	4.8%
% Increase in Employee Costs		0.0%	14.5%	17.1%	7.2%	(0.0%)	0.0%	(35.7%)	2.3%	3.1%	3.2%
% Increase in Electricity Bulk Purchases		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Average Cost Per Budgeted Employee Position (Remuneration)		0	210565.6205	505261.5194	510338.079	552306.6612	6716049	328049.1429	522184.8116	582569.3947	7310381.08
Average Cost Per Councillor (Remuneration)		0	0	432873.8571	486947.2	3408630.6	568105.1	289016.1143	506911.1429	3665474.8	630461.8
R&M % of PPE		2.4%	3.2%	3.8%	4.4%	4.1%	4.1%	5.0%	5.0%	4.4%	4.7%
Asset Renewal and R&M as a % of PPE		43.8%	64.5%	13.7%	16.6%	14.4%	14.4%	14.9%	14.9%	11.5%	11.9%
Debt Impairment % of Total Billable Revenue		(1.7%)	4.6%	17.2%	19.8%	17.7%	17.7%	13.7%	15.6%	15.7%	15.3%
<b>Capital Revenue</b>											
Internally Funded & Other (R'000)		80,703	87,873	-	90,538	74,943	74,943	33,765	68,623	42,218	43,569
Borrowing (R'000)		0	-	-	-	-	-	-	-	-	-
Grant Funding and Other (R'000)		12,628	51,789	-	40,058	51,806	51,806	25,171	48,599	22,424	23,141
Internally Generated funds % of Non Grant Funding		100.0%	100.0%	0.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing % of Non Grant Funding		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grant Funding % of Total Funding		13.5%	37.1%	0.0%	30.7%	40.9%	40.9%	42.7%	41.5%	34.7%	34.7%
<b>Capital Expenditure</b>											
Total Capital Programme (R'000)		93,331	139,662	126,192	130,596	126,749	126,749	58,936	117,222	64,642	66,711
Asset Renewal		321,620	408,915	73,866	97,944	91,021	91,021	-	74,311	53,725	55,445
Asset Renewal % of Total Capital Expenditure		344.6%	292.8%	0.0%	75.0%	71.8%	71.8%	0.0%	63.4%	83.1%	83.1%
<b>Cash</b>											
Cash Receipts % of Rate Payer & Other		35.0%	31.3%	27.4%	34.3%	35.2%	35.2%	5.0%	36.5%	106.8%	106.8%
Cash Coverage Ratio		0	0	0	0	0	0	(0)	0	-	-
<b>Borrowing</b>											
Most recent Credit Rating									0		
Capital Charges to Operating		0.1%	0.8%	0.7%	0.6%	0.6%	0.6%	0.0%	0.1%	0.1%	0.1%
Borrowing Receipts % of Capital Expenditure		0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Reserves</b>											
Uncommitted reserves after application of cash and investments		154,625	95,890	13,238	10,846	24,157	24,157	(273,638)	35,964	45,899	86,048
<b>Free Services</b>											
Free Basic Services as a % of Equitable Share		0.1%	0.2%	0.2%	0.2%	0.0%	0.2%	0.2%	0.2%	0.3%	0.2%
Free Services as a % of Operating Revenue (excl operational transfers)		0.0%	0.0%	0.0%	0.0%	0.0%	(0.5%)	0.0%	0.0%	(0.5%)	(6.6%)
<b>High Level Outcome of Funding Compliance</b>											
Total Operating Revenue		401,560	422,381	430,797	454,622	463,028	463,028	382,097	475,259	483,258	507,025
Total Operating Expenditure		338,084	395,659	464,929	487,944	504,021	504,021	314,415	504,851	482,068	505,141
Surplus/(Deficit) Budgeted Operating Statement		63,476	26,722	(34,132)	(33,322)	(40,993)	(40,993)	67,682	(29,592)	1,190	1,884
Surplus/(Deficit) Considering Reserves and Cash Backing		154,625	95,890	13,238	10,846	24,157	24,157	(273,638)	35,964	45,899	86,048
MTREF Funded (1) / Unfunded (0)	15	1	1	1	1	1	1	0	1	1	1
MTREF Funded ✓ / Unfunded ✖	15	✓	✓	✓	✓	✓	✓	✖	✓	✓	✓

### 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 R89 million, R45.7 million and R85.9 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 2026/27 to 2028/29, 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 09 MBRR SA34C on page 43.

#### **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 33 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		
		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										
<b>EXPENDITURE</b>	1									
<b>Operating</b>										
<b>National Government</b>										
<b>Monetary Allocations</b>										
Local Government Equit	–	212,818	230,823	243,588	244,198	244,198	244,198	240,637	248,435	264,752
EPWP Incentive	–	4,807	6,082	1,815	1,714	1,714	1,714	1,524	–	–
Integrated National Elect	–	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 C	–	17,023	17,023	–	2,411	2,411	2,411	2,187	2,187	2,187
<b>Total Monetary Allocation</b>		<b>243,698</b>	<b>262,978</b>	<b>248,703</b>	<b>250,223</b>	<b>250,223</b>	<b>250,223</b>	<b>246,348</b>	<b>252,722</b>	<b>269,139</b>
<b>Total Operating/National G</b>		<b>243,698</b>	<b>262,978</b>	<b>248,703</b>	<b>250,223</b>	<b>250,223</b>	<b>250,223</b>	<b>246,348</b>	<b>252,722</b>	<b>269,139</b>
<b>Provincial Government</b>										
KwaZulu-Natal	–	6,889	12,710	5,177	4,933	6,148	6,148	4,988	–	–
<b>Total Operating/Provincia</b>		<b>6,889</b>	<b>12,710</b>	<b>5,177</b>	<b>4,933</b>	<b>6,148</b>	<b>6,148</b>	<b>4,988</b>	<b>-</b>	<b>-</b>
<b>District Municipalities</b>										
<b>Monetary Allocations</b>										
Other transfers/grants [insert description]										
<b>Total Monetary Allocations</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Allocations In-kind</b>										
Other transfers/grants [insert description]										
<b>Total Allocations In-kind</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Operating/District Municipalities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Grant Providers</b>										
<b>Monetary Allocations</b>										
Other transfers/grants [insert description]										
<b>Total Monetary Allocation</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Allocations In-kind</b>										
Other transfers/grants [insert description]										
<b>Total Allocations In-kind</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Operating/Other Grant Providers</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total operating expenditure</b>		<b>250,588</b>	<b>275,688</b>	<b>253,880</b>	<b>255,156</b>	<b>256,371</b>	<b>256,371</b>	<b>251,336</b>	<b>252,722</b>	<b>269,139</b>
<b>Capital</b>										
<b>National Government</b>										
<b>Monetary Allocations</b>										
Other transfers/grants [insert description]										
Integrated National Elect	–	–	2,553	–	–	–	–	–	–	–
Municipal Disaster Reco	–	–	15,556	670	–	12,511	12,511	12,000	–	–
<b>Municipal Infrastructure C</b>	–	<b>(78,743)</b>	<b>117,558</b>	<b>(44,424)</b>	<b>45,817</b>	<b>45,817</b>	<b>45,817</b>	<b>41,554</b>	<b>46,143</b>	<b>47,601</b>
<b>Total National Governme</b>		<b>-</b>	<b>135,667</b>	<b>(43,753)</b>	<b>45,817</b>	<b>58,328</b>	<b>58,328</b>	<b>53,554</b>	<b>46,143</b>	<b>47,601</b>
<b>Provincial Government</b>										
<b>Monetary Allocations</b>										
Other transfers/grants [insert description]										
KwaZulu-Natal	–	56,406	56,964	558	–	1,000	1,000	2,335	2,066	2,132
<b>Total Monetary Allocation</b>		<b>56,406</b>	<b>56,964</b>	<b>558</b>	<b>-</b>	<b>1,000</b>	<b>1,000</b>	<b>2,335</b>	<b>2,066</b>	<b>2,132</b>
<b>Total Provincial Governm</b>		<b>56,406</b>	<b>56,964</b>	<b>558</b>	<b>-</b>	<b>1,000</b>	<b>1,000</b>	<b>2,335</b>	<b>2,066</b>	<b>2,132</b>
<b>District Municipalities</b>										
<b>Monetary Allocations</b>										
Other transfers/grants [insert description]										
<b>Total Monetary Allocations</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Allocations In-kind</b>										
Other transfers/grants [insert description]										
KwaZulu-Natal-DC 29 - I	–	–	–	1,284	–	–	–	–	–	–
<b>Total Allocations In-kind</b>		<b>-</b>	<b>-</b>	<b>1,284</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital/District Municipalities</b>		<b>-</b>	<b>-</b>	<b>1,284</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Grant Providers</b>										
<b>Monetary Allocations</b>										
Other transfers/grants [insert description]										
<b>Total Monetary Allocation</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Allocations In-kind</b>										
National Departmental A	–	–	–	–	–	–	–	–	–	–
<b>Total Allocations In-kind</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital/Other Grant</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total capital expenditure</b>		<b>56,406</b>	<b>192,631</b>	<b>(43,196)</b>	<b>45,817</b>	<b>59,328</b>	<b>59,328</b>	<b>55,889</b>	<b>48,209</b>	<b>49,733</b>
<b>TOTAL EXPENDITURE OF</b>		<b>228,251</b>	<b>468,318</b>	<b>210,684</b>	<b>300,973</b>	<b>315,699</b>	<b>315,699</b>	<b>307,225</b>	<b>300,931</b>	<b>318,872</b>

**Table 34 MBRR SA 20 - Reconciliation between 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		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>Operating transfers and grants:</b>	1,3									
<b>Monetary Allocations</b>										
Balance unspent at beginning of the year										
Current year receipts		30,880	29,857	5,115	6,025	6,025	6,025	5,711	4,287	4,387
Repayment of grants										
<b>Conditions met - transferred to revenue</b>		-	(2,298)	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		30,880	32,155	5,115	6,025	6,025	6,025	5,711	4,287	4,387
<b>Provincial Government:</b>										
Balance unspent at beginning of the year										
Current year receipts		13,680	19,093	4,619	4,933	5,425	5,425	4,988	-	-
<b>Conditions met - transferred to revenue</b>		6,790	6,383	(558)	-	(723)	(723)	-	-	-
Conditions still to be met - transferred to liabilities		6,889	12,710	5,177	4,933	6,148	6,148	4,988	-	-
<b>District Municipality:</b>										
Balance unspent at beginning of the year										
Current year receipts		-	-	-	-	-	-	-	-	-
<b>Conditions met - transferred to revenue</b>		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>										
Balance unspent at beginning of the year										
Current year receipts		-	-	-	-	-	-	-	-	-
<b>Conditions met - transferred to revenue</b>		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
<b>Total operating transfers and grants revenue</b>		6,790	4,085	(558)	-	(723)	(723)	-	-	-
<b>Total operating transfers and grants - CTBM</b>	2	37,769	44,865	10,292	10,958	12,173	12,173	10,699	4,287	4,387
<b>Capital transfers and grants:</b>	1,3									
<b>Monetary Allocations</b>										
Balance unspent at beginning of the year										
Current year receipts		82,276	132,244	46,283	45,817	65,817	65,817	41,554	46,143	47,601
<b>Conditions met - transferred to revenue</b>		161,019	14,686	90,706	-	20,000	20,000	-	-	-
Conditions still to be met - transferred to liabilities		(78,743)	117,558	(44,424)	45,817	45,817	45,817	41,554	46,143	47,601
<b>Provincial Government:</b>										
Balance unspent at beginning of the year										
Current year receipts		50,633	50,633	-	-	1,000	1,000	2,335	2,066	2,132
<b>Conditions met - transferred to revenue</b>		(5,773)	(6,330)	(558)	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		56,406	56,964	558	-	1,000	1,000	2,335	2,066	2,132
<b>District Municipality:</b>										
Balance unspent at beginning of the year										
Current year receipts		-	-	1,284	-	-	-	-	-	-
<b>Conditions met - transferred to revenue</b>		-	-	1,284	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b>										
Balance unspent at beginning of the year										
Current year receipts		-	-	-	-	-	-	-	-	-
<b>Conditions met - transferred to revenue</b>		-	-	-	-	-	-	-	-	-
Conditions still to be met - transferred to liabilities		-	-	-	-	-	-	-	-	-
<b>Total capital transfers and grants revenue</b>		155,247	8,356	91,433	-	20,000	20,000	-	-	-
<b>Total capital transfers and grants - CTBM</b>	2	(22,337)	174,522	(43,866)	45,817	46,817	46,817	43,889	48,209	49,733
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>		162,037	12,441	90,875	-	19,277	19,277	-	-	-
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>		15,432	219,386	(33,574)	56,775	58,990	58,990	54,588	52,496	54,120

**2.11 Councilors and employee benefits**

**Table 35 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
<b>Councillors (Political Office Bearers plus Other)</b>	1									
<b>Allowances and Service Related Benefits</b>										
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		-	-	-	-	-	-	-	-	-
<b>Total Allowances and Service Related Benefits</b>		<b>14,325</b>	<b>14,955</b>	<b>15,151</b>	<b>17,043</b>	<b>17,043</b>	<b>17,043</b>	<b>17,742</b>	<b>18,327</b>	<b>18,914</b>
<b>Social Contributions</b>										
Medical Aid Benefits		-	-	-	-	-	-	-	-	-
Pension Fund Contributions		-	-	-	-	-	-	-	-	-
<b>Total Social Contributions</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Councillors</b>		<b>14,325</b>	<b>14,955</b>	<b>15,151</b>	<b>17,043</b>	<b>17,043</b>	<b>17,043</b>	<b>17,742</b>	<b>18,327</b>	<b>18,914</b>
<b>% increase</b>	4		4.4%	1.3%	12.5%	0.0%	-	4.1%	3.3%	3.2%
<b>Senior Managers of the Municipality</b>	2									
<b>Salaries and Allowances</b>										
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
<b>Allowance</b>										
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		-	-	-	-	-	-	-	-	-
<b>Total Allowance</b>		<b>1,083</b>	<b>1,448</b>	<b>1,708</b>	<b>1,965</b>	<b>1,965</b>	<b>1,965</b>	<b>2,062</b>	<b>2,138</b>	<b>2,206</b>
<b>Service Related Benefits</b>										
<b>Total Service Related Benefits</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Salaries and Allowances</b>		<b>5,870</b>	<b>5,693</b>	<b>11,033</b>	<b>8,197</b>	<b>8,667</b>	<b>8,667</b>	<b>9,032</b>	<b>9,390</b>	<b>9,690</b>
<b>Social Contributions</b>										
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
<b>Total Social Contributions</b>		<b>3</b>	<b>165</b>	<b>270</b>	<b>165</b>	<b>203</b>	<b>203</b>	<b>211</b>	<b>220</b>	<b>227</b>
<b>Post-retirement Benefit</b>	6									
Medical		1,443	5,131	5,617	3,923	3,923	3,923	4,199	3,400	3,500
Other Benefits		-	-	-	-	-	-	-	-	-
Pension		-	-	-	-	-	-	-	-	-
<b>Total Post-retirement Benefit</b>		<b>1,443</b>	<b>5,131</b>	<b>5,617</b>	<b>3,923</b>	<b>3,923</b>	<b>3,923</b>	<b>4,199</b>	<b>3,400</b>	<b>3,500</b>
Costs Capitalised to PPE		-	-	-	-	-	-	-	-	-
<b>Sub Total - Senior Managers of Municipality</b>	4	<b>7,316</b>	<b>10,989</b>	<b>16,920</b>	<b>12,285</b>	<b>12,793</b>	<b>12,793</b>	<b>13,442</b>	<b>13,010</b>	<b>13,417</b>
<b>% increase</b>			50.2%	54.0%	(27.4%)	4.1%	-	5.1%	(3.2%)	3.1%
<b>Other Municipal Staff</b>	4									
<b>Salaries and Allowances</b>										
Basic Salary		74,961	83,417	96,503	105,238	100,927	100,927	103,676	107,777	111,226
Bonuses		-	-	-	-	-	-	-	-	-
<b>Allowance</b>										
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		-	-	-	-	-	-	-	-	-
<b>Total Allowance</b>		<b>5,508</b>	<b>5,683</b>	<b>6,097</b>	<b>7,397</b>	<b>7,415</b>	<b>7,415</b>	<b>7,004</b>	<b>7,244</b>	<b>7,476</b>
<b>Service Related Benefits</b>										
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		-	-	-	-	-	-	-	-	-
<b>Total Service Related Benefits</b>		<b>12,832</b>	<b>14,687</b>	<b>18,010</b>	<b>14,169</b>	<b>16,788</b>	<b>16,788</b>	<b>17,106</b>	<b>17,643</b>	<b>18,208</b>
<b>Total Salaries and Allowances</b>		<b>83,301</b>	<b>103,788</b>	<b>120,610</b>	<b>126,804</b>	<b>125,130</b>	<b>125,130</b>	<b>127,786</b>	<b>132,664</b>	<b>136,910</b>
<b>Social Contributions</b>										
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
<b>Total Social Contributions</b>		<b>17,788</b>	<b>19,973</b>	<b>23,624</b>	<b>24,503</b>	<b>25,668</b>	<b>25,668</b>	<b>26,673</b>	<b>27,704</b>	<b>28,591</b>
<b>Post-retirement Benefit</b>	6									
Medical		(1,651)	(1,041)	(1,123)	-	-	-	-	-	-
Other Benefits		-	-	-	-	-	-	-	-	-
Pension		-	-	-	4,310	4,310	4,310	3,898	3,723	3,842
<b>Total Post-retirement Benefit</b>		<b>(1,651)</b>	<b>(1,041)</b>	<b>(1,123)</b>	<b>4,310</b>	<b>4,310</b>	<b>4,310</b>	<b>3,898</b>	<b>3,723</b>	<b>3,842</b>
Costs Capitalised to PPE		-	-	-	-	-	-	-	-	-
<b>Sub Total - Other Municipal Staff</b>	4	<b>109,438</b>	<b>122,720</b>	<b>143,111</b>	<b>155,617</b>	<b>155,108</b>	<b>155,108</b>	<b>158,357</b>	<b>164,091</b>	<b>169,342</b>
<b>% increase</b>			12.1%	16.6%	8.7%	(0.3%)	-	2.1%	3.6%	3.2%
<b>Total Parent Municipality</b>		<b>131,079</b>	<b>148,664</b>	<b>175,181</b>	<b>184,944</b>	<b>184,944</b>	<b>184,944</b>	<b>189,541</b>	<b>195,428</b>	<b>201,673</b>
<b>Total Municipal Entities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>131,079</b>	<b>148,664</b>	<b>175,181</b>	<b>184,944</b>	<b>184,944</b>	<b>184,944</b>	<b>189,541</b>	<b>195,428</b>	<b>201,673</b>
<b>% increase</b>	4		13.4%	17.8%	5.6%	(0.0%)	-	2.5%	3.1%	3.2%
<b>TOTAL MANAGERS AND STAFF</b>	5.7	<b>116,754</b>	<b>133,709</b>	<b>160,030</b>	<b>167,901</b>	<b>167,901</b>	<b>167,901</b>	<b>171,799</b>	<b>177,101</b>	<b>182,760</b>

**Table 36 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.
<b>Councillors</b>	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
<b>Total Councillors</b>	8	35	15,017,478	-	2,724,412			17,741,890
<b>Senior Managers of the Municipality</b>	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								-
								-
								-
<b>Total Senior Managers of the Municipality</b>	8,10	6	9,944,819	1,016,956	1,813,059	667,223		13,442,057
<b>A Heading for Each Entity</b>	6,7							
List each member of board by designation								-
								-
<b>Total for municipal entities</b>	8,10	-	-	-	-	-		-
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	10	41	24,962,297	1,016,956	4,537,471	667,223		31,183,947

**Table 37 MBRR SA30 - Budgeted monthly cash flow**

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
<b>Cash Receipts By Source</b>													1			
Property rates	2,971	18,150	2,971	2,971	2,971	2,971	2,971	2,971	2,971	2,971	2,971	2,971	2,974	50,834	52,652	54,337
Service charges - electricity revenue	8,456	8,456	8,456	8,456	8,456	8,456	8,456	8,456	8,456	8,456	8,456	8,456	8,456	101,468	112,844	116,455
Service charges - water revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	1,621	1,621	1,621	1,621	1,621	1,621	1,621	1,621	1,621	1,621	1,621	1,621	1,621	19,447	13,227	13,650
Rental of facilities and equipment	62	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	1,667	20,000	20,660	21,321
Interest earned - outstanding debtors	281	281	281	281	281	281	281	281	281	281	281	281	281	3,376	2,364	129
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	89	89	89	89	89	89	89	89	89	89	89	89	89	1,071	888	916
Licences and permits	86	86	86	86	86	86	86	86	86	86	86	86	86	1,032	1,048	1,082
Agency services	144	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	-	-	108,209	-	-	0	251,336	252,722	269,139	
Other revenue	2,748	2,748	2,748	2,748	2,748	2,748	2,748	2,748	2,748	2,748	2,748	2,748	2,748	32,976	34,066	35,156
<b>Cash Receipts by Source</b>	<b>123,586</b>	<b>33,303</b>	<b>18,124</b>	<b>18,124</b>	<b>18,124</b>	<b>55,789</b>	<b>18,124</b>	<b>18,124</b>	<b>126,333</b>	<b>18,124</b>	<b>18,124</b>	<b>18,127</b>	<b>484,005</b>	<b>493,017</b>	<b>514,812</b>	
<b>Other Cash Flows by Source</b>																
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	18,434	-	-	-	-	6,583	-	-	18,872	-	-	(0)	43,889	48,209	49,733	
<b>Total Cash Receipts by Source</b>	<b>142,020</b>	<b>33,303</b>	<b>18,124</b>	<b>18,124</b>	<b>18,124</b>	<b>62,372</b>	<b>18,124</b>	<b>18,124</b>	<b>145,205</b>	<b>18,124</b>	<b>18,124</b>	<b>18,127</b>	<b>527,894</b>	<b>541,226</b>	<b>564,546</b>	
<b>Cash Payments by Type</b>																
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	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	1,478	17,742	18,327	18,914
Finance charges	50	50	50	50	50	50	50	50	50	50	50	50	50	600	620	640
Bulk purchases - Electricity	9,280	9,280	9,280	9,280	9,280	9,280	9,280	9,280	9,280	9,280	9,280	9,280	9,280	111,358	91,976	94,919
Acquisition inventory - water and other	358	358	358	358	358	358	358	358	358	358	358	358	358	4,295	5,255	5,365
Contracted services	8,305	8,305	8,305	8,305	8,305	8,305	8,305	8,305	8,305	8,305	8,305	8,305	8,305	99,663	88,512	93,048
Transfers and subsidies - other municipal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - other	167	167	167	167	167	167	167	167	167	167	167	167	167	2,000	2,066	2,132
Other expenditure	5,610	5,610	5,610	5,610	5,610	5,610	5,610	5,610	5,610	5,610	5,610	5,610	5,610	67,321	42,179	51,732
<b>Cash Payments by Type</b>	<b>39,674</b>	<b>39,674</b>	<b>39,674</b>	<b>39,674</b>	<b>39,674</b>	<b>39,674</b>	<b>39,674</b>	<b>39,674</b>	<b>39,674</b>	<b>39,674</b>	<b>39,674</b>	<b>39,674</b>	<b>476,089</b>	<b>427,389</b>	<b>450,907</b>	
<b>Other Cash Flows/Payments by Type</b>																
Capital assets	11,234	11,234	11,234	11,234	11,234	11,234	11,234	11,234	11,234	11,234	11,234	11,234	11,234	134,805	74,338	76,717
Retention (Capital)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Payments by Type</b>	<b>50,908</b>	<b>50,908</b>	<b>50,908</b>	<b>50,908</b>	<b>50,908</b>	<b>50,908</b>	<b>50,908</b>	<b>50,908</b>	<b>50,908</b>	<b>50,908</b>	<b>50,908</b>	<b>50,908</b>	<b>610,894</b>	<b>501,728</b>	<b>527,624</b>	
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>91,112</b>	<b>(17,605)</b>	<b>(32,784)</b>	<b>(32,784)</b>	<b>(32,784)</b>	<b>11,464</b>	<b>(32,784)</b>	<b>(32,784)</b>	<b>94,297</b>	<b>(32,784)</b>	<b>(32,784)</b>	<b>(32,781)</b>	<b>(83,000)</b>	<b>39,498</b>	<b>36,922</b>	
Cash/cash equivalents at the month/year	124,247	215,359	197,754	164,970	132,186	99,402	110,866	78,082	45,299	139,596	106,812	74,028	124,247	41,247	80,745	
Cash/cash equivalents at the month/year	215,359	197,754	164,970	132,186	99,402	110,866	78,082	45,299	139,596	106,812	74,028	41,247	41,247	80,745	117,667	

## **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.

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		
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
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		<b>7,788</b>	<b>11,236</b>	<b>11,621</b>	<b>7,582</b>	<b>5,745</b>	<b>5,745</b>	<b>4,917</b>	-	-
Roads Infrastructure		7,661	7,886	7,996	4,913	4,043	4,043	3,478	-	-
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	2,174	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
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	-	-
Boreholes		-	-	-	-	-	-	261	-	-
Sanitation Infrastructure		-	-	140	-	-	-	-	-	-
Toilet Facilities		-	-	140	-	-	-	-	-	-
Capital Spares		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	1,500	1,560	1,626	1,267	1,267	1,178	-	-
Landfill Sites		-	-	-	-	-	-	-	-	-
Waste Transfer Stations		-	-	-	756	397	397	-	-	-
Waste Processing Facilities		-	-	-	-	-	-	-	-	-
Waste Drop-off Points		-	1,500	1,560	870	870	870	1,178	-	-
Coastal Infrastructure		-	-	-	174	0	0	-	-	-
Capital Spares		-	-	-	174	0	0	-	-	-
<b>Community Assets</b>		<b>14,792</b>	<b>30,610</b>	<b>11,507</b>	<b>12,360</b>	<b>17,125</b>	<b>17,125</b>	<b>31,411</b>	<b>10,917</b>	<b>11,266</b>
Community Facilities		11,048	23,398	4,665	9,053	9,647	9,647	5,225	180	185
Halls		-	137	1,889	7,880	7,920	7,920	2,616	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		-	-	-	-	-	-	-	-	-
<b>Other assets</b>		<b>-</b>	<b>1,723</b>	<b>10,839</b>	<b>435</b>	<b>1,826</b>	<b>1,826</b>	<b>1,252</b>	<b>-</b>	<b>-</b>
Operational Buildings		-	1,723	10,839	435	1,826	1,826	1,252	-	-
Municipal Offices		-	1,723	10,426	435	435	435	-	-	-
Yards		-	-	413	-	1,391	1,391	1,252	-	-
<b>Intangible Assets</b>		<b>-</b>	<b>2,124</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	2,124	-	-	-	-	-	-	-
Computer Software and Application		-	2,124	-	-	-	-	-	-	-
<b>Computer Equipment</b>		<b>-</b>	<b>1,030</b>	<b>1,009</b>	<b>1,570</b>	<b>817</b>	<b>817</b>	<b>378</b>	<b>-</b>	<b>-</b>
Computer Equipment		-	1,030	1,009	1,570	817	817	378	-	-
<b>Furniture and Office Equipment</b>		<b>51,998</b>	<b>52,559</b>	<b>1,240</b>	<b>765</b>	<b>752</b>	<b>752</b>	<b>1,174</b>	<b>-</b>	<b>-</b>
Furniture and Office Equipment		51,998	52,559	1,240	765	752	752	1,174	-	-
<b>Machinery and Equipment</b>		<b>-</b>	<b>8,676</b>	<b>1,473</b>	<b>9,940</b>	<b>9,462</b>	<b>9,462</b>	<b>996</b>	<b>-</b>	<b>-</b>
Machinery and Equipment		-	8,676	1,473	9,940	9,462	9,462	996	-	-
<b>Transport Assets</b>		<b>-</b>	<b>18,989</b>	<b>14,647</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,783</b>	<b>-</b>	<b>-</b>
Transport Assets		-	18,989	14,647	-	-	-	2,783	-	-
<b>Total Capital Expenditure</b>	<b>1</b>	<b>74,579</b>	<b>126,946</b>	<b>52,336</b>	<b>32,652</b>	<b>35,728</b>	<b>35,728</b>	<b>42,911</b>	<b>10,917</b>	<b>11,266</b>

**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		
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
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		<b>88,983</b>	<b>98,122</b>	<b>28,744</b>	<b>4,439</b>	<b>16,943</b>	<b>16,943</b>	<b>19,335</b>	<b>9,194</b>	<b>9,488</b>
Roads Infrastructure		66,178	74,697	23,929	3,913	16,943	16,943	19,335	9,194	9,488
<i>Roads</i>		–	8,520	23,929	3,913	16,943	16,943	19,335	9,194	9,488
<i>Road Structures</i>		47,178	47,178	–	–	–	–	–	–	–
<i>Road Furniture</i>		18,999	18,999	–	–	–	–	–	–	–
Storm water Infrastructure		–	410	4,436	–	–	–	–	–	–
<i>Drainage Collection</i>		–	410	4,436	–	–	–	–	–	–
Electrical Infrastructure		22,805	23,015	380	526	0	0	–	–	–
<i>MV Networks</i>		15,362	15,572	380	526	0	0	–	–	–
<i>LV Networks</i>		7,443	7,443	–	–	–	–	–	–	–
<b>Community Assets</b>		<b>53,395</b>	<b>53,395</b>	<b>847</b>	<b>4,348</b>	<b>1,774</b>	<b>1,774</b>	<b>3,478</b>	–	–
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>Libraries</i>		7,386	7,386	–	–	–	–	–	–	–
<i>Stalls</i>		2,266	2,266	847	4,348	1,774	1,774	3,478	–	–
<b>Computer Equipment</b>		<b>7,116</b>	<b>6,257</b>	–	–	–	–	–	–	–
Computer Equipment		7,116	6,257	–	–	–	–	–	–	–
<b>Furniture and Office Equipment</b>		<b>8,121</b>	<b>7,915</b>	–	–	–	–	–	–	–
Furniture and Office Equipment		8,121	7,915	–	–	–	–	–	–	–
<b>Machinery and Equipment</b>		<b>21,441</b>	<b>20,245</b>	–	–	–	–	–	–	–
Machinery and Equipment		21,441	20,245	–	–	–	–	–	–	–
<b>Transport Assets</b>		<b>47,616</b>	<b>45,884</b>	–	–	–	–	–	–	–
Transport Assets		47,616	45,884	–	–	–	–	–	–	–
<b>Total Capital Expenditure on re</b>	<b>1</b>	<b>226,672</b>	<b>231,818</b>	<b>29,591</b>	<b>8,787</b>	<b>18,717</b>	<b>18,717</b>	<b>22,813</b>	<b>9,194</b>	<b>9,488</b>
<b>Renewal of Existing Assets as % of total</b>		57.2%	43.3%	23.4%	6.7%	14.8%	14.8%	19.5%	14.2%	14.2%
<b>Renewal of Existing Assets as % of depr</b>		754.0%	736.2%	78.2%	24.2%	51.6%	51.6%	59.0%	23.8%	23.8%

**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
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>										
<b>Infrastructure</b>		<b>13,528</b>	<b>14,325</b>	<b>18,304</b>	<b>21,802</b>	<b>22,706</b>	<b>22,706</b>	<b>24,964</b>	<b>22,746</b>	<b>25,431</b>
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 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	5,877	3,499	5,438
Landfill Sites		–	–	–	–	–	–	–	–	–
Waste Transfer Stations		–	–	–	–	–	–	–	–	–
Waste Processing Facilities		3,059	3,421	4,343	5,565	5,915	5,915	5,877	3,499	5,438
Information and Communication Infrast		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
<b>Community Assets</b>		<b>1,089</b>	<b>1,843</b>	<b>1,914</b>	<b>2,885</b>	<b>3,001</b>	<b>3,001</b>	<b>2,620</b>	<b>2,706</b>	<b>2,799</b>
Community Facilities		52	207	66	363	479	479	120	124	128
Halls		–	107	–	–	–	–	–	–	–
Libraries		3	–	46	213	213	213	20	21	21
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
<b>Other assets</b>		<b>91</b>	<b>30</b>	<b>–</b>	<b>348</b>	<b>174</b>	<b>174</b>	<b>250</b>	<b>258</b>	<b>267</b>
Operational Buildings		91	30	–	348	174	174	250	258	267
Municipal Offices		91	30	–	348	174	174	250	258	267
<b>Machinery and Equipment</b>		<b>3,970</b>	<b>5,289</b>	<b>8,094</b>	<b>10,438</b>	<b>9,916</b>	<b>9,916</b>	<b>9,113</b>	<b>7,952</b>	<b>7,794</b>
Machinery and Equipment		3,970	5,289	8,094	10,438	9,916	9,916	9,113	7,952	7,794
<b>Total Repairs and Maintena</b>	<b>1</b>	<b>18,677</b>	<b>21,486</b>	<b>28,312</b>	<b>35,473</b>	<b>35,797</b>	<b>35,797</b>	<b>36,947</b>	<b>33,664</b>	<b>36,291</b>
<b>R&amp;M as a % of PPE &amp; Investment Property</b>		<b>3.4%</b>	<b>3.8%</b>	<b>4.5%</b>	<b>5.1%</b>	<b>4.6%</b>	<b>4.6%</b>	<b>5.0%</b>	<b>4.4%</b>	<b>4.7%</b>
<b>R&amp;M as % Operating Expenditure</b>		<b>5.5%</b>	<b>5.4%</b>	<b>6.0%</b>	<b>7.3%</b>	<b>7.1%</b>	<b>7.1%</b>	<b>11.8%</b>	<b>6.7%</b>	<b>7.5%</b>

**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
<b>R thousand</b>								
<b>Capital expenditure</b>	1							
Vote 1 - Executive and council		42,699	42,218	43,569				
Vote 2 - Finance and administration		3,652	-	-				
Vote 3 - Internal audit		-	-	-				
Vote 4 - Community and social services		3,403	180	185				
Vote 5 - Sport and Recreation		28,228	10,737	11,081				
Vote 6 - Public safety		-	-	-				
Vote 7 - Housing		-	-	-				
Vote 8 - Planning and Development		7,009	-	-				
Vote 9 - Road transport		27,509	9,284	9,581				
Vote 10 - Energy sources		3,544	2,223	2,294				
Vote 11 - Waste Management		1,178	-	-				
Vote 12 - Environmental Protection		-	-	-				
<i>List entity summary if applicable</i>								
<b>Total Capital Expenditure</b>		<b>117,222</b>	<b>64,642</b>	<b>66,711</b>	-	-	-	-
<b>Future operational costs by vote</b>	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								
<i>List entity summary if applicable</i>								
<b>Total future operational costs</b>		-	-	-	-	-	-	-
<b>Future revenue by source</b>	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>								
<b>Total future revenue</b>		-	-	-	-	-	-	-
<b>Net Financial Implications</b>		<b>117,222</b>	<b>64,642</b>	<b>66,711</b>	-	-	-	-

## **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																
<b>Revenue</b>																	
<b>Exchange Revenue</b>																	
Service charges - Electricity		-	-	-	-	-	-	-	188	-	100,233	-	-	-	-	-	100,420
Service charges - Water		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Management		-	-	-	-	-	-	-	-	-	-	19,075	-	-	-	-	19,075
Sale of Goods and Rendering of Services		-	1,041	-	162	-	-	-	251	-	-	-	-	-	-	-	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		-	-	-	-	-	1,032	-	-	-	-	-	-	-	-	-	1,032
Special rating levies		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Construction Contract Revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Development Charges		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	250	-	-	-	-	-	261	-	28	-	-	-	-	-	539
<b>Non-Exchange Revenue</b>																	
Property rates		-	72,620	-	-	-	-	-	-	-	-	-	-	-	-	-	72,620
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		-	-	-	11	-	-	-	-	1,060	-	-	-	-	-	-	1,071
Licences or permits		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational		8,243	234,394	-	4,988	-	-	-	2,187	1,524	-	-	-	-	-	-	251,336
Interest		-	121	-	-	-	-	-	-	-	-	3,732	-	-	-	-	3,853
Fuel Levy		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gains on disposal of Fixed and Intangible Assets		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Gains		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contribution)</b>		<b>8,243</b>	<b>330,055</b>	<b>-</b>	<b>5,753</b>	<b>-</b>	<b>2,532</b>	<b>-</b>	<b>2,939</b>	<b>2,584</b>	<b>100,347</b>	<b>22,807</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>475,259</b>
<b>Expenditure</b>																	
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		(987)	(220)	-	(900)	-	(50)	-	(850)	(20)	(200)	(30)	-	-	-	-	(3,257)
Debt impairment		-	(30,957)	-	-	-	-	-	-	-	2,834	(1,803)	-	-	-	-	(29,925)
Depreciation, amortisation and impairment		-	(11,157)	-	(3,588)	-	-	-	-	(22,651)	(1,244)	-	-	-	-	-	(38,641)
Interest, Dividends and Rent on Land		-	(600)	-	-	-	-	-	-	-	-	-	-	-	-	-	(600)
Contracted services		(14,534)	(32,808)	-	(1,742)	(5,320)	(535)	(204)	(3,119)	(18,887)	(2,913)	(6,301)	(100)	-	-	-	(86,462)
Transfers and subsidies		-	-	-	-	-	-	-	(2,000)	-	-	-	-	-	-	-	(2,000)
Irrecoverable debts written off		-	(4,429)	-	-	-	-	-	-	-	-	(2,834)	-	-	-	-	(7,263)
Operational costs		(18,335)	(40,014)	-	(2,305)	(385)	(710)	-	(1,291)	(605)	(5,280)	(107)	(107)	-	-	-	(69,139)
Disposal of Fixed and Intangible Assets		-	(600)	-	-	-	-	-	-	-	-	-	-	-	-	-	(600)
Other Losses		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>(70,417)</b>	<b>(175,013)</b>	<b>-</b>	<b>(41,863)</b>	<b>(10,639)</b>	<b>(1,295)</b>	<b>(204)</b>	<b>(26,375)</b>	<b>(68,249)</b>	<b>(88,362)</b>	<b>(17,855)</b>	<b>(4,579)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(504,851)</b>
<b>Surplus/(Deficit)</b>		<b>78,660</b>	<b>505,069</b>	<b>-</b>	<b>47,615</b>	<b>10,639</b>	<b>3,826</b>	<b>204</b>	<b>29,314</b>	<b>70,833</b>	<b>188,709</b>	<b>40,662</b>	<b>4,579</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29,592</b>
Transfers and subsidies - capital (monetary allocations)		-	-	-	335	-	-	-	43,554	12,000	-	-	-	-	-	-	55,889
Transfers and subsidies - capital (in-kind)		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>78,660</b>	<b>505,069</b>	<b>-</b>	<b>47,950</b>	<b>10,639</b>	<b>3,826</b>	<b>204</b>	<b>72,868</b>	<b>82,833</b>	<b>188,709</b>	<b>40,662</b>	<b>4,579</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>85,481</b>

**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
R thousand											
<b>ASSETS</b>											
<b>Current Assets</b>											
<b>Cash and Cash Equivalents</b>											
Call Deposits and Investments		45,842	26,417	(123,530)	85,922	232	232	208,415	65,731	66,777	66,925
Cash at Bank		208,769	182,414	255,451	(76,114)	61,891	61,891	(8,226)	(24,484)	101,068	102,772
Cash on Hand		1	6	6	3	-	-	35	-	-	-
<b>Total Cash and Cash Equivalents</b>		<b>254,613</b>	<b>208,837</b>	<b>131,927</b>	<b>9,811</b>	<b>62,123</b>	<b>62,123</b>	<b>200,223</b>	<b>41,247</b>	<b>167,845</b>	<b>169,698</b>
<b>Short term Investments</b>											
Deposit Taking Institutions											
<b>Trade and other receivables from exch</b>											
Electricity		8,725	9,583	4,971	34,543	17,886	17,886	(15,672)	31,719	24,503	25,287
Waste Management		29,509	67,046	69,856	93,807	74,472	74,472	45,079	77,776	87,447	90,214
Waste Water Management		-	-	-	-	-	-	-	-	-	-
Water		-	-	-	-	-	-	-	-	-	-
Other trade receivables from exchange		15,603	3,745	13,405	6,659	13,289	13,289	37,969	13,289	13,885	14,329
VAT Receivable Input Tax Accrual		-	4,757	2,538	1,329	1,254	1,254	36	(2,883)	209	215
<b>Gross: Trade and other receivables f</b>		<b>53,837</b>	<b>85,132</b>	<b>90,770</b>	<b>136,338</b>	<b>106,902</b>	<b>106,902</b>	<b>67,412</b>	<b>119,900</b>	<b>126,043</b>	<b>130,045</b>
<b>Less: Impairment for debt</b>											
Impairment for Electricity		-	(2,168)	(3,049)	(2,818)	(744)	(744)	-	4,584	4,735	4,887
Impairment for Waste Management		-	(59,584)	(67,295)	(84,582)	(69,876)	(69,876)	-	(74,173)	(77,654)	(80,139)
Impairment for Waste Water Managem		-	-	-	-	-	-	-	-	-	-
Impairment for Water		-	-	-	-	-	-	-	-	-	-
Impairment for other trade receivables f		-	(422)	(422)	(3,710)	(4,132)	(4,132)	-	(8,999)	(9,296)	(9,593)
<b>Total Less: Impairment for debt</b>		<b>-</b>	<b>(62,174)</b>	<b>(70,767)</b>	<b>(91,110)</b>	<b>(74,753)</b>	<b>(74,753)</b>	<b>-</b>	<b>(78,588)</b>	<b>(82,214)</b>	<b>(84,845)</b>
<b>Total net Trade and other receivables</b>		<b>53,837</b>	<b>22,958</b>	<b>20,004</b>	<b>45,228</b>	<b>32,149</b>	<b>32,149</b>	<b>67,412</b>	<b>41,312</b>	<b>43,829</b>	<b>45,200</b>
<b>Receivables from non-exchange trans</b>											
<b>Property rates</b>											
Agricultural Properties		(81,767)	(96,039)	(111,261)	238	238	238	(115,772)	560	579	598
Business and Commercial Properties		135,688	141,517	153,935	37,915	33,547	33,547	156,457	(26,329)	(27,187)	(28,057)
Industrial Properties		2,366	4,831	8,841	3,389	48,902	48,902	14,545	54,373	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 Propertie		3,849	4,397	(13,947)	4,956	4,956	4,956	(13,084)	18,207	18,858	19,461
Public Service Purposes Properties		(8,025)	(22,766)	(13,673)	13,996	13,976	13,976	(30,515)	23,720	24,515	25,300
Residential Properties		14,904	26,424	24,104	129,266	58,991	58,991	31,175	48,410	50,001	53,912
Residential Sectional Title Garages		-	-	-	-	-	-	-	-	-	-
Sports Clubs and Fields		-	-	-	-	-	-	-	-	-	-
Vacant Land		5,504	1,739	4,733	464	464	464	6,904	1,089	1,127	1,163
Property Rates General		-	-	-	-	-	-	-	-	-	-
<b>Gross: Property rates</b>		<b>121,418</b>	<b>126,416</b>	<b>146,333</b>	<b>190,301</b>	<b>161,151</b>	<b>161,151</b>	<b>122,670</b>	<b>120,210</b>	<b>124,261</b>	<b>130,549</b>
Less: Impairment of Property rates		(82,773)	(77,814)	(90,555)	(148,018)	(116,645)	(116,645)	(82,726)	(78,467)	(80,195)	(81,927)
<b>Net Property rates</b>		<b>38,645</b>	<b>48,602</b>	<b>55,778</b>	<b>42,283</b>	<b>44,506</b>	<b>44,506</b>	<b>39,944</b>	<b>41,743</b>	<b>44,066</b>	<b>48,622</b>
Other receivables from non-exchange t		(40,913)	7,109	7,085	8,132	1,004	1,004	(31,862)	(6,259)	(6,246)	(6,446)
Less: Impairment for other receivables f		-	(2,878)	(4,190)	(5,585)	-	-	-	-	-	-
<b>Net other receivables from non-exch</b>		<b>(40,913)</b>	<b>4,231</b>	<b>2,895</b>	<b>2,547</b>	<b>1,004</b>	<b>1,004</b>	<b>(31,862)</b>	<b>(6,259)</b>	<b>(6,246)</b>	<b>(6,446)</b>
<b>Total net Receivables from non-excha</b>		<b>(2,268)</b>	<b>52,833</b>	<b>58,673</b>	<b>44,829</b>	<b>45,510</b>	<b>45,510</b>	<b>8,082</b>	<b>35,484</b>	<b>37,820</b>	<b>42,176</b>
<b>Current Portion of Non-current Receiv</b>											
<b>Inventory</b>											
Agricultural		-	-	-	-	-	-	-	-	-	-
Consumables		572	612	1,019	2,867	3,395	3,395	1,205	1,070	1,080	1,139
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	1,661	3,313	3,753
Water		-	-	-	-	-	-	-	-	-	-
Work-in-progress		-	-	-	-	-	-	-	-	-	-
<b>Total Inventory</b>		<b>42,752</b>	<b>42,734</b>	<b>41,639</b>	<b>41,799</b>	<b>42,416</b>	<b>42,416</b>	<b>42,110</b>	<b>43,188</b>	<b>46,184</b>	<b>48,020</b>
<b>VAT Receivable</b>											
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	22,531	7,356	8,594
<b>Total VAT Receivable</b>		<b>5,511</b>	<b>7,677</b>	<b>4,428</b>	<b>36,894</b>	<b>35,364</b>	<b>35,364</b>	<b>2,435</b>	<b>22,531</b>	<b>7,356</b>	<b>8,594</b>
<b>Other current assets</b>											
Construction Contracts and Receivable		-	-	-	-	-	-	-	-	-	-
Control, Clearing and Interface Account		-	-	-	-	-	-	-	-	-	-
Deposits		225	225	225	-	-	-	225	-	-	-
Fair Value Adjustments		-	-	-	-	-	-	-	-	-	-
Income Tax Receivable		-	-	-	-	-	-	-	-	-	-
Operating Lease - Straight Lining		-	-	-	-	-	-	-	-	-	-
Intercompany/Parent-subsidiary Transa		-	-	-	-	-	-	-	-	-	-
<b>Total Other current assets</b>		<b>225</b>	<b>225</b>	<b>225</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>225</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Current Assets</b>		<b>354,670</b>	<b>335,264</b>	<b>256,896</b>	<b>178,561</b>	<b>217,562</b>	<b>217,562</b>	<b>320,487</b>	<b>183,762</b>	<b>303,034</b>	<b>313,687</b>

KZN291 Mandeni - Supporting Table SA3 Supporting detail to 'Budgeted Financial Position'													
Description	Ref	2022/23				2023/24				2024/25			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	2026/27 Budget Year 2026/27	2027/28 Budget Year +1	2028/29 Budget Year +2		
<b>ASSETS</b>													
<b>Non-current Assets</b>													
<b>Investment Property</b>													
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		
<b>Total Investment Property</b>		<b>40,529</b>	<b>41,913</b>	<b>44,152</b>	<b>41,913</b>	<b>44,152</b>	<b>44,152</b>	<b>44,152</b>	<b>44,152</b>	<b>45,609</b>	<b>47,069</b>		
<b>Property, Plant and Equipment</b>													
Property, Plant and Equipment at Cost / Leases recognised as Property, Plant and Equipment	3	673,087	713,411	763,311	973,385	809,294	809,294	767,160	818,123	832,083	859,696		
Less: Accumulated Depreciation		77,178	74,044	71,884	-	-	-	71,884	752	777	-		
Less: Accumulated Impairment		(265,652)	(287,021)	(314,905)	(321,578)	(72,206)	(72,206)	(341,793)	(108,638)	(110,980)	(114,531)		
<b>Total Property, Plant and Equipment</b>	<b>2</b>	<b>514,585</b>	<b>530,404</b>	<b>587,951</b>	<b>651,807</b>	<b>728,617</b>	<b>728,617</b>	<b>564,912</b>	<b>701,764</b>	<b>713,127</b>	<b>736,909</b>		
<b>Construction Work-in-progress</b>													
Acquisitions		47,303	138,887	72,780	109,695	108,993	108,993	55,039	104,833	62,239	64,231		
Opening Balance		-	-	86,889	-	-	-	159,600	108,993	112,589	116,192		
<b>Total Construction Work-in-progress</b>	<b>2</b>	<b>47,303</b>	<b>138,887</b>	<b>159,670</b>	<b>109,695</b>	<b>108,993</b>	<b>108,993</b>	<b>214,638</b>	<b>213,826</b>	<b>174,829</b>	<b>180,423</b>		
<b>Intangible Assets</b>													
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)	-	-	-	-	-	-		
<b>Total Intangible Assets</b>		<b>331</b>	<b>2,372</b>	<b>2,124</b>	<b>1,928</b>	<b>2,045</b>	<b>2,045</b>	<b>2,124</b>	<b>2,045</b>	<b>2,112</b>	<b>2,180</b>		
<b>Total Non Current Assets</b>		<b>602,748</b>	<b>713,576</b>	<b>793,896</b>	<b>805,344</b>	<b>883,806</b>	<b>883,806</b>	<b>825,826</b>	<b>961,787</b>	<b>935,677</b>	<b>966,580</b>		
<b>TOTAL ASSETS</b>		<b>957,417</b>	<b>1,048,840</b>	<b>1,050,793</b>	<b>983,905</b>	<b>1,101,368</b>	<b>1,101,368</b>	<b>1,146,313</b>	<b>1,145,549</b>	<b>1,238,711</b>	<b>1,280,267</b>		
<b>Liabilities</b>													
<b>Current Liabilities</b>													
<b>Financial Liabilities</b>													
Unamortised Premium on Long-term Debt		-	-	-	-	-	-	9,105	-	-	-		
<b>Total Financial Liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,105</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<b>Consumer Deposits</b>													
Electricity		216	185	179	162	179	179	202	179	185	191		
Hiring of Decorative Items		-	-	-	-	-	-	-	-	-	-		
Rental Properties		-	-	-	-	-	-	69	-	-	-		
<b>Total Consumer Deposits</b>		<b>216</b>	<b>185</b>	<b>179</b>	<b>162</b>	<b>179</b>	<b>179</b>	<b>271</b>	<b>179</b>	<b>185</b>	<b>191</b>		
<b>Trade and Other Payable Exchange Transactions</b>													
Advance Payments		-	2	-	-	-	-	25	-	-	-		
Affiliates, Related Parties and Associates		(1,082)	-	-	-	3,274	3,274	(1,770)	3,274	3,382	3,490		
Bonus		-	3,446	4,257	2,615	4,257	4,257	-	4,257	4,397	4,538		
Compensation Commission (COID)		-	-	-	-	-	-	-	-	-	-		
Control, Clearing and Interface Account		13,862	1,710	3,274	(4,332)	(4,310)	(4,310)	19,198	(12,406)	11,954	12,345		
Electricity Bulk Purchase		-	-	-	1,000	1,000	1,000	-	(21,321)	1,033	1,066		
Leave Accrual		-	14,762	17,814	11,200	17,814	17,814	-	17,814	18,402	18,991		
Long Service Award		3,963	-	-	0	0	0	5,449	0	0	0		
Payables and Accruals		20,469	26,128	27,321	25,923	32,461	32,461	200	40,178	41,813	43,151		
PAYE Deductions		-	-	-	-	-	-	-	-	-	-		
Pension and Retirement Contributions		-	-	-	-	-	-	-	-	-	-		
Retentions		2,554	11,712	9,495	8,886	9,495	9,495	(836)	9,495	9,808	10,122		
Unallocated Deposits		2,050	2,050	2,123	1,555	2,123	2,123	2,180	2,123	2,193	2,263		
Water Inventory Bulk Purchases		-	-	-	-	-	-	-	-	-	-		
VAT Payables Output Tax Accrual		-	10,538	9,837	-	-	-	-	-	-	-		
VAT Payables Output Tax Provision for		-	-	-	-	-	-	-	-	-	-		
<b>Total Trade and Other Payable Exchange Transactions</b>	<b>2, 5</b>	<b>41,816</b>	<b>70,348</b>	<b>74,121</b>	<b>46,847</b>	<b>66,114</b>	<b>66,114</b>	<b>24,446</b>	<b>43,413</b>	<b>92,983</b>	<b>95,967</b>		
<b>Trade and Other Payable Non-exchange Transactions</b>													
Capital		9,109	(2,050)	(1,677)	2,000	12,000	12,000	20,273	0	12,396	12,793		
Operational		16,680	11,078	6,969	58	58	58	17,288	58	62	60		
<b>Total Transfers and Subsidies Unspent</b>		<b>25,789</b>	<b>9,028</b>	<b>5,292</b>	<b>2,058</b>	<b>12,058</b>	<b>12,058</b>	<b>37,560</b>	<b>58</b>	<b>12,458</b>	<b>12,853</b>		
VAT Payables Output Tax Accrual		-	-	196	2,026	2,158	2,158	2,005	2,312	2,126	2,190		
VAT Payables Output Tax Provision for		-	-	-	-	-	-	-	-	-	-		
<b>Total Trade and Other Payable Non-exchange Transactions</b>	<b>2</b>	<b>25,789</b>	<b>9,028</b>	<b>5,488</b>	<b>4,084</b>	<b>14,216</b>	<b>14,216</b>	<b>39,565</b>	<b>2,370</b>	<b>14,583</b>	<b>15,042</b>		
<b>Provision</b>													
Alien Vegetation		-	-	-	-	-	-	-	-	-	-		
Bonus		2,921	3,446	4,257	-	-	-	4,257	-	-	-		
<b>Total Provision</b>		<b>2,921</b>	<b>3,446</b>	<b>4,257</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,257</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<b>VAT Payable</b>													
VAT Payable: Output Tax		1,969	10,538	9,642	6,698	9,837	9,837	10,271	-	-	-		
VAT Payable: VAT Control		-	-	-	13,409	14,482	14,482	-	16,357	17,186	17,736		
<b>Total VAT Payable</b>		<b>1,969</b>	<b>10,538</b>	<b>9,642</b>	<b>20,107</b>	<b>24,320</b>	<b>24,320</b>	<b>10,271</b>	<b>16,357</b>	<b>17,186</b>	<b>17,736</b>		
<b>Other current liabilities</b>													
<b>Employee Benefits</b>													
Post-employment Benefits		894	1,126	1,123	17,141	9,356	9,356	1,123	8,097	7,123	7,342		
Other Long-Term Benefits		-	-	-	-	-	-	-	-	-	-		
Termination Benefits		-	-	-	-	-	-	-	-	-	-		
<b>Total Employee Benefits</b>		<b>894</b>	<b>1,126</b>	<b>1,123</b>	<b>17,141</b>	<b>9,356</b>	<b>9,356</b>	<b>1,123</b>	<b>8,097</b>	<b>7,123</b>	<b>7,342</b>		
<b>Total Other current liabilities</b>		<b>894</b>	<b>1,126</b>	<b>1,123</b>	<b>17,141</b>	<b>9,356</b>	<b>9,356</b>	<b>1,123</b>	<b>8,097</b>	<b>7,123</b>	<b>7,342</b>		
<b>Total Current Liabilities</b>		<b>73,605</b>	<b>94,673</b>	<b>94,809</b>	<b>88,340</b>	<b>114,184</b>	<b>114,184</b>	<b>89,038</b>	<b>70,415</b>	<b>132,060</b>	<b>136,278</b>		
<b>Non-current Liabilities</b>													
<b>Employee Benefits</b>													
Post-employment Benefits		17,730	25,770	27,647	25,770	27,321	27,321	22,198	-	-	-		
Other Long-Term Benefits		-	-	-	-	-	-	-	-	-	-		
Termination Benefits		-	-	-	-	-	-	-	-	-	-		
<b>Total Employee Benefits</b>		<b>17,730</b>	<b>25,770</b>	<b>27,647</b>	<b>25,770</b>	<b>27,321</b>	<b>27,321</b>	<b>22,198</b>	<b>-</b>	<b>-</b>	<b>-</b>		
Deferred Tax Liabilities		-	-	-	-	-	-	-	-	-	-		
Intercompany/Parent-subsidiary Transactions		-	-	-	-	-	-	-	-	-	-		
<b>Total Other non-current liabilities</b>		<b>17,730</b>	<b>25,770</b>	<b>27,647</b>	<b>25,770</b>	<b>27,321</b>	<b>27,321</b>	<b>22,198</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<b>Total non current liabilities</b>		<b>17,730</b>	<b>25,770</b>	<b>27,647</b>	<b>25,770</b>	<b>27,321</b>	<b>27,321</b>	<b>22,198</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<b>TOTAL LIABILITIES</b>		<b>91,335</b>	<b>120,442</b>	<b>122,456</b>	<b>114,110</b>	<b>141,505</b>	<b>141,505</b>	<b>111,236</b>	<b>70,415</b>	<b>132,060</b>	<b>136,278</b>		
<b>CHANGES IN NET ASSETS</b>													
<b>COMMUNITY WEALTH/EQUITY</b>													
<b>Accumulated Surplus/(Deficit)</b>													
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	1,046,587	1,054,949	1,089,995		
Transfers to/from operating revenue and		2,280,632	3,074,160	(20,321)	12,694	18,535	18,535	59,189	26,297	49,399	51,617		
Transfers to/from Reserves		29,567	29,567	(51)	-	-	-	-	-	-	-		
<b>Total Accumulated Surplus/(Deficit)</b>	<b>1</b>	<b>2,561,709</b>	<b>3,355,585</b>	<b>718,113</b>	<b>867,662</b>	<b>957,633</b>	<b>957,633</b>	<b>801,895</b>	<b>1,072,884</b>	<b>1,104,348</b>	<b>1,141,612</b>		
<b>Reserves and Funds</b>													
Housing Development Fund		50,941	50,941	50,941	2,133	2,230	2,230	50,941	2,230	2,304	2,377		
Non-current Provisions Reserve		(0)	(0)	(0)	-	-	-	(0)	-	-	-		
Revaluation Reserve		151,731	151,731	151,731	-	-	-	151,731	-	-	-		
<b>Total Reserves and Funds</b>	<b>2</b>	<b>202,672</b>	<b>202,672</b>	<b>202,672</b>	<b>2,133</b>	<b>2,230</b>	<b>2,230</b>	<b>202,672</b>	<b>2,230</b>	<b>2,304</b>	<b>2,377</b>		
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>2</b>	<b>2,764,382</b>	<b>3,558,057</b>	<b>920,785</b>	<b>869,795</b>	<b>959,863</b>	<b>959,863</b>	<b>1,004,568</b>	<b>1,075,114</b>	<b>1,106,651</b>	<b>1,143,989</b>		

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 &
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		10,501	11,152	11,152	11,152	11,152	12,825	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	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	22,760
Other water supply (at least min.service level)	4	40,759	43,329	43,329	43,329	43,329	49,828	49,828	49,828	49,828
<b>Minimum Service Level and Above sub-total</b>		81,518	86,657	86,657	86,657	86,657	99,656	99,656	99,656	99,656
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	32,300
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	1,600
No water supply		-	-	-	-	-	-	-	-	-
<b>Below Minimum Service Level sub-total</b>		-	-	-	-	-	-	-	-	33,900
<b>Total number of households</b>	5	81,518	86,657	86,657	86,657	86,657	99,656	99,656	99,656	133,556
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		9,154	9,721	9,721	9,721	9,721	10,693	10,693	10,693	10,693
Chemical toilet		16,174	17,177	17,177	17,177	17,177	18,895	18,895	18,895	18,895
Pit toilet (ventilated)		2,868	3,045	3,045	3,045	3,045	3,350	3,350	3,350	3,350
Other toilet provisions (> min.service level)		40,255	42,751	42,751	42,751	42,751	47,026	47,026	47,026	(986,109)
<b>Minimum Service Level and Above sub-total</b>		68,451	72,694	72,694	72,694	72,694	79,964	79,964	79,964	(953,171)
Bucket toilet		472	300	300	300	300	150	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	(14,671,305)
No toilet provisions		-	-	-	-	-	-	-	-	-
<b>Below Minimum Service Level sub-total</b>		472	300	300	300	300	150	-	-	(14,671,305)
<b>Total number of households</b>	5	68,923	72,994	72,994	72,994	72,994	80,114	79,964	79,964	(15,624,476)
<b>Energy:</b>										
Electricity (at least min.service level)		116	156	146	107	107	107	107	108	108
Electricity - prepaid (min.service level)		963	963	1,018	1,056	1,056	1,056	1,056	1,056	1,056
<b>Minimum Service Level and Above sub-total</b>		1,079	1,119	1,164	1,163	1,163	1,163	1,163	1,164	1,164
Electricity (< min.service level)		116	156	146	107	107	107	107	108	108
Electricity - prepaid (< min. service level)		9,132,467	9,240,279	11,309,363	12,526,388	12,526,388	12,526,388	13,841,659	14,533,742	16,059,785
Other energy sources		-	-	-	-	-	-	-	-	-
<b>Below Minimum Service Level sub-total</b>		9,132,583	9,240,435	11,309,509	12,526,495	12,526,495	12,526,495	13,841,766	14,533,850	(15,703,346)
<b>Total number of households</b>	5	9,133,662	9,241,554	11,310,673	12,527,658	12,527,658	12,527,658	13,842,929	14,535,014	(15,702,897)
<b>Refuse:</b>										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<b>Minimum Service Level and Above sub-total</b>		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week		4,601	4,601	4,601	4,695	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	4,695
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<b>Below Minimum Service Level sub-total</b>		9,202	9,202	9,202	9,390	9,390	9,390	9,390	9,390	9,390
<b>Total number of households</b>	5	9,202	9,202	9,202	9,390	9,390	9,390	9,390	9,390	9,390
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		59	59	59	59	59	59	59	59	59
Refuse (removed at least once a week)		2,012	2,012	2,012	2,241	-	2,241	2,590	2,590	2,590
Informal Settlements		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>										
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent household)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		11	11	11	11	-	11	11	11	11
Refuse (removed once a week for indigent households)		205	360	378	439	-	439	559	619	650
<b>Cost of Free Basic Services provided - Informal Settlements (R'000)</b>										
<b>Total cost of FBS provided</b>	8	216	371	389	450	-	450	570	630	661
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)		185,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000	185,000
Water (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		50	50	50	50	50	50	50	50	50
Refuse (average litres per week)		196	196	196	196	196	196	196	196	196
<b>Revenue cost of subsidised services provided</b>	9									
Property rates (tariff adjustment) (impermissible value)		15	15	15	15	15	15	15	15	15
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)		-	-	-	-	-	(985)	-	(1,088)	(1,088)
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies	6	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Total revenue cost of subsidised services provided</b>		15	15	15	15	15	(970)	15	(1,073)	(15,760)

**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
CCG TECHNOLOGY GROUP	Yrs	3 YEARS	MSCOA	31 October 2027	12,638
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 INFRASTRUCTURE	04 August 2027	10 % Charged per
MAXIMUM PROFIT- MAXPROF	Yrs	3 YEARS	SOURCING OF SOCIAL AND ECONOMIC INFRASTRUCTURE	04 August 2027	10 % Charged per
CONLOG (PTY) LIMITED	Yrs	3 YEARS	SMART METRES	29 August 2027	Charged per tran
MOBILE TELEPHONE NETWORKS (MTN)	Yrs	3 YEARS	3G MODEM FOR 87 USERS	31 January 2027	803
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 OFFICE	31 August 2026	2,000
EMALANGENI TECHNOLOGIES	Yrs	3 YEARS	SUPPLY, INSTALLATION AND MAINTENANCE OF INTELLIGENT	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 AND DISASTER	31 October 2026	Unit cost based
SONANI TRADING AND COMMUNICATION	Yrs	3 YEARS	PANEL TO CONDUCT TRAININGS FOR THE MUNICIPALITY	29 May 2027	Transactional Ba
AGRIOPERATIONS HUB (PTY) LTD	Yrs	3 YEARS	PANEL TO CONDUCT TRAININGS FOR THE MUNICIPALITY	29 May 2027	Transactional Ba
MORAR INCORPORATED	Yrs	3 YEARS	PANEL TO CONDUCT TRAININGS FOR THE MUNICIPALITY	29 May 2027	Transactional Ba
BIDVEST STEIGNER	Yrs	3 YEARS	HYGINE SERVICES	15 July 2027	2,353
MALUTHULI CONSULTING	Yrs	3 YEARS	THREE (3) SERVICE PROVIDERS	06 January 2028	Transactional Ba
AYANDA MBANGA	Yrs	3 YEARS	THREE (3) SERVICE PROVIDERS	06 January 2028	Transactional Ba
DOLPHIN COAST LANDFILL MANAGEMENT	Yrs	2 YEARS	MUNICIPAL DUMPING SITE	31 December 2026	Transactional ba
AMANGEMA FUNERALS	Yrs	3 YEARS	PROVISION OF INDIGENT AND PAUPER BURIALS WITH	05 January 2028	Transactional ba
ISULETHU FUNERAL SERVICE	Yrs	3 YEARS	PROVISION OF INDIGENT AND PAUPER BURIALS WITH	05 January 2028	Transactional ba
MALUME MOTORING SCHOOL	Yrs	3	YOUTH DRIVER'S LICENCE COURSE	03 April 2027	1,166
INNOVATION GOVERNMENT SOFTWARE	Yrs	3	IMPLEMENTATION OF PMS AUTOMATED SYSTEM FOR	31 August 2026	3,200
DESRAE LOGISTICE	Yrs	3	PANEL OF 08 SERVICE PROVIDERS TO ASSIST WITH	27 July 2027	Transactional ba
DOLPHIN COAST TOWING	Yrs	3	PANEL OF 08 SERVICE PROVIDERS TO ASSIST WITH	27 July 2027	Transactional ba
NEELAN'S AUTO CC	Yrs	3	PANEL OF 08 SERVICE PROVIDERS TO ASSIST WITH	27 July 2027	Transactional ba
NKOSI AUTOMOTIVE (PTY) LTD	Yrs	3	PANEL OF 08 SERVICE PROVIDERS TO ASSIST WITH	27 July 2027	Transactional ba
POWERSPARES ISITHEBE	Yrs	3	PANEL OF 08 SERVICE PROVIDERS TO ASSIST WITH	27 July 2027	Transactional ba
SAMUEL AUTOMOTIVE	Yrs	3	PANEL OF 08 SERVICE PROVIDERS TO ASSIST WITH	27 July 2027	Transactional ba
SIYAVUKA SUPPLY SERVICES	Yrs	3	PANEL OF 08 SERVICE PROVIDERS TO ASSIST WITH	27 July 2027	Transactional ba
TAURUS HYDRULICS	Yrs	3	PANEL OF 08 SERVICE PROVIDERS TO ASSIST WITH	27 July 2027	Transactional ba
R BUSISIWE (PTY) LTD	Yrs	3	PANEL OF 03 SERVICE PROVIDERS TO SUPPLY, INST	15 July 2027	Rate based
MSEBE CONTRACTING	Yrs	3	PANEL OF 03 SERVICE PROVIDERS TO SUPPLY, INST	15 July 2027	Rate based
LAMAZWIDE PROJECTS	Yrs	3	PANEL OF 03 SERVICE PROVIDERS TO SUPPLY, INST	15 July 2027	Rate based
IJUBANE INVESTMENTS	Yrs	3	PANEL OF (5) SERVICE PROVIDERS TO ASSIST WITH	05 January 2028	Rate based
ONOMBUTHU (PTY) LTD	Yrs	3	PANEL OF (5) SERVICE PROVIDERS TO ASSIST WITH	05 January 2028	Rate based
KB LEVEL CONSTRUCTION	Yrs	3	PANEL OF (5) SERVICE PROVIDERS TO ASSIST WITH	05 January 2028	Rate based
WORTHKINGS	Yrs	3	PANEL OF (5) SERVICE PROVIDERS TO ASSIST WITH	05 January 2028	Rate based

## 2.15 Municipal manager's quality certificate

I S.G.Khuzwayo, Municipal manager of Mandeni Municipality, hereby certify that the Final 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 28 May 2026

