



THEMBELIHLE

*Incorporating the towns of Strydenburg and Hopetown
Northern Cape Province, Republic of South Africa*

LOCAL MUNICIPALITY
PLAASLIKE MUNISIPALITEIT
U-MASIPALA WASEKUHALENI

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NOTICE 62/2026

REVIEWED DRAFT IDP 2026/2027 & DRAFT BUDGET 2026/2027

Notice is hereby given that the following documents are available for public comments:

- The Reviewed Draft Integrated Development Plan (IDP), compiled in terms of Chapters 4 and 5 of the Municipal Systems Act, 2000 (Act 32 of 2000); and
- The Draft Budget, compiled in terms of Chapter 4 of the Municipal Finance Management Act, 2003 (Act 56 of 2003).

The Council of Thembelihle Local Municipality convened a General Council Meeting on 26 March 2026 to deliberate on and adopt the Reviewed Draft IDP 2026/2027, Draft Budget 2026/2027 and the 2026/2027 Draft tariffs.

Members of the public are hereby invited to view and submit comments and/or inputs on these documents.

All comments must be submitted no later than **21 April 2026 at close of business**.

The documents have been available for public inspection since 26 March 2026 and can be accessed via the municipal website:

www.thembelihlemunicipality.gov.za

Hard copies are also available at:

- Thembelihle Local Municipality Offices (Hopetown and Strydenburg)
- Local libraries

Comments and enquiries must be referred to the Acting Chief Financial Officer, Mr. L Khapha via email to registry@tlm.gov.za or call at (053) 203 0005/8.

Written submissions can be hand delivered at Church Street, Hopetown, 8750.

KG Gaborone
Municipal Manager
Date:07/04/2025



THEMBELIHLE

**LOCAL MUNICIPALITY
PLAASLIKE MUNISIPALITEIT
U-MASIPALA WASEKUHLENI**

DRAFT BUDGET

2026/2027



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GLOSSARY

Annual Budgets – Prescribed in section 28 of the Municipal Finance Management Act. It is the formal means by which a municipality may revise its budget during a financial year.

Allocations – Money received from Provincial and National Treasury.

Budget – The financial plan of a municipality.

Budget related policy – Policy of a municipality affecting or affected by the budget. Examples include traffic policy, rated policy and credit control and debt policy.

Budget Steering Committee – Committee established to provide technical assistance to the mayor in discharging the responsibilities set out in section 53 of the MFMA.

Capital Expenditure – Spending on municipal assets such as land, buildings and vehicles. Any capital expenditure must be reflected as an asset on a municipality's balance sheet.

Cash Flow Statement – A statement showing when actual cash will be received and spent by the Municipality, and the month end balances of cash and short term investments. Cash receipts and payments do not always coincide with budgeted income and expenditure timings. For example, when an invoice is received by the Municipality it is shown as expenditure in the month that the services or goods are received, even though it may not be paid in the same period.

CPI – Headline Consumer Price Index

DORA – Division of Revenue Act. Annual legislation which shows the allocations from national to local government.

DoRb – Division of Revenue Bill. Annual legislation tabled in parliament, but not enacted, which shows the allocations from national to local government.

Equitable Share – A general grant paid to municipalities. It is predominantly targeted to assist municipalities with the costs of free basic services.

GFS – Government Finance Statistics. An internationally recognized classification system that facilitates comparisons between municipalities.

IDP – Integrated Development Plan. The main strategic planning document of a municipality.

KPI – Key Performance Indicators. Measures of service output and/or outcome.

MFMA – Municipal Finance Management Act (No 53 of 2003). The principal piece of legislation relating to municipal financial management.

MTREF – Medium Term Revenue and Expenditure Framework as prescribed by the MFMA sets out indicative revenue and projected expenditure for the budget year plus two outer financial years to determine the affordability level thereof. It effectively represents a municipality's medium term financial plan.

NT – National Treasury

Operating Expenditure – Spending on the day to day expenses of a municipality such as general expenses, salaries & wages and repairs & maintenance.

Rates – Local Government tax based on assessed valuation of a property.

TMA – Total Municipal Account

SCM – Supply Chain Management

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

SFA – Strategic Focus areas: The main priorities of a municipality as set out in the IDP. Budgeted spending must contribute towards achievement of these strategic focus areas.

Vote – One of the main segments into which a budget is divided, usually at directorate level

MAYORAL BUDGET SPEECH

2 EXECUTIVE SUMMARY

The 2026/2027 MTREF budget has been developed with an overall planning framework and includes programmes and projects to achieve the municipality's strategic objectives. Municipal revenues and cash flows are expected to remain under pressure in 2026/2027 due to the state of the economy; hence a conservative approach has been adopted when projecting expected revenues and receipts.

The challenge to produce a sustainable, affordable budget necessitated reduction to certain budgetary provisions. National Treasury MFMA Budget related Circulars and related correspondence clearly prescribe that a budget must be realistic, sustainable and relevant; and must be fully funded. To comply with these prescribes, it is a requirement that the municipality must produce a positive cash flow budget for the 2026/2027 financial year. This was no mean feat to achieve which resulted in having to apply a very conservative approach during the budget process.

The MTREF is a financial plan that enables the municipality to achieve its vision and mission through the IDP Strategy which is informed by the development agenda and community/stakeholder inputs.

The budget serves to bring to light the current council developmental priorities as outlined below:

- Poverty reduction, job-creation, rural and economic development
- Financial sustainability
- Spatial development and the built environment
- Human settlements
- Social and community services
- Good governance

National Treasury's MFMA Circular No. 132 was used to guide the compilation of the 2026/27 MTREF. In addition, this budget format and content incorporate the requirements of the Municipal Budget and Reporting Regulations.

The following budgeting PRINCIPLES were applied in formulating the medium-term budget:

- Sustainable, affordable, realistic and balanced budget
- Budget to contribute to achieving strategic objectives of the IDP
- Tariffs to be cost reflective, realistic and affordable
- Income/ Revenue driven budget: affordability i.e. if funds do not materialize review expenditure
- Realistic and achievable collection rates

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

- The growing debt to Eskom;
- Limited resources and minimal growth in the rates base;
- Major strain on capital budget due to increased demand and eradication of backlogs.
- Unemployment: sustaining existing collection rates
- Other long outstanding payables

The MFREF-based revenue and expenditure projections assumed inflation-linked annual adjustments stands at 3.7%.

Macroeconomic performance and projections, 2023 - 2027

Table 1: Macroeconomic performance and projections, 2023 – 2029

Fiscal year	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	Actual	Actual	Actual	Estimate	Forecast		
CPI Inflation	6.9%	5.9%	4.4.%	3.3%	3.7%	3.3%	3.2%

Source: National Treasury Budget Review 2025.

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

Further key parameters applied to the Municipality’s financial framework included the following for the 2026/2027 financial year:

Revenue / tariff increases

- Rates 3.7%
- Electricity 9.01%
- Water 3.7%
- Sanitation 3.7%
- Refuse 3.7%
- Salaries and Wages adjustments 3.7%
- General Expenses 3.7%

Major cost drivers reflect as follows:

Employee cost:	R47 million
Remuneration of Councilors:	R 6 million
Bulk Purchases – Electricity	R24 million
Operating Cost:	R14 million
Depreciation:	R12 million
Debt Impairment	R 8 million
Contracted Services	R12 million

Major Revenue Sources that we anticipate:

• Own revenue	R 125 974 million
• Unconditional Grant	
Equitable Share	R39 399 million
• Conditional Operational Grants	
Financial Management Grant	R3 million
Library Provincial Grant	R1 230 million

Total Transfers and subsidies (Operational) amounts to R 43 629 million

• Conditional Capital Grants	
Municipal Infrastructure Grant	R19 864 million
Water Services Infrastructure Grant	R7 million
INEP	R13 840 million
Smart Meter Grant-In-kind allocation	R 21 million

Total Transfers and subsidies -Capital R 40 704 million

The below table reflects the total revenue and expenditure projections for 2026/2027

Total Revenue (excluding capital transfers and contributions)	168,822
Total Expenditure	145,153
Surplus/ (Deficit)	23,669
Transfers and subsidies - capital (monetary allocations)	40,704
Transfers and subsidies - capital (in-kind)	21,000
Surplus/ (Deficit) after capital transfers & contributions	85,373

The budget has been prepared in terms of guidelines as contained in all budget related National Treasury Circulars and Guidelines issued. Budget related policies need to be revised or amended on a regular basis to ensure that the municipality has effective guidelines to ensure performance of their duties.

I hereby recommend that this 2026/2027 Draft Annual budget presented to council be adopted.

4 QUALITY CERTIFICATE

I, municipal manager of Thembelihle Municipality - NC076, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name _____

Municipal manager of Thembelihle Municipality - NC076

Signature _____

Date _____

ANNUAL BUDGET TABLES

The Budget schedules approved by resolution of Council: Table 1 – Budget Summary

NC076 Thembelihle - 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 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
R thousands										
Financial Performance										
Property rates	–	7,501	8,101	10,021	10,021	10,021	10,021	10,392	10,735	11,078
Service charges	24,371	24,963	26,969	39,164	34,800	34,800	34,800	37,184	38,411	39,640
Investment revenue	355	381	156	392	100	100	100	104	107	111
Transfer and subsidies - Operational	45,454	74,337	46,443	43,772	43,248	43,248	43,248	43,690	44,437	46,474
Other own revenue	8,363	10,627	12,431	23,751	20,609	20,609	20,609	77,453	28,943	29,869
Total Revenue (excluding capital transfers and contributions)	78,543	117,809	94,100	117,100	108,779	108,779	108,779	168,822	122,633	127,172
Employee costs	35,198	38,738	39,753	45,510	44,987	44,987	44,987	47,288	49,436	51,693
Remuneration of councillors	4,737	6,011	5,945	4,326	6,571	6,571	6,571	6,836	6,993	7,196
Depreciation, amortisation and impairment	19,442	14,186	9,286	11,220	11,220	11,220	11,220	11,635	12,019	12,404
Interest, Dividends and Rent on Land	10,305	18,095	18,452	10,660	10,660	10,660	10,660	11,054	11,419	11,784
Inventory consumed and bulk purchases	16,552	20,158	21,312	25,686	25,744	25,744	25,744	30,496	31,502	32,511
Transfers and subsidies	382	96	261	–	100	100	100	104	107	111
Other expenditure	24,754	26,018	51,318	35,405	36,250	36,250	36,250	37,740	38,986	40,233
Total Expenditure	111,370	123,302	146,328	132,807	135,532	135,532	135,532	145,153	150,463	155,931
Surplus/(Deficit)	(32,827)	(5,493)	(52,228)	(15,707)	(26,754)	(26,754)	(26,754)	23,669	(27,830)	(28,760)
Transfers and subsidies - capital (monetary allocations)	18,255	12,706	6,289	15,858	16,382	16,382	16,382	40,704	27,512	31,454
Transfers and subsidies - capital (in-kind)	–	–	–	–	54,680	54,680	54,680	21,000	–	0
Surplus/(Deficit) after capital transfers & contributions	(14,573)	7,214	(45,939)	151	44,308	44,308	44,308	85,373	(318)	2,694
Share of Surplus/Deficit attributable to Associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	(14,573)	7,214	(45,939)	151	44,308	44,308	44,308	85,373	(318)	2,694
Capital expenditure & funds sources										
Capital expenditure	(110)	(20,973)	2,228	15,858	71,062	71,062	71,062	61,704	27,512	31,454
Transfers recognised - capital	565	(20,973)	2,228	15,858	16,382	16,382	16,382	40,704	27,512	31,454
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	(675)	–	–	–	–	–	–	–	–	0
Total sources of capital funds	(110)	(20,973)	2,228	15,858	16,382	16,382	16,382	40,704	27,512	31,454
Financial position										
Total current assets	9,102	30,739	23,435	(11,562)	7,820	7,820	7,820	56,586	55,741	57,776
Total non current assets	273,317	260,073	253,353	301,529	282,055	282,055	282,055	285,357	260,111	264,053
Total current liabilities	180,859	121,959	121,713	161,294	161,294	161,294	161,294	174,980	181,979	181,979
Total non current liabilities	28,205	80,177	124,730	2,476	2,476	2,476	2,476	2,625	2,730	2,730
Community wealth/Equity	203,362	121,362	107,310	122,737	108,518	108,518	108,518	78,966	131,461	134,426
Cash flows										
Net cash from (used) operating	38,304	(9,591)	(14,447)	321	845	845	845	22,156	7,272	13,248
Net cash from (used) investing	–	–	–	(15,858)	(16,382)	(16,382)	(16,382)	(40,704)	(27,512)	(31,454)
Net cash from (used) financing	–	–	–	–	–	–	–	–	–	(0)
Cash/cash equivalents at the year end	38,937	(5,312)	(14,227)	(15,318)	(15,485)	(15,485)	(15,485)	(18,496)	(38,736)	(56,942)
Cash backing/surplus reconciliation										
Cash and investments available	38,937	(5,312)	(14,227)	(15,318)	(15,485)	(15,485)	(15,485)	(18,496)	(38,736)	(56,942)
Application of cash and investments	178,049	118,432	117,647	159,249	152,405	152,405	152,405	124,720	129,581	130,168
Balance - surplus (shortfall)	(139,112)	(123,745)	(131,874)	(174,567)	(167,891)	(167,891)	(167,891)	(143,217)	(168,317)	(187,110)
Asset management										
Asset register summary (WDV)	227,799	181,659	169,290	258,040	265,673	265,673	267,992	242,052	245,994	245,994
Depreciation	19,442	11,622	11,417	11,220	11,220	11,220	11,635	12,019	12,404	12,404
Renewal and Upgrading of Existing Assets	–	–	1,449	2,000	2,000	2,000	–	–	–	0
Repairs and Maintenance	1,765	1,299	2,303	9,189	8,713	8,713	10,923	11,283	11,645	11,645
Free services										
Cost of Free Basic Services provided	–	–	764	904	904	904	904	904	937	968
Revenue cost of free services provided	661	3,434	3,851	1,141	1,141	1,141	1,141	1,141	1,183	1,222
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–	–	–	–

Table 2 – Budgeted Financial Performance (Revenue and Expenditure by standard classification)

NC076 Thembelihle - 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 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	1									
Revenue - Functional										
<i>Governance and administration</i>		53,852	96,148	67,175	68,608	65,804	65,804	77,979	79,899	83,109
Executive and council		-	36,145	39,520	37,640	33,855	33,855	34,108	34,677	36,536
Finance and administration		53,852	60,003	27,655	30,968	31,949	31,949	43,871	45,222	46,573
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		1,000	1,043	1,090	1,230	1,230	1,230	1,230	1,230	1,230
Community and social services		1,000	1,043	1,090	1,230	1,230	1,230	1,230	1,230	1,230
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	0
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		12,245	5,039	1,815	15,484	15,484	15,484	69,311	11,216	11,425
Planning and development		8,408	4,778	1,137	15,472	15,472	15,472	69,299	11,203	11,412
Road transport		3,837	261	679	12	12	12	12	13	13
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		29,701	28,286	30,308	47,636	97,322	97,322	82,006	57,800	62,861
Energy sources		10,606	11,420	16,410	32,273	84,705	84,705	61,921	29,284	33,238
Water management		12,251	10,324	7,121	4,221	2,533	2,533	9,627	17,713	18,474
Waste water management		3,896	3,685	3,765	5,640	4,849	4,849	5,029	5,195	5,361
Waste management		2,948	2,856	3,012	5,502	5,235	5,235	5,429	5,608	5,787
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	96,798	130,516	100,388	132,958	179,840	179,840	230,526	150,145	158,626
Expenditure - Functional										
<i>Governance and administration</i>		51,626	76,560	86,958	61,014	64,527	64,527	66,507	68,818	71,220
Executive and council		8,545	10,321	10,100	9,007	11,583	11,583	11,469	11,745	12,068
Finance and administration		43,081	66,239	76,858	52,008	52,944	52,944	55,039	57,073	59,152
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		1,988	1,864	2,379	2,637	2,637	2,637	2,768	2,905	3,049
Community and social services		1,988	1,864	2,379	2,637	2,637	2,637	2,768	2,905	3,049
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	0
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		11,903	15,047	8,900	16,724	13,337	13,337	16,232	16,885	17,560
Planning and development		8,533	6,384	5,454	12,915	9,478	9,478	12,187	12,646	13,119
Road transport		3,370	8,664	3,447	3,809	3,859	3,859	4,046	4,239	4,441
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		170,231	45,929	49,176	52,905	55,504	55,504	59,646	61,855	64,102
Energy sources		142,413	32,301	35,802	34,848	28,562	28,562	31,559	32,638	33,725
Water management		19,112	9,390	9,259	11,980	16,792	16,792	17,506	18,211	18,936
Waste water management		5,331	1,189	944	2,359	5,648	5,648	5,869	6,079	6,291
Waste management		3,375	3,050	3,171	3,718	4,502	4,502	4,712	4,927	5,150
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	235,748	139,402	147,414	133,280	136,005	136,005	145,153	150,463	155,931
Surplus/(Deficit) for the year		(138,951)	(8,886)	(47,025)	(322)	43,835	43,835	85,373	(318)	2,694

Table 3 – Budgeted Financial Performance (revenue and expenditure by municipal vote)

NC076 Thembelihle - 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 Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
R thousand										
Revenue by Vote	1									
Vote 1 - Chief Financial Officer		-	-	-	-	21,698	21,698	66,640	17,674	18,144
Vote 2 - Community Services		-	-	-	-	7,792	7,792	19,775	20,387	21,000
Vote 3 - Corporate Services		-	-	-	-	563	563	-	-	-
Vote 4 - Corporate Services and administration		-	-	-	-	-	-	-	-	-
Vote 5 - Executive Council		-	36,145	39,520	37,640	35,176	35,176	35,477	36,091	37,996
Vote 6 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote 7 - Office of Financial Management		3,435	3,492	4,672	4,781	-	-	583	603	622
Vote 8 - Road Transport		-	-	-	-	-	-	91	94	97
Vote 9 - Technical Services		-	-	-	-	114,612	114,612	107,959	75,296	80,767
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	3,435	39,637	44,193	42,421	179,840	179,840	230,526	150,145	158,626
Expenditure by Vote to be appropriated	1									
Vote 1 - Chief Financial Officer		-	(0)	19	-	38,411	38,411	-	-	-
Vote 2 - Community Services		-	-	-	-	14,166	14,166	12,909	13,500	14,116
Vote 3 - Corporate Services		-	-	-	-	12,466	12,466	-	-	-
Vote 4 - Corporate Services and administration		-	-	-	-	-	-	38,028	39,424	40,844
Vote 5 - Executive Council		8,545	10,321	10,100	9,007	8,326	8,326	8,651	8,868	9,130
Vote 6 - Municipal Manager		-	-	-	-	3,221	3,221	-	-	-
Vote 7 - Office of Financial Management		27,211	35,784	39,830	26,383	-	-	12,187	12,721	13,275
Vote 8 - Road Transport		-	-	-	-	-	-	756	781	806
Vote 9 - Technical Services		-	-	-	-	59,414	59,414	66,009	68,416	70,865
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	35,756	46,105	49,948	35,390	136,005	136,005	138,540	143,711	149,037
Surplus/(Deficit) for the year	2	(32,321)	(6,468)	(5,756)	7,031	43,835	43,835	91,986	6,434	9,589

Table 4 – Budgeted Financial Performance (revenue and expenditure)

NC076 Thembelihle - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Revenue											
Exchange Revenue											
Service charges - Electricity	2	13,842	15,101	16,346	25,343	21,343	21,343	21,343	22,133	22,863	23,595
Service charges - Water	2	4,506	4,230	4,866	6,311	6,500	6,500	6,500	7,836	8,095	8,354
Service charges - Waste Water Management	2	3,896	3,685	3,765	4,208	4,457	4,457	4,457	4,622	4,775	4,928
Service charges - Waste Management	2	2,127	1,947	1,992	3,302	2,500	2,500	2,500	2,593	2,678	2,764
Sale of Goods and Rendering of Services	2	169	137	193	274	137	137	137	142	147	152
Agency services	2	460	261	679	-	-	-	-	-	-	0
Interest	-	-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables	2	5,595	6,046	6,736	12,727	10,000	10,000	10,000	10,370	10,712	11,055
Interest earned from Current and Non Current Assets	2	355	381	156	392	100	100	100	104	107	111
Dividends	2	-	-	-	-	-	-	-	-	-	-
Rent on Land	2	4	-	-	312	-	-	-	-	-	0
Rental from Fixed Assets	2	480	642	716	699	699	699	699	6,711	6,932	7,154
Licence and permits	2	-	-	-	-	-	-	-	-	-	-
Special rating levies	2	-	-	-	-	-	-	-	-	-	-
Construction Contract Revenue	2	-	-	-	-	-	-	-	-	-	-
Development Charges	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	1,070	2,301	1,458	2,281	2,281	2,281	2,281	8,211	8,482	8,754
Non-Exchange Revenue											
Property rates	2	-	7,501	8,101	10,021	10,021	10,021	10,021	10,392	10,735	11,078
Surcharges and Taxes	2	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	2	38	97	21	65	100	100	100	104	107	111
Licences or permits	2	140	393	416	456	456	456	456	473	489	504
Transfer and subsidies - Operational	2	45,454	74,337	46,443	43,772	43,248	43,248	43,248	43,690	44,437	46,474
Interest	2	-	1,254	1,763	1,936	1,936	1,936	1,936	2,007	2,073	2,140
Fuel Levy	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	-	199	-	-	-	-	-	-	-	0
Gains on disposal of Fixed and Intangible Assets	2	407	-	-	5,000	5,000	5,000	5,000	49,435	-	-
Other Gains	2	-	(703)	450	-	-	-	-	-	-	0
Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		78,543	117,809	94,100	117,100	108,779	108,779	108,779	168,822	122,633	127,172
Expenditure											
Employee related costs	2	35,198	38,738	39,753	45,510	44,987	44,987	44,987	47,288	49,436	51,693
Remuneration of councillors	2	4,737	6,011	5,945	4,326	6,571	6,571	6,571	6,836	6,993	7,196
Bulk purchases - electricity	2	14,483	17,233	19,435	21,151	21,151	21,151	21,151	23,846	24,632	25,421
Inventory consumed	2,8	2,070	2,924	1,877	4,535	4,593	4,593	4,593	6,650	6,870	7,090
Debt impairment	2,3	-	-	-	-	-	-	-	7,624	7,906	8,428
Depreciation, amortisation and impairment	2	19,442	14,186	9,286	11,220	11,220	11,220	11,220	11,635	12,019	12,404
Interest, Dividends and Rent on Land	2	10,305	18,095	18,452	10,660	10,660	10,660	10,660	11,054	11,419	11,784
Contracted services	2	8,417	9,383	11,982	11,603	11,724	11,724	11,724	12,308	12,714	13,121
Transfers and subsidies	2	382	96	261	-	100	100	100	104	107	111
Irrecoverable debts written off	2	-	-	24,614	10,224	2,600	2,600	2,600	2,696	2,785	2,874
Operational costs	2	16,337	16,572	13,586	13,579	14,303	14,303	14,303	14,831	15,320	15,811
Disposal of Fixed and Intangible Assets	2	-	0	-	-	-	-	-	-	-	-
Other Losses	2	-	63	1,136	-	-	-	-	-	-	-
Total Expenditure		111,370	123,302	146,328	132,807	135,532	135,532	135,532	145,153	150,463	155,931
Surplus/(Deficit)											
Transfers and subsidies - capital (monetary allocations)	6	(32,827)	(5,493)	(52,228)	(15,707)	(26,754)	(26,754)	(26,754)	23,669	(27,830)	(28,760)
Transfers and subsidies - capital (in-kind)	6	18,255	12,706	6,289	15,858	16,382	16,382	16,382	40,704	27,512	31,454
Surplus/(Deficit) after capital transfers & contributions		(14,573)	7,214	(45,939)	151	44,308	44,308	44,308	85,373	(318)	2,694
Income Tax	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		(14,573)	7,214	(45,939)	151	44,308	44,308	44,308	85,373	(318)	2,694
Share of Surplus/Deficit attributable to Joint Venture	-	-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(14,573)	7,214	(45,939)	151	44,308	44,308	44,308	85,373	(318)	2,694
Share of Surplus/Deficit attributable to Associate	7	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1	(14,573)	7,214	(45,939)	151	44,308	44,308	44,308	85,373	(318)	2,694

Table 5 – Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Chief Financial Officer		-	-	-	-	-	-	-	-	-	0
Vote 2 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services and administration		-	-	-	-	-	-	-	-	-	-
Vote 5 - Executive Council		-	-	-	-	-	-	-	-	-	-
Vote 6 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 7 - Office of Financial Management		-	-	-	-	-	-	-	-	-	-
Vote 8 - Road Transport		-	-	-	-	-	-	-	-	-	0
Vote 9 - Technical Services		-	-	-	-	71,062	71,062	71,062	61,704	27,512	31,454
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	71,062	71,062	71,062	61,704	27,512	31,454
Single-year expenditure to be appropriated	2										
Vote 1 - Chief Financial Officer		-	-	-	-	-	-	-	-	-	-
Vote 2 - Community Services		-	-	-	-	-	-	-	-	-	-
Vote 3 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Corporate Services and administration		-	-	-	-	-	-	-	-	-	-
Vote 5 - Executive Council		-	-	-	-	-	-	-	-	-	-
Vote 6 - Municipal Manager		-	-	-	-	-	-	-	-	-	-
Vote 7 - Office of Financial Management		-	-	-	-	-	-	-	-	-	-
Vote 8 - Road Transport		-	-	-	-	-	-	-	-	-	-
Vote 9 - Technical Services		-	-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Vote		-	-	-	-	71,062	71,062	71,062	61,704	27,512	31,454
Capital Expenditure - Functional											
Governance and administration		-	-	-	-	-	-	-	-	-	0
Executive and council		-	-	-	-	-	-	-	-	-	-
Finance and administration		-	-	-	-	-	-	-	-	-	0
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		-	-	-	-	-	-	-	-	-	0
Community and social services		-	-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	0
Economic and environmental services		(110)	4,402	361	9,948	10,472	10,472	10,472	19,864	11,203	11,412
Planning and development		(110)	4,402	361	9,948	10,472	10,472	10,472	19,864	11,203	11,412
Road transport		-	-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		-	(25,376)	1,867	5,910	60,590	60,590	60,590	41,840	16,309	20,042
Energy sources		-	-	1,449	5,910	60,590	60,590	60,590	34,840	1,309	4,368
Water management		-	(25,413)	3,690	-	-	-	-	7,000	15,000	15,674
Waste water management		-	37	(3,272)	-	-	-	-	-	-	0
Waste management		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	(110)	(20,973)	2,228	15,858	71,062	71,062	71,062	61,704	27,512	31,454
Funded by:											
National Government		565	(20,973)	2,228	15,858	16,382	16,382	16,382	40,704	27,512	31,454
Provincial Government		-	-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporations, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	4	565	(20,973)	2,228	15,858	16,382	16,382	16,382	40,704	27,512	31,454
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		(675)	-	-	-	-	-	-	-	-	0
Total Capital Funding	7	(110)	(20,973)	2,228	15,858	16,382	16,382	16,382	40,704	27,512	31,454

Table 6 – Budgeted Financial Position

NC076 Thembelihle - Table A6 Budgeted Financial Position

Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
R thousand											
ASSETS											
Current assets											
Cash and cash equivalents	1	4,278	220	52	(15,318)	(15,485)	(15,485)	(15,485)	52	(3,054)	(1,020)
Short term Investments	2	-	-	-	-	-	-	-	-	-	-
Trade and other receivables from exchange transactions	3	4,703	20,975	20,530	3,754	19,782	19,782	19,782	20,969	21,808	21,808
Receivables from non-exchange transactions	3	169	9,542	2,826	-	3,445	3,445	3,445	3,651	3,797	3,797
Current portion of non-current receivables	4	-	-	-	-	-	-	-	-	-	-
Inventory	5	13	53	79	2	79	79	79	84	87	87
VAT Receivable	6	-	-	-	-	-	-	-	31,830	33,103	33,103
Other current assets	7	(61)	(51)	(52)	-	-	-	-	-	-	0
Total current assets		9,102	30,739	23,435	(11,562)	7,820	7,820	7,820	56,586	55,741	57,776
Non current assets											
Investments	8	-	-	-	-	-	-	-	-	-	0
Investment property	9	22,038	22,727	22,970	23,148	22,970	22,970	22,970	24,348	25,322	25,322
Property, plant and equipment	10	242,241	234,998	227,994	278,346	259,002	259,002	259,002	260,921	234,697	238,639
Biological assets	11	-	-	-	-	-	-	-	-	-	-
Living resources	12	-	-	-	-	-	-	-	-	-	-
Heritage assets	13	8,970	2,305	2,305	-	-	-	-	-	-	0
Intangible assets	14	67	43	83	36	83	83	83	88	92	92
Trade and other receivables from exchange transactions	15	-	-	-	-	-	-	-	-	-	-
Non-current receivables from non-exchange transactions	15	-	-	-	-	-	-	-	-	-	0
Other non-current assets	16	-	-	-	-	-	-	-	-	-	-
Total non current assets		273,317	260,073	253,353	301,529	282,055	282,055	282,055	285,357	260,111	264,053
TOTAL ASSETS		282,419	290,811	276,788	289,967	289,875	289,875	289,875	341,943	315,852	321,829
LIABILITIES											
Current liabilities											
Bank overdraft	17	-	-	-	-	-	-	-	-	-	0
Financial liabilities	18	2,045	2,711	3,224	-	-	-	-	-	-	0
Consumer deposits	19	765	816	843	783	783	783	783	829	863	863
Trade and other payables from exchange transactions	20	183,490	106,736	106,778	147,229	147,229	147,229	147,229	156,832	163,105	163,105
Trade and other payables from non-exchange transactions	21	5,995	5,518	5,636	-	-	-	-	-	-	0
Provision	22	(11,436)	6,178	5,232	13,282	13,282	13,282	13,282	14,079	14,642	14,642
VAT Payable	23	-	-	-	-	-	-	-	2,938	3,056	3,056
Other current liabilities	24	-	-	-	-	-	-	-	302	314	314
Total current liabilities		180,859	121,959	121,713	161,294	161,294	161,294	161,294	174,980	181,979	181,979
Non current liabilities											
Financial liabilities	25	28,205	1,668	443	2,476	2,476	2,476	2,476	2,625	2,730	2,730
Provision	26	-	78,508	124,286	-	-	-	-	-	-	0
Long term portion of trade payables	27	-	-	-	-	-	-	-	-	-	0
Other non-current liabilities	28	-	-	-	-	-	-	-	-	-	0
Total non current liabilities		28,205	80,177	124,730	2,476	2,476	2,476	2,476	2,625	2,730	2,730
TOTAL LIABILITIES		209,064	202,136	246,443	163,770	163,770	163,770	163,770	177,604	184,708	184,708
NET ASSETS		73,355	88,676	30,345	126,197	126,106	126,106	126,106	164,339	131,144	137,120
COMMUNITY WEALTH/EQUITY											
Accumulated surplus/(deficit)	29	203,362	121,362	107,310	122,737	108,518	108,518	108,518	78,966	131,461	134,426
Reserves and funds	30	-	-	-	-	-	-	-	-	-	-
Other	31	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	32	203,362	121,362	107,310	122,737	108,518	108,518	108,518	78,966	131,461	134,426

Table 7 – Budgeted Cash Flows

NC076 Thembelihle - Table A7 Budgeted Cash Flows

Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		-	-	-	6,953	6,953	6,953	6,953	7,370	7,665	7,665
Service charges		-	-	-	29,885	29,885	29,885	29,885	31,678	32,945	32,945
Other revenue		-	-	-	2,281	2,281	2,281	2,281	2,418	2,515	2,515
Transfers and Subsidies - Operational	1	-	-	-	43,190	43,190	43,190	43,190	43,703	44,501	46,535
Transfers and Subsidies - Capital	1	-	-	-	15,858	16,382	16,382	16,382	40,704	27,512	31,454
Interest		-	-	-	13,431	13,431	13,431	13,431	14,237	14,807	14,807
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		38,304	(9,591)	(14,447)	(100,618)	(100,618)	(100,618)	(100,618)	(106,655)	(110,921)	(110,921)
Finance charges		-	-	-	(10,660)	(10,660)	(10,660)	(10,660)	(11,299)	(11,751)	(11,751)
Transfers and Subsidies	1	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		38,304	(9,591)	(14,447)	321	845	845	845	22,156	7,272	13,248
CASH FLOW FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-	0
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Insurance Refund - Capital		-	-	-	-	-	-	-	-	-	-
Interest on Short Term Investment (Greater than 90 days) and Long Term Investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		-	-	-	(15,858)	(16,382)	(16,382)	(16,382)	(40,704)	(27,512)	(31,454)
Retention (Capital)		-	-	-	-	-	-	-	-	-	(0)
NET CASH FROM/(USED) INVESTING ACTIVITIES		-	-	-	(15,858)	(16,382)	(16,382)	(16,382)	(40,704)	(27,512)	(31,454)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	(0)
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		-	-	-	-	-	-	-	-	-	(0)
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	(0)
NET INCREASE/ (DECREASE) IN CASH HELD		38,304	(9,591)	(14,447)	(15,537)	(15,537)	(15,537)	(15,537)	(18,548)	(20,240)	(18,206)
Cash/cash equivalents at the year begin:	2	633	4,278	220	219	52	52	52	52	(18,496)	(38,736)
Cash/cash equivalents at the year end:	2	38,937	(5,312)	(14,227)	(15,318)	(15,485)	(15,485)	(15,485)	(18,496)	(38,736)	(56,942)

Table 8 – Budgeted Cash Backed Reserves

NC076 Thembelihle - Table A8 Cash backed reserves/accumulated surplus reconciliation

Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	38,937	(5,312)	(14,227)	(15,318)	(15,485)	(15,485)	(15,485)	(18,496)	(38,736)	(56,942)
Other current investments > 90 days		-	-	-	-	-	-	-	-	-	-
Non current Investments	1	-	-	-	-	-	-	-	-	-	0
Cash and investments available:		38,937	(5,312)	(14,227)	(15,318)	(15,485)	(15,485)	(15,485)	(18,496)	(38,736)	(56,942)
Application of cash and investments											
Unspent conditional transfers		5,995	5,518	5,636	-	-	-	-	-	-	0
Unspent borrowing		-	-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	(28,123)	(29,248)	(29,248)
Other working capital requirements	3	183,490	106,736	106,778	145,967	139,123	139,123	139,123	138,765	144,187	144,774
Other provisions		(11,436)	6,178	5,232	13,282	13,282	13,282	13,282	14,079	14,642	14,642
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		178,049	118,432	117,647	159,249	152,405	152,405	152,405	124,720	129,581	130,168
Surplus(shortfall) - Excluding Non-Current Creditors Trf to Debt Relief Benefits		(139,112)	(123,745)	(131,874)	(174,567)	(167,891)	(167,891)	(167,891)	(143,217)	(168,317)	(187,110)
Creditors transferred to Debt Relief - Non-Current portion		-	-	-	-	-	-	-	-	-	-
Surplus(shortfall) - Including Non-Current Creditors Trf to Debt Relief Benefits		(139,112)	(123,745)	(131,874)	(174,567)	(167,891)	(167,891)	(167,891)	(143,217)	(168,317)	(187,110)

Table 9 – Asset Management

NC076 Thembehlhe - Table A9 Asset Management

R thousand	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
CAPITAL EXPENDITURE											
	Total New Assets	1	(110)	(20,973)	779	13,858	69,062	69,062	61,704	27,512	31,454
	<i>Roads Infrastructure</i>		(110)	4,402	361	9,948	10,472	10,472	19,864	11,203	11,412
	<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
	<i>Electrical Infrastructure</i>		-	-	-	3,910	3,910	3,910	13,840	1,309	4,368
	<i>Water Supply Infrastructure</i>		-	(25,413)	3,690	-	54,680	54,680	28,000	15,000	15,674
	<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
	<i>Solid Waste Infrastructure</i>		-	37	(3,272)	-	-	-	-	-	0
	<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
	<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
	<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
	Infrastructure		(110)	(20,973)	779	13,858	69,062	69,062	61,704	27,512	31,454
	<i>Community Facilities</i>		-	-	-	-	-	-	-	-	-
	<i>Sport and Recreation Facilities</i>		-	-	-	-	-	-	-	-	-
	Community Assets		-	-	-	-	-	-	-	-	-
	Heritage Assets		-	-	-	-	-	-	-	-	-
	<i>Revenue Generating</i>		-	-	-	-	-	-	-	-	-
	<i>Non-revenue Generating</i>		-	-	-	-	-	-	-	-	-
	Investment properties		-	-	-	-	-	-	-	-	-
	<i>Operational Buildings</i>		-	-	-	-	-	-	-	-	0
	<i>Housing</i>		-	-	-	-	-	-	-	-	-
	Other Assets		-	-	-	-	-	-	-	-	0
	Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
	<i>Servitudes</i>		-	-	-	-	-	-	-	-	-
	<i>Licences and Rights</i>		-	-	-	-	-	-	-	-	-
	Intangible Assets		-	-	-	-	-	-	-	-	-
	Computer Equipment		-	-	-	-	-	-	-	-	-
	Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
	Machinery and Equipment		-	-	-	-	-	-	-	-	0
	Transport Assets		-	-	-	-	-	-	-	-	-
	Land		-	-	-	-	-	-	-	-	-
	Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
	<i>Mature</i>		-	-	-	-	-	-	-	-	-
	<i>Immature</i>		-	-	-	-	-	-	-	-	-
	Living Resources		-	-	-	-	-	-	-	-	-
	Total Renewal of Existing Assets	2	-	-	1,449	2,000	2,000	2,000	-	-	0
	<i>Roads Infrastructure</i>		-	-	-	-	-	-	-	-	-
	<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
	<i>Electrical Infrastructure</i>		-	-	1,449	2,000	2,000	2,000	-	-	0
	<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-
	<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
	<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
	<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
	<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
	<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
	Infrastructure		-	-	1,449	2,000	2,000	2,000	-	-	0
	<i>Community Facilities</i>		-	-	-	-	-	-	-	-	-
	<i>Sport and Recreation Facilities</i>		-	-	-	-	-	-	-	-	-
	Community Assets		-	-	-	-	-	-	-	-	-
	Heritage Assets		-	-	-	-	-	-	-	-	-
	<i>Revenue Generating</i>		-	-	-	-	-	-	-	-	-
	<i>Non-revenue Generating</i>		-	-	-	-	-	-	-	-	-
	Investment properties		-	-	-	-	-	-	-	-	-
	<i>Operational Buildings</i>		-	-	-	-	-	-	-	-	-
	<i>Housing</i>		-	-	-	-	-	-	-	-	-
	Other Assets		-	-	-	-	-	-	-	-	-
	Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
	<i>Servitudes</i>		-	-	-	-	-	-	-	-	-
	<i>Licences and Rights</i>		-	-	-	-	-	-	-	-	-
	Intangible Assets		-	-	-	-	-	-	-	-	-
	Computer Equipment		-	-	-	-	-	-	-	-	-
	Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
	Machinery and Equipment		-	-	-	-	-	-	-	-	-
	Transport Assets		-	-	-	-	-	-	-	-	-
	Land		-	-	-	-	-	-	-	-	-
	Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
	<i>Mature</i>		-	-	-	-	-	-	-	-	-
	<i>Immature</i>		-	-	-	-	-	-	-	-	-
	Living Resources		-	-	-	-	-	-	-	-	-
	Total Upgrading of Existing Assets	6	-	-	-	-	-	-	-	-	-
	<i>Roads Infrastructure</i>		-	-	-	-	-	-	-	-	-
	<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
	<i>Electrical Infrastructure</i>		-	-	-	-	-	-	-	-	-
	<i>Water Supply Infrastructure</i>		-	-	-	-	-	-	-	-	-
	<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
	<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
	<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
	<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
	<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
	Infrastructure		-	-	-	-	-	-	-	-	-
	<i>Community Facilities</i>		-	-	-	-	-	-	-	-	-
	<i>Sport and Recreation Facilities</i>		-	-	-	-	-	-	-	-	-
	Community Assets		-	-	-	-	-	-	-	-	-
	Heritage Assets		-	-	-	-	-	-	-	-	-
	<i>Revenue Generating</i>		-	-	-	-	-	-	-	-	-
	<i>Non-revenue Generating</i>		-	-	-	-	-	-	-	-	-
	Investment properties		-	-	-	-	-	-	-	-	-
	<i>Operational Buildings</i>		-	-	-	-	-	-	-	-	-
	<i>Housing</i>		-	-	-	-	-	-	-	-	-
	Other Assets		-	-	-	-	-	-	-	-	-
	Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
	<i>Servitudes</i>		-	-	-	-	-	-	-	-	-
	<i>Licences and Rights</i>		-	-	-	-	-	-	-	-	-
	Intangible Assets		-	-	-	-	-	-	-	-	-
	Computer Equipment		-	-	-	-	-	-	-	-	-
	Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
	Machinery and Equipment		-	-	-	-	-	-	-	-	-
	Transport Assets		-	-	-	-	-	-	-	-	-
	Land		-	-	-	-	-	-	-	-	-
	Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
	<i>Mature</i>		-	-	-	-	-	-	-	-	-
	<i>Immature</i>		-	-	-	-	-	-	-	-	-
	Living Resources		-	-	-	-	-	-	-	-	-
	Total Capital Expenditure	4	(110)	(20,973)	2,228	15,858	71,062	71,062	61,704	27,512	31,454
	<i>Roads Infrastructure</i>		(110)	4,402	361	9,948	10,472	10,472	19,864	11,203	11,412
	<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
	<i>Electrical Infrastructure</i>		-	-	-	5,910	5,910	5,910	13,840	1,309	4,368
	<i>Water Supply Infrastructure</i>		-	(25,413)	3,690	-	54,680	54,680	28,000	15,000	15,674
	<i>Sanitation Infrastructure</i>		-	-	-	-	-	-	-	-	-
	<i>Solid Waste Infrastructure</i>		-	37	(3,272)	-	-	-	-	-	0
	<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
	<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
	<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
	Infrastructure		(110)	(20,973)	2,228	15,858	71,062	71,062	61,704	27,512	31,454

TOTAL CAPITAL EXPENDITURE - Asset class		(110)	(20,973)	2,228	15,858	71,062	71,062	61,704	27,512	31,454
ASSET REGISTER SUMMARY - PPE (WDV)	5	227,799	181,659	169,290	258,040	265,673	265,673	267,992	242,052	245,994
<i>Roads Infrastructure</i>		193,115	197,554	187,007	9,948	10,472	10,472	19,864	11,203	11,412
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		(942)	(36,181)	(34,732)	5,910	5,910	5,910	13,840	1,309	4,368
<i>Water Supply Infrastructure</i>		4,648	(31,384)	(27,813)	-	-	-	7,000	15,000	15,674
<i>Sanitation Infrastructure</i>		(4,409)	(4,409)	(4,409)	-	-	-	-	-	-
<i>Solid Waste Infrastructure</i>		1,695	2,089	195	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		194,105	127,669	120,247	15,858	16,382	16,382	40,704	27,512	31,454
Community Assets		(1,411)	24,622	21,001	-	-	-	-	-	(0)
Heritage Assets		8,970	2,305	2,305	-	-	-	-	-	0
Investment properties		22,038	22,727	22,970	23,148	22,970	22,970	24,348	25,322	25,322
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Intangible Assets		67	43	83	36	83	83	88	92	92
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		(1,315)	(1,010)	(2,620)	-	-	-	-	-	0
Machinery and Equipment		95	95	95	-	54,680	54,680	21,000	-	0
Transport Assets		3,592	3,552	3,552	-	-	-	-	-	0
Land		1,657	1,657	1,657	218,998	171,558	171,558	181,852	189,126	189,126
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
TOTAL ASSET REGISTER SUMMARY - PPE (WDV)	5	227,799	181,659	169,290	258,040	265,673	265,673	267,992	242,052	245,994
EXPENDITURE OTHER ITEMS		21,207	12,921	13,720	20,409	19,933	19,933	22,558	23,302	24,048
Depreciation	7	19,442	11,622	11,417	11,220	11,220	11,220	11,635	12,019	12,404
Repairs and Maintenance by Asset Class	3	1,765	1,299	2,303	9,189	8,713	8,713	10,923	11,283	11,645
<i>Roads Infrastructure</i>		1	2	-	83	108	108	2,000	2,066	2,132
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		326	401	1,176	1,346	1,349	1,349	1,399	1,445	1,491
<i>Water Supply Infrastructure</i>		238	803	661	1,133	1,204	1,204	1,249	1,290	1,331
<i>Sanitation Infrastructure</i>		46	415	0	721	720	720	747	772	797
<i>Solid Waste Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		611	1,621	1,837	3,282	3,381	3,381	5,395	5,573	5,751
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
<i>Revenue Generating</i>		-	-	-	-	-	-	-	-	-
<i>Non-revenue Generating</i>		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
<i>Operational Buildings</i>		459	59	328	566	566	566	584	604	623
<i>Housing</i>		-	-	-	-	-	-	-	-	-
Other Assets		459	59	328	566	566	566	584	604	623
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
<i>Servitudes</i>		-	-	-	-	-	-	-	-	-
<i>Licences and Rights</i>		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		201	102	138	4,479	3,874	3,874	4,018	4,150	4,283
Machinery and Equipment		14	(486)	-	56	56	56	58	60	62
Transport Assets		479	3	(1)	807	837	837	868	896	925
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
<i>Mature</i>		-	-	-	-	-	-	-	-	-
<i>Immature</i>		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
TOTAL EXPENDITURE OTHER ITEMS		21,207	12,921	13,720	20,409	19,933	19,933	22,558	23,302	24,048

Table 10 – Basic Service Delivery Measurement

NC076 Thembelihle - Table A10 Basic service delivery measurement

Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Household service targets	1									
Water:										
Piped water inside dwelling		-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Energy:										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Refuse:										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
Households receiving Free Basic Service	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
Informal Settlements		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Formal Settlements (R'000)										
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	764	904	904	904	904	937	968
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
Cost of Free Basic Services provided - Informal Formal Settlements (R'000)										
Total cost of FBS provided	8	-	-	764	904	904	904	904	937	968
Highest level of free service provided per household										
Property rates (R value threshold)										
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Sanitation (Rand per household per month)										
Electricity (kwh per household per month)										
Refuse (average litres per week)										
Revenue cost of subsidised services provided (R'000)	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)										
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		-	1,935	2,118	417	417	417	417	432	446
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		414	953	1,097	271	271	271	271	281	291
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		248	546	635	453	453	453	453	470	485
Municipal Housing - rental rebates										
Housing - bp structure subsidies										
Other	6									
Total revenue cost of subsidised services provided		661	3,434	3,851	1,141	1,141	1,141	1,141	1,183	1,222

Part Two

OVERVIEW OF ANNUAL BUDGET PROCESS

a. Budget Process Overview (including consultation process and outcomes)

In terms of Section 24 of the MFMA, Council must at least 30 days before the start of the financial year consider approval of the annual budget. Section 53, requires the mayor of a municipality to provide general political guidance over the budget process and the priorities that must guide the preparation of the budget. In addition, Chapter 2 of the Municipal Budget and Reporting Regulations, gazetted on 17 April 2009, 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.

1. BACKGROUND

The Municipal System Act (Act 32 of 2000) and the Municipal Finance Management Act (Act 56 of 2003) require all municipalities to adopt a process plan for the integrated development plan and budget that will harness the development process. It is within this context that this first process plan of the newly constituted council was Annulled to particularly enable the municipality to meet the requirements spelled-out in section 27 (2) of the Municipal Systems Act (Act 32 Of 2000). The next sub-sections highlight the legislative frameworks to be complied with.

In Circular 128 Municipal Budget Circular for the 2026/27 MTREF, National Treasury encouraged municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality. The Consumer Price Index (CPI) inflation has however breached the upper limit of the 4 to 6 per cent target band; therefore, municipalities are now required to justify all increases in excess of the 4.9 per cent projected inflation target in their budget narratives, and pay careful attention to the differential incidence of tariff increases across all consumer groups.

National Treasury has released Version 6.9. of Schedule A1 (the PDF Format) which is aligned to version 6.9 of the mSCOA classification framework which must be used when compiling the 2026/27 MTREF budget. This version incorporates major changes (see Annexure A). Therefore, Thembelihle made use of this version for the preparation of their 2026/27 MTREF budget.

The process plan focusing on the IDP, PMS and Budget for 2026-2027 was tabled by the Mayor to Council during a Special Council meeting on 31 August 2025.

1.1 *Municipal Systems Act*

In terms of the Municipal System Act of 2000, all municipalities have to undertake an IDP process to produce the IDP. The Act further mandates municipalities to have a Performance Management System in place. These planning tools together with other planning instruments i.e. a municipal budget are designed to assist Municipalities to be developmentally oriented and to contribute meaningfully in improving the lives of their communities. As the aforementioned plans are the legislative requirements, they have legal status and supersede all other plans that guide development at local government level.

Thembelihle Municipality has completed its 5 year IDP cycle. This was done in terms of chapter 5 and 6, of the Municipal System Act and of the Municipal Finance Management Act of 2003. In terms of Section 34 of the Municipal Systems Act:

Thembelihle Municipality is currently embarking on revising the IDP, the first one of the newly elected council, which will reflect the new planning. This plan will address, amongst others, the following:

- (a) Comments received from various role-players in the IDP process, especially the community, the IDP Representative Forum the IDP Hearings and the Engagement sessions.
- (b) Areas requiring additional attention in terms of legislation requirements;
- (c) Areas identified through self-assessment;
- (d) The review of KPI's (PMS) and alignment of budget;
- (e) The update of the 5 years' financial plan as well as the list of projects;
- (f) Identification of new projects,

- (g) The continuation of the Sector Plans to be completed
- (h) Implementation of existing projects
- (i) The update of the Spatial Development Framework (SDF); and
- (j) The preparation and update to the Sector Plans.

1.2 *Municipal Finance Management Act*

Chapter 4, section 16 (1) and (2) of the Municipal Finance Management Act states that-

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

The above section must be read in conjunction with section 24 (1) which states that Council must at least 30 days before the start of the new financial year approve the annual budget. It is clear that this Act provides very strict time frames within the budget process must be completed.

Adding to the above the Act states in section 21 (1) (b) that-

The Mayor of a Municipal must-

- (a) At least 10 months before the starts of the budget year, table in the municipal council a time schedule outlining key deadlines for-
- (b) The preparation, tabling and approval of the annual budget;
- (ii) the annual review of-
 - (aa) the integrated development plan in terms of section 34 of the municipal Systems Act and
 - (bb) the budget related policies;
- (iii) the tabling and adoption of any amendments to the integrated development plan and the budget-related policies; and
- (iv) Any consultative processed forming part of the referred to in subparagraphs (i), (ii) and (iii).

Considering this, it implies that the Mayor must table the budget process before Council, 10 months before the start of the new financial year.

ALIGNMENT PROCESS

The Municipal Systems Act states that development strategies must be aligned with National and Provincial sector plans as well as planning requirements. It also establishes that a single inclusive and strategic plan must be adopted which links, integrates and coordinates plans.

The municipality realized early into the first round of IDPs that good effective alignment would result in successful implementation whilst a failure to align might result in a total collapse of the implementation of the IDP. The municipality tries to ensure alignment with the assistance of the PIMS-Centre, located at the Pixley ka Seme District Municipality and the involvement of the sector departments in the IDP Representative Forum.

Although alignment was not always reached fully in the previous IDP cycle the municipality takes the following documents into account in the IDP process:

- Integrated Sustainable Rural Development Programme (ISRDP)
- Northern Cape Provincial Growth and Development Strategy (PGDS)
- District Growth and Development (DGDS)
- National Spatial Development Programme (NSDP)
- IDP Hearings Comments

Besides the alignment with National, Provincial and district programmes and policies, internal alignment is also reached in the process plan, aligning the budget, the PMS and the IDP.

2. PROCESS PLAN

As with the previous years, there is a need for the preparation and adoption of a process plan as emphasized in paragraph 1.2 above. This plan is also aligned with the District Process and Framework Plan to provide the linkage and binding relationships between the district and local municipality in the region.

3. ORGANISATIONAL ARRANGEMENT

Council	<ul style="list-style-type: none"> • Political oversight over the IDP
IDP Steering Committee	<ul style="list-style-type: none"> • Responsible for assisting the Council in its oversight role. • Assumes the role of the political champion of the process (this is particularly important and critical as it allows for the Councilors to take ownership of the IDP process). • Forms the link between Council, management and the representatives forum
Municipal Manager	<ul style="list-style-type: none"> • Overall responsibility for the IDP
IDP Co-ordinator	<ul style="list-style-type: none"> • Responsible for managing the IDP process through • Facilitation of the IDP process, • Coordinating IDP related activities including Municipality building programmes, • Facilitating reporting and the documentation thereof, • Making recommendations to the IDP Steering Committee • Liaising with the PIMS Centre and Provincial Sector Departments, • Providing secretariat functions for the IDP Steering Committee and the Representative Forum
The Manager: BTO	<p>Ensures that the municipal budget is linked to the IDP. Responsible for:</p> <ul style="list-style-type: none"> • Co-ordinating the budget implementation in a manner aim at addressing the issues raised in the IDP, • Development of the 3year integrated financial plan
IDP Steering Committee	<p>The technical working team, also the “driver of the bus” consist of 11 members of whom 3 are departmental managers, 1 Municipal Manager, 11 Councilors</p> <ul style="list-style-type: none"> • This committee meets monthly, chaired by Mayor • It is responsible for IDP process, resources and outputs,

	<ul style="list-style-type: none"> • It oversees the monthly status reports that are received from departments, • It makes recommendations to Council, • It oversees the meetings of the IDP Representative Forum, • The committee is responsible for the process of integration and alignment.
IDP Representative Forum	<p>Representatives from local organisational and communities.</p> <p>It forms the interface for community participation in the affairs of the council.</p> <p>Operates on consensus basis in the determination of priority issues for the municipal area,</p> <p>Participates in the annual IDP review process,</p> <p>Meets quarterly to discuss progress and shortcomings,</p> <p>All the wards within the municipal area are represented on this forum through the Ward Committee members.</p>
PIMS Centre	<p>Situated at the Pixley ka Seme District Municipality.</p> <ul style="list-style-type: none"> • The centre plays a supporting role to the local municipality, • It contributes to the IDP process by facilitating activities and process, especially during difficult times, • Facilitates the process of alignment amongst the municipalities in the district and the various other sector departments.
Budget Steering Committee	<p>The budget steering committee (BSC) is responsible for the budget process</p> <p>The composition of the BSC is as follows:</p> <ul style="list-style-type: none"> • Mayor (Chairperson) • Municipal Manager • Chief Financial Officer • Manager responsible for IDP • Other managers will be co-opted, when necessary. Councilors may attend any meetings of BSC and will be co-opted, when necessary, to smoothen the process. <p>2.2 Other stakeholders to be consulted:</p> <ul style="list-style-type: none"> • Ward Committees and Ward communities • Local Economic Steering forum • Local Formers / Emerging Farmers Committee • IDP Rep Forum

4. ACTION PROGRAMME WITH TIME FRAME AND RESOURCE REQUIREMENTS

As mentioned earlier, the new legislation and processes like the Municipal Finance Management Act, budget process and PMS compel municipalities to align the planning process (IDP) with all these other processes. Adding to this, it is sometimes a difficult task to align projects of the IDP with Provincial and National Departments as well as aligning timeframes with the District Municipality. All of this did take place in the previous IDP processes, but it is recognized that room for improvement does exist. The Municipality will increase its efforts to try and consider that various Provincial and National Department's efforts in the IDP and also try to improve the process of budget allocations to the Local Municipalities.

The table below illustrates the various phases of the planning process, linking it with the budget process and PMS process in order to accomplish proper alignment. This is also the schedule for the budget and IDP process stipulated in Section 21 of the MFMA.

SCHEDULE FOR THE BUDGET; IDP AND PMS PROCESSES FOR THE 2026/2027 FINANCIAL YEAR

Budget, IDP and Performance Management Process Plans.

(Submitted in terms of S 21 (1) (b) of the MFMA, Act No: 56 of 2003)

Table 12: IDP and Budget Time Schedule

LEGISLATIVE DATE	BUDGET PROCESS	INTEGRATED DEVELOPMENT PLAN (IDP)	PERFORMANCE MANAGEMENT – SYSTEM PROCESS (PMS)
July 2025	<ul style="list-style-type: none"> • Financial Statements-S 71 report (June) to Mayor • Submit Draft SDBIP within 14 days after approval of the 2024/2025 budget • Submit quarterly report to Council on Budget implementation and the financial affairs of the municipality (S 52 report) • Approval of SDBIP for 2024/2025 – within 28 days after budget approval • Plan annual report 2024/25 <p><u>Mayor and Council:</u></p> <ul style="list-style-type: none"> • Mayor begins planning for next three- year budget in accordance with co- ordination role of the budget process.(MFMA S53) • Planning includes review of the previous year’s budget process and completion of the Budget Evaluation Checklist. <p><u>Administration:</u></p> <ul style="list-style-type: none"> • Accounting officers and senior officials of municipality begin planning for the next three-year budget. • Accounting officers and senior officials of municipality review options and contracts for service delivery. 	<ul style="list-style-type: none"> • Ensure the establishment of organizational structures (IDP/Budget Steering Committee, Technical Committee, & IDP Rep, Forum) • Assessment of the previous IDP/Budget performance, level of development, backlogs & disaster; Review previous year’s processes, what worked well, what didn’t, where to improve and issues to address for legislative compliance of the Budget Evaluation Checklist (BEC); Human resources challenges and gaps. • Drafting of the Process Plan for the compilation of the 2026/2027 review IDP and Budget 	<ul style="list-style-type: none"> • <u>4th Quarterly evaluation of Sec 57 employees</u> • <u>4th Quarterly report and performance review on budget implementation</u> • Annual PMS evaluation • Annual evaluation of SDBIP • Publish the 2023/2024 performance agreements and performance plans within 14 days on the municipal website. • Submit the 2023/2024 performance agreements to MEC, Co-operative Governance and Traditional Affairs.
August 2025	<ul style="list-style-type: none"> • Financial Statements-S 71 report (July) to Mayor 	<ul style="list-style-type: none"> • Mayor tables the process plan for the 	<ul style="list-style-type: none"> • Receive monthly performance

	<ul style="list-style-type: none"> • Mayor to table the planning and budget schedule of Key deadlines for the 2026/2027 financial year and draft budget related policies to Council • Submission of Annual financial statements (2018/19) to Council • Establishment of budget office, consultation forums and BCSC (Budget Coordinating Steering Committee) • Review of Annual Financial statements by Audit Committee • Submit Annual Financial statements to Auditor General, PT, NT and MEC 	<p>compilation of the 2026/2027 review IDP and Budget to Council for approval before 31 August 2025.</p> <ul style="list-style-type: none"> • Advertise the approved process plan. 	<p>datasheets for departmental and Section 57 performance</p> <ul style="list-style-type: none"> • Monitor SDBIP • Start compiling reports on Annual performance of 2023/24 • Preparation for the compilation of the 2023/2024 Annual Report
September 2025	<ul style="list-style-type: none"> • Submit Financial statements –S 71 (Aug) to Mayor • Review of budget process (Budget Evaluation Checklist) for 3 years • Budget offices of municipality determine revenue projections and proposed rate and service charges and drafts initial allocations to functions and departments for the next financial year after taking into account strategic objectives (Proposals for tariffs-rates and taxes. Allocations and policies) • Engages with Provincial and National sector departments on sector specific programmes for alignment with municipalities plans (schools, libraries, clinics, water, electricity roads etc...) • Advertise for public hearings. 	<ul style="list-style-type: none"> • Council through the IDP review process determines strategic objectives for service delivery and development for next three-year budgets including review of provincial and national government sector and strategic plans. Reconsider strategies and objectives accordingly • IDP Workshop initiating and kick – starting the IDP review process • Start with the review of the IDP • Analyze Integrated Sector Programmes like Environmental programmes, Waste Management programmes, Provincial and District G & DS, comments from Province etc. • IDP Steering committee meeting • Advertise public hearings 	<ul style="list-style-type: none"> • PMS Coordinating Committee meeting interacting on 2023-2024 annual reports • Receive monthly performance datasheets for departmental and Section 57 Employees (Annual performance contracts) • Monitor SDBIP • Advertise public hearings

October 2025	<ul style="list-style-type: none"> • Financial statements –S 71 (September) submitted to Mayor • Budget workshops for 2024/2025 and 3 years budget Agenda: • Planning-Accounting officer does initial review of national policies and budget plans and potential increases of bulk resources with function and department officials. • Inputs and managers according to A B C system (MFMA's 35,36,42, MTBPS) • Budget workshops for managers and supervisors • Budget implementation (July – Sept) Mayor and Council • Submit feedback of budget implementation (June – Sept) to Council • Feedback on progress up to date (Budget implementation) 	<ul style="list-style-type: none"> • IDP Road show identifying community needs to inform budget (visiting all wards) 	<ul style="list-style-type: none"> • Mayor table annual PMS/performance report for 2023/2024 to council • Submit the 2023/2024 Annual Performance Report to the office of the Auditor-General • Submit the 2023/2024 Annual Performance Report to the MEC for Local Government • Receive monthly performance datasheets for departmental and Section 57 Employees (Performance contracts) • 1st Quarterly evaluation of Sec 57 employees • <u>1st Quarterly report and performance review on budget implementation</u> • 1st Quarterly evaluation on organizational PMS • Public hearing on Annual Report jointly with IDP budget roadshow (visiting all wards)
November 2025	<ul style="list-style-type: none"> • Financial statements-S 71 (October) submitted to Mayor • Preparation and consolidating of draft budget for 2025-2026 • Draft budget submitted to BSC • Review with managers • Finalize rates and taxes 2026/2027 • Rates and taxes- proposed tariffs submitted to Council 		<ul style="list-style-type: none"> • Continue Public hearings on Annual Report jointly with IDP budget road show (visiting all wards) • Receive monthly performance datasheets for departmental and Section 57 Employees. • Monitor SDBIP

	<ul style="list-style-type: none"> • Receive audit report for 2023/2024 AFS from AG • Ensure that Audit action is compiled to address issues. 		<ul style="list-style-type: none"> • PMS Coordinating meeting to interact on 1st quarter reports • Submit 1st Quarter reports to Council
December 2025	<ul style="list-style-type: none"> • Monthly financial statements –S 71 (November) submitted to Mayor • Council approves (draft) rates and taxes policies for 2026/2027 (MSA)s 74-75 • Accounting officer and senior officials consolidate and prepare proposed budget and plans for the next financial year taking into account previous year's performance as per audited financial statements. 	<ul style="list-style-type: none"> • Design of project proposals, setting of project objectives, targets and indicators. • Continue with integrated programmes and finalize integrated programmes. Integration of sector plans into the IDP to address community basic service needs e.g. water, roads, electricity etc. • Amend IDP documentation accordingly 	<ul style="list-style-type: none"> • Receive monthly performance datasheets for departmental and Section 57 Employees • Monitor SDBIP
January 2026	<ul style="list-style-type: none"> • Financial statements-S 71 (December) submitted to Mayor • Budget implementation progress report (October – December) to Mayor • Annual Budget for 2023-2024 as on 31 December 2024 submitted to Budget Steering Committee (BSC) for mid-year reviewing • Reviewing 2024-2025 budget and submit adjustment budget if so required. • Corrective measures as part of oversight report for the previous years audited financial statements and annual report • Accounting officer reviews proposed national and provincial allocations to municipality from NT and PT for incorporation into the draft budget for tabling. (proposed national and provincial allocations for three years must be available by 20 January) (MFMA S 36) 	<ul style="list-style-type: none"> • Submission of Project lists to Pixley ka Seme District Municipality not later than 31 January 2025 (Accounting officer to notify relevant municipalities of projected allocations for next three budget years 120 days prior to start of budget year.) <p>(MFMA S 37 (2))</p>	<ul style="list-style-type: none"> • Table the 2023/2024 Annual Report before Council • Submit Annual PMS Report to Auditor General and to Province and National after approval from Council • Receive monthly performance datasheets for departmental and Section 57 Employees • Finalise the Mid-year Budget and performance Assessment Report and submit to: <ul style="list-style-type: none"> -Mayor -Council -Provincial Treasury -National treasury • 2nd Quarterly evaluation of

			<p>Section 57 employees</p> <ul style="list-style-type: none"> • <u>2nd Quarterly Report on performance review and budget implementation</u> • 2nd Quarterly evaluation on organizational PMS • Review SDBIP in line with mid-year budget review
February 2026	<ul style="list-style-type: none"> • Financial Statements-S 71 (January) submitted to Mayor • Workshop on draft budget 25-26 - Councilors and management • Information from PKSDM for 25/26 budget • Consultation with NT and PT • Council approve revised/adjustment budget 2024/2025 • S72 PT engagement-Mid-year Performance and assessment visits and thereafter submission of Budget/Performance assessment report to Council. • Accounting officer finalizes and submits to Mayor proposed draft budgets and plans for next three-year budgets (MTREF) taking into account the recent mid-year review and any corrective measures proposed as part of the oversight report for the previous years audited financial statements and annual report. Accounting officer to notify relevant municipalities of projected allocations for next 	<ul style="list-style-type: none"> • Alignment of IDP with National and Provincial Plans. • Presentation of integrated programmes and projects by departments to the IDP and Budget Steering Committee. • Report to Council on the progress of the project implementation for IDP 	<ul style="list-style-type: none"> • Receive monthly performance datasheets for departmental and Section 57 Employees • Produce first draft balance scorecard • Monitor SDBIP • PMS Coordinating committee to interact on mid-year evaluation reports • Public participation and comments on the Annual Report for 2018/2019 • Consolidation of the feedback received from the public on the 2023/2024 Annual Report • Table the oversight report to Council after consideration of the 2023/2024 Annual report • Adopted Annual Report is published on the website,

	<p>three budget years 120 days prior to start of budget year. (MFMA S 37 (2))</p>		<p>sent to local newspapers and make copies available to the public (municipal offices/Libraries) etc...)</p>
<p>March 2026</p>	<ul style="list-style-type: none"> • Financial Statements –S 71 (February) submitted to Mayor • Mayor tables municipality Draft operating and capital budget (2026/2027) in Council and also tables proposed revisions to the IDP together with reviewed budget related policies. (MFMA S 16;22;23;87 & MSA S 34) • Draft budget & IDP (2026/2027) submitted to NT and PT (MFMA S 22). • Notification of approval of draft budget & IDP to all stakeholders. • Accounting officer reviews any changes in prices for bulk resources/services from authorities. (MFMA S 42) 	<ul style="list-style-type: none"> • Produce first draft IDP for 2026/2027 • Tabling of the draft IDP to the IDP and Budget Steering Committee. • Tabling of draft Organizational Structure to Senior Management. • Workshop for Councilors on Draft IDP & Budget • Mayor tables draft IDP together with budget to Council. • Tabling of the Final Organizational Structure before Council • Interaction with sector department to integrate funding 	<ul style="list-style-type: none"> • Receive monthly performance datasheets for departmental and Section 57 Employees • Finalise Departmental Programmes • Monitor SDBIP • Table first draft on SDBIP with IDP and budget
<p>April 2026</p>	<ul style="list-style-type: none"> • Financial Statements –S 71 (March) submitted to Mayor • Consultations with NT & PT for finalizing grants and also finalise plans for water, sanitation, electricity etc...(MFMS S 21) • Budget implementation (Jan-March) to Mayor and to Council • Finalizing draft budget 2025-2026 and Draft IDP in accordance with consultative processes and feedback received and also taking account the results from the 	<ul style="list-style-type: none"> • MM publish the draft IDP and related documents for comments in local papers • Advertise and then conduct public hearings on IDP • Finalize inputs from sector Departments • Consult Rep Forums • Report to Council on project implementation IDP 	<ul style="list-style-type: none"> • Submit the Annual Report and Oversight Report to Provincial legislature • Make public the Oversight Report within seven (7) days of adoption of the Annual Report • Review monthly performance datasheets for departmental and Section 57 Employees

	<p>third quarterly review of the current year.</p> <ul style="list-style-type: none"> • MM publish draft budget and related documents in local newspapers, libraries, municipal offices and invite public representation and comments • Conduct public hearings on the draft budget with community, traditional authorities, key stakeholders, District municipality, provincial and national departments • Budget sent to Provincial and National Treasury • Draft system of delegations • PT Budget Benchmark Engagement 		<ul style="list-style-type: none"> • 3rd Quarterly evaluation of Sec 57 employees • <u>3rd Quarterly Report and performance review on budget implementation</u> • 3rd Quarterly evaluation on organizational PMS
<p>May 2026</p>	<ul style="list-style-type: none"> • Financial Statements s 71 (April) to Mayor • Conduct public hearings on the budget, Council debate and consider inputs and comments received from local community, NT, PT, other provincial and national organs of state and municipalities. Mayor to be provided with an opportunity to respond to submissions during consultation and table amendments for council consideration. • Amend budget accordingly • Accounting officer assists the Mayor in preparing the final budget documentation for consideration. • -Mayor table 2026/2027 Budget and IDP for adoption not later than 31 May 2025 taking into account consultative processes and any other new information of a material nature. 	<ul style="list-style-type: none"> • Consider inputs and comments received from the public participation process • Amend document accordingly- incorporate into the final IDP. • Present the consolidated IDP to the IDP/Budget Steering Committee. • Workshop for Councilors on final IDP/Budget • Mayor tables 2026/2027 IDP for adoption together with budget (not later than 31 May 2025) 	<ul style="list-style-type: none"> • Receive monthly performance datasheets for departmental and Section 57 Employees • Monitor SDBIP • PMS Coordinating Committee to interact on 3rd quarter reports

<p>June 2026</p>	<ul style="list-style-type: none"> • Financial statements S 71 (May) to Mayor • Council to approve the annual budget by resolution, setting taxes and tariffs, approving changes to the IDP and Budget related policies, approving measurable performance objectives for revenue by source and expenditure by vote before start of budget year. • Submit copies of the approved operating and capital budget for 2026/2027 and outer years to Provincial and National Treasuries in both printed and electronic format. • Accounting officer publishes the approved budget and IDP for 2026/2027 on the website of the municipality. • Finalizing of all plans and budget working papers to implement the approved budget. • Council must review and finalise a System of Delegations <p>Financial year (21-22) ends</p>	<ul style="list-style-type: none"> • Advertise the approved IDP- MM place notice that the Council has adopted its reviewed IDP • Submit the approved IDP to the MEC of Local Government within 10 days after adoption by Council • Submit the final IDP to National Treasury. 	<ul style="list-style-type: none"> • Advertise the draft SDBIP and Section 57 performance agreements for inputs from community • The Accounting officer submits to the Mayor no later than 14 days after approval of the budget, a draft of the 2026/2027 SDBIP and annual performance agreements as required by S 57 (1) (b) of the MSA. • Mayor must approve the SDBIP within 28 days after approval of the budget for 2026/2027. • The Mayor to ensure that annual performance agreements are concluded and signed in terms of S 57 (2) of the MSA. Mayor to ensure that the annual performance agreements are linked to the measurable performance objectives approved with the budget and the SDBIP. The Mayor must submit the approved SDBIP and performance agreements to Council, MEC for local government and makes information public within 14 days after approval. • Receive monthly performance
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			<p>datasheets for departmental and Section 57 Employees.</p> <ul style="list-style-type: none">• Review organizational PMS indicators and set targets for 2026/2027
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7. OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH INTEGRATED DEVELOPMENT PLAN

a. The Vision & Mission of the Municipality

Thembelihle Municipality Vision:

At it's strategic planning session comprising of Councillors and Senior Officials the Municipality has set it's vision to be

“Providing quality services through good relations and sound management”

From this vision the following mission has been set out in order to conform to the vision.

3.2.2 Thembelihle Municipal Mission

During the term of office of the current council the municipality will focus on the following as their mission statement.

Develop and build a skilled knowledgeable workforce

Increase Financial viability

Optimizing and sustaining infrastructure investment and services

Increased Investment in the Thembelihle Economy

Responsive, accountable, effective and efficient local government

b. The IDP and Strategic Focus Areas

The Council has identified the following strategic issues that would be addressed during the term of office.

Issue	Implication if not addressed	Strategy to address issue
Lack of discipline among staff	No work ethic	Develop a policy to address staff discipline
	Decrease in staff morale	Initiate wellness programme for staff
	Negative image of the municipality	Monitor policy implementation and wellness programme through LLF
	No service delivery	
Low Skilled Staff	Poor quality of reports to government departments	Development of a Workplace Skills Plan (WSP)
	Poor quality of work	Implementing the WSP

	General non-compliance with norms and standards	Quality Control and Monitoring of WSP
Unfilled critical posts	Staff do work not in their job description	Develop recruitment policy
	Overtime and disputes	Review Organogram (in process)
		Employ staff in the vacant posts
High redundant staff	Increased salary cost	Review all employee contracts
	Municipality not getting value for money	Proper Placement of staff
	Employment of unskilled people	Initiate job evaluation process
	Increase in labour cost	
Poor alignment of key programmes	Non-compliance of government grants	Improving the capacity of officials to develop plans
	No clear plan to develop municipality	Training of councilors on IDP, PMS etc for better oversight
	Lack of efficiency in municipal operations	Annual Review of plans
Consequence Management	Fruitless and irregular expenditure will continue	Establish Financial Misconduct Committee
	Impression of a corrupt municipality will persist	Develop procedural manual
	Employees will continue to do as they wish	Quarterly and regular reporting on the activities of the Misconduct Committee
Communication with key stakeholders	Lack of trust	Develop a communications policy/strategy
	Wasteful expenditure	Appoint a communications officer
	Not addressing the needs of the community	Establish and train ward committees (done)

Ageing infrastructure	Increase in overtime	Develop an operations and maintenance plan
	Slow service delivery	Implement the O and M Plan
	Increase in maintenance cost	
Decrease in economic growth	Increase in the number of indigents	Develop an economic development strategy
	Decrease in revenue for the municipality	Design economic development projects (done)
	Increase in poverty	
Supply Chain Non-compliance	Increase in corruption	Training of staff on SCM
	Disadvantage local businesses	CSD and registration of SMME on database
	Negative audit report	Training of councilors on SCM
Revenue Enhancement	Cannot pay creditors	review and implement Credit Control Policy
	Cannot manage projects	Create a community awareness on the policy
	Create a culture of non-payment	Install Smart Metering

8. OVERVIEW OF BUDGET ASSUMPTIONS

Circular 128 from National Treasury states that as a result of the economic landscape and weak tariff setting, municipalities are under pressure to generate revenue. The ability of customers to pay for services is declining and this means that less revenue will be collected. Municipalities were therefore required to consider the following when compiling the 2026/27 MTREF budget:

- Improving the effectiveness of revenue management processes and procedures;
- Paying special attention to cost containment measures by, amongst other things, controlling unnecessary spending on nice-to-have items and non-essential activities;
- The affordability of providing free basic services to all households; and
- Curbing consumption of water and electricity by the indigents to ensure that they do not exceed their allocation.

The Municipality faced similar challenges in preparing the 2026/2027 MTREF as in the 2026/2027 MTREF:

1. Lower than planned revenue collection ratios are currently achieved, which in turn required a re-assessment of previously modeled rates revenue for future years. The collection ratios of major revenue sources were consequently adjusted downwards to reflect realistic and sustainable flows over the 3-year MTREF period. This aspect is currently receiving priority attention to improve on the collection rate of the municipality.
2. The actual expenditure incurred on the repairs and maintenance of infrastructure, especially on water infrastructure with pipes bursting and the replacement of the old asbestos pipes with pvc type pipes.
3. Service delivery vehicles are very old and are breaking down more regularly and subsequent repair cost is gradually on the increase year after year.
4. With the National Municipal Infrastructure Unit of the Department of Cooperative Governance and Traditional Affairs, declining to finance roads in town and previous “white” areas, more and more pressure is put on the repair and maintenance of the tar roads in town that is very old.
5. Roads infrastructure in the CBD area can no longer be repaired but is at a stage where it must be resealed and in other places even ripped up and rebuild in full.
6. This high unemployment rate has a huge effect on the main source of income of the municipality which is rates and taxes for services rendered.

The combined effect of the above-listed economic/financial factors and consequential impact on departmental budgets resulted in a substantial deficit starting position on the MTREF Rates-funded portion.

Reversing the unacceptable deficit position on Rates required several iterative changes to the multi-year targets on both revenue and expenditure across all services, while simultaneously retaining the strategic links to and focus on the IDP and Budget Prioritization Model.

The Budget Steering Committee further placed particular emphasis on the following aspects to influence the outcome of the financial / MTREF scenario's presented to it:

- ✓ a differentiated approach to consideration of budgetary amendments across services, thereby giving effect to the strategic intent of the Budget Prioritization Model;
- ✓ further specific considerations to inform budgetary amendments or allocations were (factors to impact positively on budget allocations):
 - services which promote external service delivery;
 - services responsible for improvement to citizens' quality of living environment;
 - services responsible for hard infrastructure – based economic growth;
 - Services responsible for revenue collection.
- ✓ The limited financial resources available for additional allocations meant that few new projects or initiatives were to receive such budgetary allocations.

Financial modeling

In addition to the above, further principles applied to the MTREF in determining the affordability envelope included:

- ✓ Higher than headline CPI revenue increases with regards Property rates at 0% increase to the extent that they affect and support Council's operational activities of relevant services.
- ✓ A high percentage capital expenditure implementation rate was assumed, based on current spending patterns.
- ✓ Improved collection rates, based on collection achievements to date, incorporating improved success anticipated on selected revenue items taking in consideration the debt collection strategy.
- ✓ Higher than nationally projected inflation provisions for repairs and maintenance, to attain nationally benchmarked levels on this expenditure item, and ensure/enhance the preservation of the Municipality's infrastructure.

Key Financial Indicators in the MTREF

Headline Consumer Price Index (CPI) – Inflation Outlook

Headline CPI projected over the MTREF is an average of CPI forecasts from various financial institutions and the Bureau of Economic Research (BER).

The CPI increase for 2026/27 budget was set at 3.7%,

The MTREF-based revenue and expenditure projections assumed inflation-linked annual adjustments between 3.3% and 3.2% respectively for the 3-year budget period of 2026/2027, 2027/2028 and 2028/2029.

EXPENDITURE FRAMEWORK

Salaries, wages and related staff costs

The promulgation of the Salary and Wage Collective Agreement by the South African Local Government Bargaining Council (SALGBC) that provides the general salary adjustment guidelines for the period 2025/2026 is at 5.01% as the 2026/27 still not available.

General expenses

Items with the general expenses category were increased in proportion on the projected CPI increases over the MTREF.

Repairs and maintenance

Serious repairs and maintenance and renewal backlogs exist in relation to municipal infrastructure, particularly municipality's electricity, water reticulation, sewage, storm water and roads systems. It is noted that these backlogs are impacting negatively on the financial sustainability of municipalities and on the reliability and quality of

municipal services, as well as municipality's contribution to supporting economic growth.

- National Treasury is very concerned about the low levels of expenditure on repairs and maintenance and the renewal of existing infrastructure in most municipalities. Municipal councils, Mayors and municipal managers are therefore urged to ensure that allocations to repairs and maintenance, and the renewal of existing infrastructure are prioritised. In this regard:
- Therefore, more emphasis will be placed on this budget allocations from this year going forward.

REVENUE FRAMEWORK

National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other customers while ensuring the financial sustainability of the municipality. The Consumer Price Index (CPI) inflation has however breached the upper limit of the 4 to 6 per cent target band; therefore, municipalities are now required to justify all increases in excess of the 3.7 per cent projected inflation target in their budget narratives, and pay careful attention to the differential incidence of tariff increases across all consumer groups.

The revenue budget

Similar to the rest of government, municipalities face a difficult fiscal environment. The weak economic growth has put pressure on consumers' ability to pay for services, while transfers from national government are growing more slowly than in the past. Some municipalities have managed these challenges well, but others have fallen into financial distress and face liquidity problems. These include municipalities that are unable to meet their payment obligations to Eskom, Water Boards and other creditors. There is a need for municipalities to focus on collecting revenues owed to them and eliminate wasteful and non-core spending. It is important to note that the municipal equitable share as a policy instrument is meant to subsidise services to the poorest of the poor and not to pay municipal creditors. This bad practice by municipalities will have to be addressed as a matter of urgency. Municipal creditors should be advised that municipalities cannot use funds allocated for basic service provision to pay creditors.

Municipalities must ensure that they render basic services, maintain their assets and a clean environment. Furthermore, there must be continuous communication with the community and other stakeholders to strengthen awareness and participation and to improve the municipality's reputation. This will assist in attracting investment in the local economy which may result in increased employment.

Some municipalities are experiencing serious liquidity challenges. Therefore, the new leadership is advised to:

- Decisively address unfunded budgets by reducing non-priority spending and improving revenue management processes to enable collection; and

- Address service delivery failures by ensuring adequate maintenance, upgrading and renewal of existing assets to enable reliable service delivery.

Maximising the revenue generation of the municipal revenue base

Setting cost-reflective tariffs

Reference is made to MFMA Circular No. 98, paragraph 4.2. The setting of cost-reflective tariffs is a requirement of Section 74(2) of the Municipal Systems Act which is meant to ensure that municipalities set tariffs that enable them to recover the full cost of rendering the service. This forms the basis of compiling a credible budget. A credible budget is one that ensures the funding of all approved items and is anchored in sound, timely and reliable information on expenditure and service delivery (Financial and Fiscal Commission (FFC), 2011). Credible budgets are critical for local government to fulfil its mandate and ensure financial sustainability.

A credible expenditure budget reflects the costs necessary to provide a service efficiently and effectively, namely:

- A budget adequate to deliver a service of the necessary quality on a sustainable basis; and
- A budget that delivers services at the lowest possible cost.

The National Treasury issued a tariff setting tool and guide as part of MFMA Budget Circular No. 98 (refer item 4.2) on 6 December 2019 and since 2019, has encouraged municipalities to utilise the tool. With effect, from the 2023/24 MTREF, all municipalities (except metropolitan cities and district municipalities that do not provide any services) as part of both the tabled and adopted MTREF submissions must submit the completed National Treasury tariff tool (in excel format) illustrating that the revenue component of the budget is credible and funded and that the municipality's tariffs are cost reflective. If the municipality's initial calculation results in high increases to facilitate cost-reflectiveness, it is recommended that such are phased in over 3 to 5 years. The municipality's strategy in this regard should be included as part of the budget narratives.

This tool will assist in setting tariffs that are cost-reflective and enable a municipality to recover costs to fulfil its mandate. Going forward it is also imperative that every municipality fully embrace the Municipal Standard Chart of Accounts (mSCOA): costing component. Considering, mSCOA implementation is entering its sixth year of implementation, all municipalities must fully embrace and report also utilising the costing segment correctly. The National Treasury Municipal Costing Guide is available on the link below on the National Treasury website.

National Treasury encourages municipalities to maintain tariff increases at levels that reflect an appropriate balance between the affordability to poorer households and other consumers while ensuring the financial sustainability of the municipality.

When setting tariffs, it is therefore critical to understand the economic environment specific to the municipality and consideration should include at least –

- The socio-economic profile undertaken for the municipality available on the National Treasury GoMuni portal – municipalities are encouraged to annually update their own socio-economic profile using the template model available on GoMuni;

- The most recent average monthly household income in the municipality as per Statistics South Africa (Stats SA) available on Statistics South Africa | Improving Lives Through Data Ecosystems (statssa.gov.za);
- The average property value in the municipality per its most recent approved general valuation roll and/ or supplementary general valuation roll;
- The number of indigent households in the municipality, including any variation in the number of indigent households included in the Equitable Share: free basic services component for the municipality vs the municipality's own indigency level discretion; and
- The economic drivers and activities specific to the municipal area¹; etc.

The municipality's tariff-setting or other committee tasked with this role must understand and deliberately reflect on this context during the tariff-setting process. Considering the average monthly household income, the median affordable municipal bill would ideally not exceed proportionally approximately 10 to 15 per cent the average monthly household income. This median affordable bill, in combination with the median average property value should inform the basis to determine any rebates to households with income below the median.

Eskom bulk tariff increases

In terms of the Multi-Year Price Determination (MYPD) for Eskom's tariffs approved by the National Energy Regulator of South Africa (NERSA), a tariff increase of 9.01 per cent was estimated for 2026/2027 financial year.

Municipalities were urged to examine the cost structure of providing electricity services and to apply to NERSA for electricity tariff increases that reflect the total cost of providing the service so that they work towards achieving fully cost-reflective tariffs that will help them achieve financial sustainability. Furthermore, municipalities contemplating to increase free basic electricity allocations as an indigent relief measure, should do so only after careful consideration of the long-term financial impact that such a decision might have.

It is also important when setting particularly water and electricity tariffs that municipalities are encouraged to set two-tier tariffs, that include a basic availability charge to recover the fixed (direct and indirect) cost associated with the service in conjunction with consumption-based tariff bands. For example, in a drought, such tariffs will facilitate the ability to pay for infrastructure and maintenance, treating chemicals and salaries, etc. while parallel facilitating water restriction based on inclining tariffs as consumption increase. Furthermore, it is important to link the municipality's water tariffs to dam levels, also approved as part of the budget process. For example, if the dam levels drop to 60 per cent the first tier of restriction tariffs should become applicable in terms of the municipality's approved tariff policy.

It is also noted that NERSA approves seasonal tariffs for Eskom but not necessarily for the municipality. It is important that the municipality clearly factors this in its tariff application to NERSA, illustrating the cash flow crunch if the municipality is not similarly allowed a seasonal tariff to recover the higher Eskom bulk cost during winter months. Lastly, municipalities are cautioned against setting tariffs that include operating inefficiencies. This could lead to tariffs falling into the unaffordable range.

Tariff Policies

Municipalities must comply with the provisions of Section 74 of the Municipal Systems Act (MSA) which requires that a municipal council must adopt and implement a tariff policy on the levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements, and which complies with the provisions of this Act and with any other applicable legislation. Municipalities should also ensure that the tariff policies adhere to all the principles outlined in section 74(2) of the MSA. A municipality's tariff policies must also take into consideration variable factors such as water shortages and electricity feedback excess into the municipal system from new generation capacity. Municipalities are urged to develop wheeling and Small-Scale Embedded Generation (SSEG) frameworks to guide the development of associated tariffs. Municipalities must adopt by-laws to give effect to the implementation and enforcement of their tariff policies.

Burial of Councillors

Salaries, allowances and benefits for political office-bearers and members is managed through Determination of Upper Limits of Salaries, Allowances and Benefits of Different Members of Municipal Councils notice issued by the Minister of Cooperative Governance and Traditional Affairs.

Section 167 of the MFMA provides that a municipality may remunerate its Councillors within the framework of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998), setting the upper limits of the salaries, allowances and benefits for those political office-bearers and members. Any benefit which is not included in the above-mentioned notice constitutes irregular expenditure and recovery thereof from the Councillor concerned is mandatory.

Municipalities may also refer to relevant Councillor Pension Scheme or personal funeral policies in existence for any funeral benefits relating to such Councillor.

Employee related costs

The salary and wage collective agreement was signed by the parties of the South African Local Government Bargaining Council (SALGBC) on Friday, 6 September 2024. It is a five-year agreement effective from July 1, 2024, to June 30, 2029.

In respect of the 2026/27 financial year, all employees covered by this agreement shall receive, with effect from 1 July 2026, a salary increase linked to the Consumer Price Index (CPI) plus 0.75 per cent.

Municipalities should reflect these negotiated salary increases in the budget submissions.

Remuneration of Councillors

Municipalities are advised to budget for the actual costs approved in accordance with the Government Gazette on the Remuneration of Public Office Bearers Act: Determination of Upper Limits of Salaries, Allowances and Benefits of different members of municipal councils published annually between December and January by the Department of Cooperative Governance. It is anticipated that this salary determination will also consider the fiscal constraints. Municipalities should also consider guidance provided above on salary increases for municipal officials during this process. Any overpayment to councilors contrary to the upper limits as published by the Minister of Cooperative

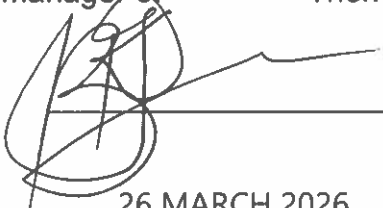
Governance and Traditional Affairs will be irregular expenditure in terms of section 167 of the MFMA and must be recovered from the councilor(s) concerned.

QUALITY CERTIFICATE

I **Kealeboga Gaborone**, Municipal Manager of Thembelihle Municipality - NC076, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name KEALEBOGA GABORONE

Municipal manager of Thembelihle Municipality - NC076

Signature  _____

Date 26 MARCH 2026