

TSWELOPELE LOCAL MUNICIPALITY

FS 183

CIVIC CENTRE, BOSMAN STREET

BULTFONTEIN, 9670

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MTREF

2026/2027–2028/2029

**PREPARED IN ACCORDANCE WITH BUDGET REGULATIONS, MFMA
CIRCULARS**

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PART 1

1. Mayoral Report by the Mayor

BUDGET SPEECH FOR 2026/2027 MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK FOR DRAFT BUDGET PURPOSES

- *The Mayoral Budget speech will be presented during the final budget approval meeting and will be availed post the meeting.*

2. Budget resolution by Council

- *Council resolution will be availed after the meeting.*

3. Executive summary

Tswelopele Local Municipality budget process started in August 2025 in line with section 21 (b) of the Municipal Finance Management Act, which states that at least ten months before the start of the budget year, the mayor must table time schedule outlining the key deadlines. Subsequent to the approval the schedule was sent to the relevant stakeholders and the processes pertaining to the review of the IDP and compilation of the draft annual budget been undertaken as per the schedule.

The municipality vastly depends on grants from national government as majority of its revenue is made up of equitable shares and other Operational Grants [i.e. Financial Management Grant, and a grant from Public Works]. Table SA 18 on the municipality annual budget tables clearly distinguishes between all these different allocations, total operating grants allocated to the municipality amount to R 111.8 million. This allocation has increased with only R 2.5 million compared to 2025/2026 operating grants allocation. The R 2.5 million increase relates to the increase in equitable share allocation.

According to census statistics, the municipality comprises a total population of 56 896 which translates to 14 798 households (*Census 2022*), of which over 70% are poor. The municipality subsidises the indigent households within the municipality with Free Basic services on monthly basis. Amongst others, the challenge faced by the municipality is that some of the indigent households do not register during the indigent registration process, which leads the municipal debt book growing.

In order to strengthen and improve the indigent status update, the municipality came with initiative of amending the indigent policy during 2022/2023 budget year, by including the conditions such as making pensioners and disabled indigents permanent to avoid renewal of applications annually, any other application will be valid for period of three years.

Currently the outstanding debtors of the municipality are standing at over R 200 million as at the end of February 2026.

In an attempt to recoup the money from the municipality's outstanding debtors, the municipality is appointed a debt collector through the RT27 transversal contract – debt collection. In addition to debtor collection the appointed debt collector will assist with the municipality with data cleansing.

The proceeds from the debt collection activities together with the proceeds from the activities in the municipality's financial recovery plan will assist the municipality to furnish the long outstanding debt towards Eskom and Sandvet.

Budget Assumptions:

- National Treasury MFMA Circular 134 was used as a guide in the compilation of the 2026/2027 Medium Term Revenue and Expenditure Framework.
- The following budget principles and guidelines informed the compilation of the 2026//2027 Medium Term revenue and expenditure framework:
 - 2025/2026 MFMA Section 72 report – mid-term assessment report;
 - 2025/2026 Adjustment Budget;
 - Average CPI inflation from 1 April 2025 to 31 March 2026
 - National Treasury Guidelines and other circulars
 - National and Provincial Budget speeches

Total revenue is anticipated to grow in the mid-term. The growth will be informed by the increase in tariffs on service charges as well increase in operational grants allocation.

The municipality aligned its budget to the national and provincial priorities, mentioned below are some of the National and Provincial priorities:

- ▣ National Priorities
 - Increase access to basic services
 - Sustainable employment growth through increased public investment spending

- Responding to electricity crisis
- Dealing with corruption and theft
- Building better lives
- ▣ Provincial priorities
 - Fighting Poverty
 - Reduce Crime

Tswelopele local Municipality prepared its budget with all these priorities in consideration [e.g. sustainable employment: job creation through MIG and EPWP and provincial priorities such as fighting poverty].

Currently the municipality has eradicated all the buckets in its jurisdiction.

All households within Tswelopele municipality have access to water, mentioned below is the progress made to address any backlogs in the municipality:

- All households have access to water and sanitation
- All households are connected to public sewerage network

3.1. Operating revenue overview

Tswelopele Local Municipality has implemented a financial recovery plan, although the strategy still needs to be updated and monitored regularly.

The purpose of the financial recovery plan is to improve municipal revenue and ultimately address the municipality's long outstanding debt towards Eskom and Sandvet.

The following key components were used in terms of budgeted revenue of the municipality:

- National Treasury MFMA Circulars
- Estimated Electricity Tariff increases pending the approval of the National Electricity Regulator of South Africa
- Latest Valuation roll in terms of Municipal Property Rates Act, Act 6 of 2004 as amended
- Municipality's indigent policy
- Tariff Policy of the Municipality
- Tariff Increases for Water, Refuse and Sewerage
- Targeted revenue collection rate averaging 100% of the billed revenue.

The table in the next page summarises the 2026/2027 revenue by source

As it can be seen from the table below, that throughout MTREF, the Municipality is reliant on Transfers and Subsidies (National and provincial grants) and would not be able to sustain itself long enough without these transfers. Of the total revenue budgeted, only these transfers are guaranteed to be received. The other revenue sources are only anticipated and might not be realised as such.

FS183 Swelopele - Table A4 Budgeted Financial Performance (revenue and expenditure)											
Description	###	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		R thousand	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28
Revenue											
Exchange Revenue											
Service charges - Electricity	2	46 677	53 363	64 580	64 740	66 575	66 575	45 122	66 575	69 904	70 237
Service charges - Water	2	5 366	6 984	8 927	9 828	9 828	9 828	5 453	6 154	6 461	6 492
Service charges - Waste Water Management	2	6 667	7 274	9 350	8 715	8 715	8 715	5 352	5 215	5 476	5 502
Service charges - Waste Management	2	3 755	4 044	5 413	7 116	5 332	5 332	2 947	4 215	4 426	4 447
Sale of Goods and Rendering of Services	2	785	696	973	1 458	1 533	1 533	594	1 162	1 220	1 225
Agency services	2	-	-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables	2	-	-	-	-	-	-	-	-	-	-
Interest earned from Current and Non Current Assets	2	1 934	3 244	3 564	3 219	2 979	2 979	1 733	2 250	2 363	2 374
Dividends	2	117	141	162	241	241	241	121	200	210	211
Rent on Land	2	566	595	580	600	990	990	901	1 240	1 302	1 308
Rental from Fixed Assets	2	1 288	1 050	1 298	520	570	570	470	570	599	601
Licence and permits	2	133	94	718	545	585	585	150	590	620	622
Special rating levies	2	-	-	-	-	-	-	-	-	-	-
Construction Contract Revenue	2	-	-	-	-	-	-	-	-	-	-
Development Charges	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	2 840	428	8 648	6 000	6 050	6 050	262	6 000	1 050	1 055
Non-Exchange Revenue											
Property rates	2	36 647	32 244	35 998	42 771	48 771	48 771	29 274	32 600	34 230	34 393
Surcharges and Taxes	2	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	2	820	1 026	932	1 012	1 212	1 212	174	1 162	1 220	1 226
Licences or permits	2	-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational	2	99 631	113 803	107 176	109 873	109 873	109 873	109 324	111 896	113 045	118 197
Interest	2	6 271	6 820	7 452	46 000	18 000	18 000	4 803	58 500	61 425	61 718
Fuel Levy	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	-	-	-	-	-	-	-	-	-	-
Gains on disposal of Fixed and Intangible Assets	2	-	-	-	-	-	-	-	-	-	-
Other Gains	2	-	-	2 228	30 220	30 220	30 220	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		213 497	231 807	257 998	332 860	311 475	311 475	206 678	298 329	303 549	309 609

Table 2: Grants

Description	####	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
R thousand										
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		91 240	101 204	102 959	109 723	109 723	109 723	111 746	112 887	118 039
Expanded Public Works Programme Integrated Grant		-	-	-	1 659	1 659	1 659	1 601	-	-
Local Government Financial Management Grant		-	-	-	2 100	2 100	2 100	2 300	2 400	2 500
Water Services Infrastructure Grant		21	3 962	-	-	-	-	-	-	-
Equitable Share		91 219	97 242	102 959	105 964	105 964	105 964	107 845	110 487	115 539
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	150	150	-	150	158	158
Education, Training and Development Practices SETA		-	-	-	150	150	-	150	158	158
Total Operating Transfers and Grants	5	91 240	101 204	102 959	109 873	109 873	100 873	111 896	113 045	118 197
Capital Transfers and Grants										
National Government:		-	-	(3 983)	37 721	37 721	28 119	50 173	49 971	51 629
Municipal Infrastructure Grant		-	-	-	19 281	19 281	9 679	25 063	21 187	21 732
Integrated National Electrification Programme Grant		-	-	-	-	-	-	3 000	5 568	6 639
Water Services Infrastructure Grant		-	-	(3 983)	18 440	18 440	18 440	22 110	23 216	23 258
Provincial Government:		-	-	-	-	-	-	-	-	-
District Municipality:		-	-	-	-	-	-	-	-	-
Other grant providers:		-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	5	-	-	(3 983)	37 721	37 721	28 119	50 173	49 971	51 629
TOTAL RECEIPTS OF TRANSFERS & GRANTS	5	91 240	101 204	98 976	147 594	147 594	137 842	162 069	163 218	169 826

The table above presents the National and Provincial Grants allocation in line with the Division of Revenue Act allocation Bill. Only allocations under schedule 5B grants are reflected in budget document. All other allocations in terms of schedule 6B of the Division of Revenue are allocation-in-kind and will not be included in the table above due to the fact that transactions for projects funded through schedule 6B allocations are recognised only when the projects are completed. Total grants received will increase in 2026/2027 and 2027/2028 due to increase in equitable share allocation.

Different components of revenue will be discussed in this page

3.1.1. Electricity

Tswelopele Local Municipality comprises of 2 townships (Phahameng and Tikwana) and 2 towns (Bultfontein and Hoopstad), and according to the latest census 2022 result, the municipality has 14 798 households. Out of these 14 798 households, the Municipality only sells electricity to about 1350 households and the rest are serviced by Eskom. The Municipality buys bulk electricity from Eskom to sell to these households and businesses in Bultfontein and Hoopstad respectively.

In the 2023-2024 financial year, the municipality prepared the cost of supply as required by the National Energy Regulator of South Africa (NERSA) in support for the 2024-2025 electricity tariff increase application. The cost of supply and the 2024-2025 tariff increase was approved by NERSA. The cost of supply is valid for 5 years and will be used for the 2026-2027 tariff increase application.

The municipality is proposing an average increase of 12.0 % on electricity tariffs for 2026/2027 financial year to ensure that ultimately the municipality's tariff is cost reflective.

Tswelopele Local Municipality target indigent households as per the approved indigent register for free basic electricity. All indigent households including those supplied by Eskom receive 50Kwh on a monthly basis.

3.1.2. Water

The Municipality is billing the townships at a flat rate, the intention is to bill them on consumption basis in the future. However, the water infrastructure needs to be upgraded/repaired for this target to be achieved. Billing of townships on consumption-base will only be implemented when the water meters are repaired

The Municipality proposed an increase of 6.0 % for the water tariff.

6 kl of water is only provided to indigent households as per the council approved Indigent register.

3.1.3. Sanitation (Sewerage)

A tariff increase of 6.0 % for sanitation from 1 July 2026 is proposed. The following factors contributed to the proposed tariff:

- Sanitation charges are charged at a flat rate, irrespective of the quantity of water used / consumed
- Free Sanitation is only provided to indigent households as per the council approved Indigent register
- There is no inclining tariff structure for sanitation consumption
- Proposed tariff is in line with the CPI for 2026/2027.

3.1.4. Waste Removal

The proposed tariff increase for waste removal is 6 %; the proposed increase is in line with CPI for 2026/2027. The following factors were considered for the proposed tariff increase:

- Waste removal charges are charged at a flat rate, irrespective of amount of waste removed
- The increment will also cover the wear and tear off all the trucks and vehicles used to provide this service
- Waste removal is provided for free to all the households who are indigent
- All 14 798 households waste are removed once a week

3.1.5. Property rates

Property rates is a statutory tax charged on all property owners within the jurisdiction of the Municipality. The tax is imposed in accordance to section 229 of the Constitution of South Africa and Municipal Property rates act, act 6 of 2004 (MPRA). In terms of MPRA [original Act] the municipality must prepare a valuation roll after every 5 financial years. Tswelopele Local Municipality first implemented the valuation roll in accordance with MPRA prescripts on the 1st July 2022. The current valuation roll will be implemented for the fifth financial year in 2026/2027.

The municipality is proposing an increase of the tariffs on Property rates by 6% for all the properties for the 2026/2027 financial year.

3.2. Operating Expenditure Framework

The municipality budgeted for an expenditure budget of R 282 214 000 (including non-cash items of R 33 000 000). The budgeted expenditure is informed by the following:

- Balance budget constraints – the municipality must not budget for a deficit,
- Funding of the budget as based on section 18 and section 19 of Municipal Finance Management act, act 54 of 2003
- National Treasury MFMA circulars
- South African Local Government Bargaining Council collective agreement on salaries
- Average CPI from 1 April 2025 to 31 March 2026.

The table below show the total budgeted expenditure:

FS183 Iswelopele - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	###	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Expenditure											
Employee related costs	2	79 956	92 350	100 192	104 071	106 038	106 038	(65 261)	102 565	103 346	108 206
Remuneration of councillors	2	6 431	6 929	7 190	6 988	7 364	7 364	(4 089)	7 030	7 381	7 417
Bulk purchases - electricity	2	40 207	48 130	57 097	47 425	47 425	47 425	(37 884)	51 697	54 282	54 541
Inventory consumed	2,8	12 862	12 601	11 174	13 553	13 648	13 648	(9 779)	13 739	14 426	14 462
Debt impairment	2,3	25 507	17 552	-	10 000	13 000	13 000	-	10 000	10 000	10 000
Depreciation, amortisation and impairment	2	29 872	25 443	26 502	20 000	20 000	20 000	-	16 850	16 850	16 850
Interest, Dividends and Rent on Land	2	10 258	14 520	13 273	3 000	10 500	10 500	(10 909)	3 000	3 150	3 165
Contracted services	2	42 082	49 882	35 714	41 808	48 173	48 173	(23 245)	47 278	47 056	47 331
Transfers and subsidies	2	11 119	4 946	-	10	10	10	-	10	11	11
Irrecoverable debts written off	2	-	-	39 588	10 000	12 550	12 550	(12 552)	-	-	-
Operational costs	2	25 548	31 164	32 292	23 879	31 362	31 362	(21 821)	30 044	31 532	31 770
Disposal of Fixed and Intangible Assets	2	-	-	-	-	-	-	-	-	-	-
Other Losses	2	12 717	4 863	2 264	-	650	650	-	-	-	-
Total Expenditure		286 558	308 381	325 286	280 734	310 720	310 720	(185 560)	282 214	288 034	293 752

3.3. Analysis of Capital Budget

Tswelopele Local Municipality capital budget is funded through Municipal Infrastructure Grant. The following are the major capital projects budgeted for, which will be funded by MIG through MTREF:

2026/2027 MIG PLANNED PROJECTS

Project Description	Planned MIG Expenditure for 2026/2027
PMU	1 500 000.00
Phahameng (Bultfontein): Construction of 2 km paved road and stormwater drainage	10 000 000.00
Tikwana (Hoopstad): Retrofitting of 6 sewer pump stations, installation of inline grinders and repairs	7 211 715.00
Phahameng/Bultfontein: Rehabilitation and construction at existing sports facilities – Phase 6	926 685.00
Bultfontein: Upgrading of the stadium – Phase 2	5 424 600.00
Total Grant Allocation	25 063 000.00

2026/2027 WATER SERVICES INFRASTRUCTURE GRANT PLANNED PROJECTS

Project Description	Planned WSIG Expenditure for 2026/2027
Hoopstad and Bultfontein replacement of old asbestos pipeline and accompanying appurtenances	22 110 000.00
Total Grant Allocation	22 110 000.00

2026/2027 INTERGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT PLANNED PROJECTS

Project Description	Planned INEP Expenditure for 2026/2027
Electrification of Ext 10Bultfontein:	3 000 000.00
Total Grant Allocation	3 000 000.00

4. Annual budget tables

The following tables will show annual budget tables and the analysis thereof:

Table A1

FS183 Tswelopele - Table A1 Budget Summary

Description	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
	Audited	Audited	Audited	Original	Adjusted	Full Year	Pre-audit	Budget Year	Budget Year +1	Budget Year +2
R thousands										
Financial Performance										
Property rates	36 647	32 244	35 998	42 771	48 771	48 771	29 274	32 600	34 230	34 393
Service charges	62 465	71 666	88 269	90 399	90 450	90 450	58 893	82 159	86 267	86 678
Investment revenue	1 934	3 244	3 564	3 219	2 979	2 979	1 733	2 250	2 363	2 374
Transfer and subsidies - Operational	99 631	113 803	107 176	109 873	109 873	109 873	109 324	111 896	113 045	118 197
Other own revenue	12 820	10 849	22 991	86 597	59 402	59 402	7 476	69 424	67 645	67 967
Total Revenue (excluding capital transfers and contributions)	213 497	231 807	257 998	332 860	311 475	311 475	206 700	298 329	303 549	309 609
Employee costs	79 956	92 350	100 192	104 071	106 038	106 038	(65 261)	102 565	103 346	108 206
Remuneration of councillors	6 431	6 929	7 190	6 988	7 364	7 364	(4 099)	7 030	7 381	7 417
Depreciation, amortisation and impairment	29 872	25 443	26 502	20 000	20 000	20 000	-	16 850	16 850	16 850
Interest, Dividends and Rent on Land	10 258	14 520	13 273	3 000	10 500	10 500	(10 909)	3 000	3 150	3 165
Inventory consumed and bulk purchases	53 068	60 732	68 271	60 978	61 073	61 073	(47 674)	65 436	68 708	69 003
Transfers and subsidies	11 119	4 946	-	10	10	10	-	10	11	11
Other expenditure	105 854	103 462	109 858	85 687	105 736	105 736	(57 540)	87 322	88 587	89 101
Total Expenditure	296 558	308 381	325 286	280 734	310 720	310 720	(185 482)	282 214	288 034	293 752
Surplus/(Deficit)	(83 061)	(76 574)	(67 288)	52 126	755	755	392 182	16 115	15 515	15 856
Transfers and subsidies - capital (monetary allocations)	79 366	63 681	55 743	37 721	37 721	37 721	24 354	50 173	49 971	51 629
Transfers and subsidies - capital (in-kind)	-	3 333	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	(3 695)	(9 560)	(11 545)	89 947	38 476	38 476	416 536	66 288	65 486	67 485
Share of surplus/(deficit) attributable to associate	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	(3 695)	(9 560)	(11 545)	89 947	38 476	38 476	416 536	66 288	65 486	67 485
Capital expenditure & funds sources										
Capital expenditure	61 929	3 515	49 255	41 201	45 915	45 915	26 829	57 043	57 185	58 877
Transfers recognised - capital	7 454	-	46 994	36 381	36 321	36 321	23 045	50 173	49 971	51 629
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	41 948	3 429	1 450	4 820	9 594	9 594	3 662	6 870	7 214	7 248
Total sources of capital funds	49 401	3 429	48 443	41 201	45 915	45 915	26 706	57 043	57 185	58 877
Financial position										
Total current assets	91 555	114 388	106 814	255 773	228 094	228 094	160 973	241 143	80 155	33 521
Total non current assets	690 149	715 528	778 855	160 212	164 926	164 926	805 684	203 064	40 335	42 027
Total current liabilities	173 012	235 529	258 209	109 213	137 618	(137 618)	(293 539)	138 319	55 004	8 063
Total non current liabilities	69 593	68 813	68 870	185 124	185 124	(185 124)	(68 870)	177 222	-	-
Community wealth/Equity	539 098	525 573	558 590	121 649	70 278	(70 278)	(577 079)	126 787	65 486	67 485
Cash flows										
Net cash from (used) operating	523 296	426 273	574 968	122 334	122 458	122 458	122 458	(18 331)	34 918	(17 507)
Net cash from (used) investing	(6 800)	(2 380)	(5 651)	(36 201)	(36 201)	(36 201)	(36 201)	(52 143)	(57 290)	(58 982)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-	-
Cash/cash equivalents at the year end:	685 275	434 373	536 997	161 402	161 526	161 526	161 526	132 293	109 921	33 432
Cash backing/surplus reconciliation										
Cash and investments available	686 633	436 003	538 627	162 828	162 952	162 952	163 156	133 719	109 921	33 432
Application of cash and investments	60 637	106 073	136 263	35 893	80 212	(128 161)	(309 387)	105 556	27 714	(29 514)
Balance - surplus (shortfall)	625 996	329 930	402 363	126 934	82 740	291 113	472 543	28 163	82 208	62 946
Asset management										
Asset register summary (WDV)	596 929	552 870	658 240	93 170	86 184	86 184	-	74 150	(9 637)	(9 602)
Depreciation	29 872	25 443	26 502	20 000	20 000	20 000	-	16 850	16 850	16 850
Renewal and Upgrading of Existing Assets	6 069	-	33 739	8 331	14 331	14 331	-	3 450	6 041	7 114
Repairs and Maintenance	15 355	15 902	7 418	20 786	19 050	19 050	-	19 989	20 144	20 291

Table A2

FS183 | Swelopele - Table A2 Budgeted Financial Performance (revenue and expenditure by functional classification)

Functional Classification Description	###	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Revenue - Functional										
Governance and administration		183 419	162 427	214 441	200 226	127 917	127 917	212 400	213 009	218 637
Executive and council		93 664	99 379	99 616	104 299	35 739	35 739	114 909	110 973	116 027
Finance and administration		89 754	63 047	114 825	95 927	92 178	92 178	97 191	102 036	102 610
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		1 030	5 515	2 231	1 865	6 574	6 574	2 732	2 869	2 882
Community and social services		13	924	935	700	900	900	850	893	897
Sport and recreation		972	4 529	1 216	1 150	4 087	4 087	1 790	1 880	1 888
Public safety		45	62	81	15	1 587	1 587	92	97	97
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		28 631	23 790	32 350	20 271	30 301	30 301	890	935	939
Planning and development		124	181	912	900	5 830	5 830	680	714	717
Road transport		28 507	23 609	31 438	19 371	24 471	24 471	210	221	222
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		79 784	107 696	117 527	148 218	184 404	184 404	82 607	86 737	87 150
Energy sources		51 736	57 438	66 167	98 649	110 484	110 484	66 987	70 337	70 672
Water management		17 626	38 939	33 028	30 169	38 304	38 304	6 189	6 499	6 530
Waste water management		6 667	7 274	11 135	10 500	19 500	19 500	5 215	5 476	5 502
Waste management		3 755	4 044	7 198	8 901	16 117	16 117	4 215	4 426	4 447
Other	4	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	2	292 863	299 427	366 550	370 581	349 196	349 196	298 329	303 549	309 609
Expenditure - Functional										
Governance and administration		116 654	137 572	148 603	105 515	122 405	122 405	107 124	109 364	111 018
Executive and council		56 505	60 870	50 767	31 022	41 219	41 219	38 911	37 773	38 998
Finance and administration		60 149	76 702	97 836	74 493	81 187	81 187	68 213	71 592	72 019
Internal audit		-	-	-	-	-	-	-	-	-
Community and public safety		9 567	10 593	10 662	12 346	12 287	12 287	13 133	13 790	13 855
Community and social services		4 040	3 744	3 487	4 183	4 234	4 234	5 122	5 378	5 404
Sport and recreation		5 039	5 152	5 112	6 686	6 706	6 706	6 663	6 996	7 029
Public safety		487	1 697	2 063	1 477	1 347	1 347	1 348	1 415	1 422
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
Economic and environmental services		33 830	28 380	32 069	37 332	33 835	33 835	30 634	31 959	32 148
Planning and development		6 294	8 368	9 233	9 354	9 372	9 372	9 362	9 830	9 877
Road transport		27 537	20 012	22 836	27 978	24 463	24 463	21 272	22 129	22 271
Environmental protection		-	-	-	-	-	-	-	-	-
Trading services		136 962	135 435	141 618	125 540	142 193	142 193	131 322	132 921	136 731
Energy sources		54 810	63 713	71 747	62 799	66 558	66 558	68 574	71 771	72 091
Water management		27 080	29 369	32 474	28 897	32 615	32 615	28 684	29 894	29 982
Waste water management		25 984	20 301	23 963	19 740	24 767	24 767	19 580	20 316	20 389
Waste management		29 088	22 053	13 434	14 104	18 252	18 252	14 484	10 940	14 269
Other	4	-	-	-	-	-	-	-	-	-
Total Expenditure - Functional	3	297 014	311 981	332 952	280 734	310 720	310 720	282 214	288 034	293 752
Surplus/(Deficit) for the year		(4 150)	(12 554)	33 598	89 847	38 476	38 476	16 115	15 515	15 856

Table A3

FS183 | Swelopele - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	###	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
		Audited	Audited	Audited	Original	Adjusted	Full Year	Budget Year	Budget Year +1	Budget Year +2
Revenue by Vote	1									
Vote 1 - Executive		93 699	99 528	99 890	104 669	41 069	41 069	115 089	111 162	116 217
Vote 2 - Budget and Treasury Office		46 696	23 823	76 913	19 362	32 613	32 613	14 741	15 463	15 625
Vote 3 - Community and Social Services		1 091	2 162	2 838	2 345	4 474	4 474	3 182	3 341	3 357
Vote 4 - Public Safety		-	-	-	-	-	-	-	-	-
Vote 5 - Sport and Recreation		28	3 385	31	50	2 600	2 600	50	53	53
Vote 6 - Waste Management		3 755	4 044	7 198	8 901	16 117	16 117	4 215	4 426	4 447
Vote 7 - Waste Water Management		6 667	7 274	11 135	10 500	19 500	19 500	5 215	5 476	5 502
Vote 8 - Road Transport		28 507	23 609	31 438	19 371	24 471	24 471	210	221	222
Vote 9 - Water		17 626	38 939	33 028	30 169	38 304	38 304	6 189	6 499	6 530
Vote 10 - Electricity		51 736	57 438	66 167	98 649	110 484	110 484	66 987	70 337	70 672
Vote 11 - Corporate Services		43 058	39 225	37 912	76 565	59 565	59 565	82 450	86 573	86 985
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	292 863	299 427	366 550	370 581	349 196	349 196	298 329	303 549	309 609
Expenditure by Vote to be appropriated	1									
Vote 1 - Executive		62 799	69 238	60 000	40 376	50 591	50 591	48 273	47 603	48 875
Vote 2 - Budget and Treasury Office		44 236	56 599	60 609	48 666	53 264	53 264	44 042	46 229	46 538
Vote 3 - Community and Social Services		8 771	9 716	10 139	11 227	11 168	11 168	12 062	12 666	12 726
Vote 4 - Public Safety		773	812	470	979	979	979	930	977	981
Vote 5 - Sport and Recreation		23	66	53	140	140	140	141	148	148
Vote 6 - Waste Management		29 088	22 053	13 434	14 104	18 252	18 252	14 484	10 940	14 269
Vote 7 - Waste Water Management		25 984	20 301	23 963	19 740	24 767	24 767	19 580	20 316	20 389
Vote 8 - Road Transport		27 537	20 012	22 836	27 978	24 463	24 463	21 272	22 129	22 271
Vote 9 - Water		27 080	29 369	26 774	27 397	31 115	31 115	27 184	28 394	28 482
Vote 10 - Electricity		54 810	63 713	71 747	62 799	66 558	66 558	68 574	71 771	72 091
Vote 11 - Corporate Services		15 913	20 102	37 227	25 827	27 923	27 923	24 172	25 363	25 482
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	2	297 014	311 981	327 252	279 234	309 220	309 220	280 714	286 534	292 252
Surplus/(Deficit) for the year	2	(4 150)	(12 554)	39 298	91 347	39 976	39 976	17 615	17 015	17 356

Table A4

FS183 Iswelopele - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	###	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Revenue											
Exchange Revenue											
Service charges - Electricity	2	46 677	53 363	64 580	64 740	66 575	66 575	45 122	66 575	69 904	70 237
Service charges - Water	2	5 366	6 984	8 927	9 828	9 828	9 828	5 453	6 154	6 461	6 492
Service charges - Waste Water Management	2	6 667	7 274	9 350	8 715	8 715	8 715	5 352	5 215	5 476	5 502
Service charges - Waste Management	2	3 755	4 044	5 413	7 116	5 332	5 332	2 947	4 215	4 426	4 447
Sale of Goods and Rendering of Services	2	785	696	973	1 458	1 533	1 533	594	1 162	1 220	1 225
Agency services	2	-	-	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables	2	-	-	-	-	-	-	-	-	-	-
Interest earned from Current and Non Current Assets	2	1 934	3 244	3 564	3 219	2 979	2 979	1 733	2 250	2 363	2 374
Dividends	2	117	141	162	241	241	241	121	200	210	211
Rent on Land	2	566	595	580	600	990	990	901	1 240	1 302	1 308
Rental from Fixed Assets	2	1 288	1 050	1 298	520	570	570	470	570	599	601
Licence and permits	2	133	94	718	545	585	585	150	590	620	622
Special rating levies	2	-	-	-	-	-	-	-	-	-	-
Construction Contract Revenue	2	-	-	-	-	-	-	-	-	-	-
Development Charges	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	2 840	428	8 648	6 000	6 050	6 050	262	6 000	1 050	1 055
Non-Exchange Revenue											
Property rates	2	36 647	32 244	35 998	42 771	48 771	48 771	29 274	32 600	34 230	34 393
Surcharges and Taxes	2	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	2	820	1 026	932	1 012	1 212	1 212	174	1 162	1 220	1 226
Licences or permits	2	-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational	2	99 631	113 803	107 176	109 873	109 873	109 873	109 324	111 896	113 045	118 197
Interest	2	6 271	6 820	7 452	46 000	18 000	18 000	4 803	58 500	61 425	61 718
Fuel Levy	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	-	-	-	-	-	-	-	-	-	-
Gains on disposal of Fixed and Intangible Assets	2	-	-	-	-	-	-	-	-	-	-
Other Gains	2	-	-	2 228	30 220	30 220	30 220	-	-	-	-
Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contributions)		213 497	231 807	257 998	332 860	311 475	311 475	206 678	298 329	303 549	309 609
Expenditure											
Employee related costs	2	79 956	92 350	100 192	104 071	106 038	106 038	(65 261)	102 565	103 346	108 206
Remuneration of councillors	2	6 431	6 929	7 190	6 988	7 364	7 364	(4 099)	7 030	7 381	7 417
Bulk purchases - electricity	2	40 207	48 130	57 097	47 425	47 425	47 425	(37 894)	51 697	54 282	54 541
Inventory consumed	2,8	12 862	12 601	11 174	13 553	13 648	13 648	(9 779)	13 739	14 426	14 462
Debt impairment	2,3	25 507	17 552	-	10 000	13 000	13 000	-	10 000	10 000	10 000
Depreciation, amortisation and impairment	2	29 872	25 443	26 502	20 000	20 000	20 000	-	16 850	16 850	16 850
Interest, Dividends and Rent on Land	2	10 258	14 520	13 273	3 000	10 500	10 500	(10 909)	3 000	3 150	3 165
Contracted services	2	42 082	49 882	35 714	41 808	48 173	48 173	(23 245)	47 278	47 056	47 331
Transfers and subsidies	2	11 119	4 946	-	10	10	10	-	10	11	11
Irrecoverable debts written off	2	-	-	39 588	10 000	12 550	12 550	(12 552)	-	-	-
Operational costs	2	25 548	31 164	32 292	23 879	31 362	31 362	(21 821)	30 044	31 532	31 770
Disposal of Fixed and Intangible Assets	2	-	-	-	-	-	-	-	-	-	-
Other Losses	2	12 717	4 863	2 264	-	650	650	-	-	-	-
Total Expenditure		296 558	308 381	325 286	280 734	310 720	310 720	(185 560)	282 214	288 034	293 752
Surplus/(Deficit)		(83 061)	(76 574)	(67 288)	52 126	755	755	392 238	16 115	15 515	15 856
Transfers and subsidies - capital (monetary allocations)	6	79 366	63 681	55 743	37 721	37 721	37 721	24 354	50 173	49 971	51 629
Transfers and subsidies - capital (in-kind)	6	-	3 333	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions		(3 695)	(9 560)	(11 545)	89 847	38 476	38 476	416 592	66 288	65 486	67 485
Income Tax	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax		(3 695)	(9 560)	(11 545)	89 847	38 476	38 476	416 592	66 288	65 486	67 485
Share of Surplus/Deficit attributable to Joint Venture	-	-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality		(3 695)	(9 560)	(11 545)	89 847	38 476	38 476	416 592	66 288	65 486	67 485
Share of Surplus/Deficit attributable to Associate	7	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions	-	-	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) for the year	1	(3 695)	(9 560)	(11 545)	89 847	38 476	38 476	416 592	66 288	65 486	67 485

Table A5

Vote Description	###	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
R thousand	1										
Capital expenditure - Vote											
Multi-year expenditure to be appropriated	2										
Vote 1 - Executive		-	-	-	-	-	-	-	-	-	-
Vote 2 - Budget and Treasury Office		-	-	-	-	-	-	-	-	-	-
Vote 3 - Community and Social Services		-	-	-	-	-	-	-	-	-	-
Vote 4 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 5 - Sport and Recreation		-	-	-	-	-	-	-	-	-	-
Vote 6 - Waste Management		-	-	-	-	-	-	-	-	-	-
Vote 7 - Waste Water Management		-	-	-	-	-	-	-	-	-	-
Vote 8 - Road Transport		-	-	-	-	-	-	-	-	-	-
Vote 9 - Water		-	-	-	-	-	-	-	-	-	-
Vote 10 - Electricity		-	-	-	-	-	-	-	-	-	-
Vote 11 - Corporate Services		-	-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
Capital multi-year expenditure sub-total	7	-	-	-	-	-	-	-	-	-	-
Single-year expenditure to be appropriated	2										
Vote 1 - Executive		1 196	266	320	580	830	830	-	740	777	781
Vote 2 - Budget and Treasury Office		435	114	302	620	560	560	-	560	588	591
Vote 3 - Community and Social Services		3 200	53	0	160	160	160	-	160	168	169
Vote 4 - Public Safety		-	-	-	-	-	-	-	-	-	-
Vote 5 - Sport and Recreation		(7)	-	10 159	7 881	7 881	7 881	-	-	-	-
Vote 6 - Waste Management		8	77	-	30	30	30	-	30	32	32
Vote 7 - Waste Water Management		1 757	585	6 013	19 100	19 100	19 100	-	22 770	23 909	23 954
Vote 8 - Road Transport		2 372	1 421	7 146	11 100	15 614	15 614	-	4 480	4 704	4 726
Vote 9 - Water		48 358	108	23 581	70	70	70	-	70	74	74
Vote 10 - Electricity		4 348	-	1 629	1 500	1 500	1 500	-	28 063	26 755	28 371
Vote 11 - Corporate Services		262	893	106	160	170	170	-	170	179	179
Vote 12 -		-	-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-	-
Capital single-year expenditure sub-total		61 929	3 515	49 255	41 201	45 915	45 915	-	57 043	57 185	58 877
Total Capital Expenditure - Vote		61 929	3 515	49 255	41 201	45 915	45 915	-	57 043	57 185	58 877
Capital Expenditure - Functional											
Governance and administration		1 849	1 211	652	1 260	1 320	1 320	409	1 170	1 229	1 234
Executive and council		1 152	205	245	480	590	590	239	440	462	464
Finance and administration		698	1 006	408	780	730	730	169	730	767	770
Internal audit		-	-	-	-	-	-	-	-	-	-
Community and public safety		3 193	53	10 159	8 041	8 041	8 041	1 468	160	168	169
Community and social services		-	-	-	-	-	-	-	-	-	-
Sport and recreation		3 193	53	10 159	8 041	8 041	8 041	1 468	160	168	169
Public safety		-	-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-	-
Economic and environmental services		2 416	1 481	7 222	11 200	15 854	15 854	9 238	4 780	5 019	5 043
Planning and development		44	61	76	100	240	240	87	300	315	317
Road transport		2 372	1 421	7 146	11 100	15 614	15 614	9 151	4 480	4 704	4 726
Environmental protection		-	-	-	-	-	-	-	-	-	-
Trading services		54 471	770	31 222	20 700	20 700	20 700	16 192	50 933	50 769	52 431
Energy sources		4 348	-	1 629	1 500	1 500	1 500	1 162	28 063	26 755	28 371
Water management		48 358	108	23 581	70	70	70	1 811	70	74	74
Waste water management		1 757	585	6 013	19 100	19 100	19 100	13 219	22 770	23 909	23 954
Waste management		8	77	-	30	30	30	-	30	32	32
Other		-	-	-	-	-	-	-	-	-	-
Total Capital Expenditure - Functional	3	61 929	3 515	49 255	41 201	45 915	45 915	27 306	57 043	57 185	58 877
Funded by:											
National Government		3 106	-	46 994	36 381	36 321	36 321	23 599	50 173	49 971	51 629
Provincial Government		4 348	-	-	-	-	-	-	-	-	-
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	7 454	-	46 994	36 381	36 321	36 321	23 599	50 173	49 971	51 629
Borrowing	6	-	-	-	-	-	-	-	-	-	-
Internally generated funds		41 948	3 429	1 450	4 820	9 594	9 594	3 662	6 870	7 214	7 248
Total Capital Funding	7	49 401	3 429	48 443	41 201	45 915	45 915	27 261	57 043	57 185	58 877

Table A6

FS183 | Swelopele - Table A6 Budgeted Financial Position

Description	###	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
R thousand											
ASSETS											
Current assets											
Cash and cash equivalents	1	10 481	17 680	13 199	163 472	163 357	163 357	53 100	192 676	41 030	(25 539)
Short term Investments	2	-	-	-	-	-	-	-	-	-	-
Trade and other receivables from exchange transactions	3	31 649	34 907	34 318	1 630	(7 931)	(7 931)	37 472	(31 585)	(8 005)	4 758
Receivables from non-exchange transactions	3	18 916	25 294	20 399	42 428	25 170	25 170	28 400	83 880	61 556	61 940
Current portion of non-current receivables	4	-	-	-	-	-	-	-	-	-	-
Inventory	5	472	1 242	1 710	2 543	1 798	1 798	1 582	(5 441)	(14 426)	(7 637)
VAT Receivable	6	28 501	33 407	35 147	44 088	44 088	44 088	38 311	-	-	-
Other current assets	7	1 535	1 858	2 042	1 612	1 612	1 612	2 108	1 612	-	-
Total current assets		91 555	114 388	106 814	255 773	228 094	228 094	160 973	241 143	80 155	33 521
Non current assets											
Investments	8	1 358	1 630	1 630	1 426	1 426	1 426	1 630	1 426	-	-
Investment property	9	102 571	102 223	154 146	102 571	102 571	102 571	154 146	102 571	-	-
Property, plant and equipment	10	584 029	610 870	622 133	53 949	58 663	58 663	648 962	96 802	40 335	42 027
Biological assets	11	705	805	946	705	705	705	946	705	-	-
Living resources	12	-	-	-	-	-	-	-	-	-	-
Heritage assets	13	-	-	-	-	-	-	-	-	-	-
Intangible assets	14	-	-	-	-	-	-	-	-	-	-
Trade and other receivables from exchange transactions	15	-	-	-	-	-	-	-	-	-	-
Non-current receivables from non-exchange transactions	15	-	-	-	-	-	-	-	-	-	-
Other non-current assets	16	1 487	-	-	1 561	1 561	1 561	-	1 561	-	-
Total non current assets		690 149	715 528	778 855	160 212	164 926	164 926	805 684	203 064	40 335	42 027
TOTAL ASSETS		781 704	829 916	885 669	415 985	393 019	393 019	966 656	444 207	120 490	75 548
LIABILITIES											
Current liabilities											
Bank overdraft	17	-	-	-	-	-	-	-	-	-	-
Financial liabilities	18	3 292	7 100	4 849	2 769	2 769	(2 769)	(4 849)	2 769	-	-
Consumer deposits	19	1 676	1 843	1 954	1 700	1 700	(1 700)	(2 102)	1 700	-	-
Trade and other payables from exchange transactions	20	144 286	193 046	219 599	75 781	104 186	(104 186)	(242 990)	133 841	55 003	8 063
Trade and other payables from non-exchange transactions	21	10 233	17 195	14 651	28 100	28 100	(28 100)	(26 444)	9	1	(0)
Provision	22	13 524	16 345	17 155	863	863	(863)	(17 155)	-	-	-
VAT Payable	23	-	-	-	-	-	-	-	-	-	-
Other current liabilities	24	-	-	-	-	-	-	-	-	-	-
Total current liabilities		173 012	235 529	258 209	109 213	137 618	(137 618)	(293 539)	138 319	55 004	8 063
Non current liabilities											
Financial liabilities	25	3 330	-	-	6 146	6 146	(6 146)	-	6 146	-	-
Provision	26	62 424	64 448	65 347	141 077	141 077	(141 077)	(65 347)	141 077	-	-
Long term portion of trade payables	27	-	-	-	-	-	-	-	-	-	-
Other non-current liabilities	28	3 840	4 365	3 523	37 901	37 901	(37 901)	(3 523)	30 000	-	-
Total non current liabilities		69 593	68 813	68 870	185 124	185 124	(185 124)	(68 870)	177 222	-	-
TOTAL LIABILITIES		242 606	304 342	327 079	294 336	322 742	(322 742)	(362 409)	315 541	55 004	8 063
NET ASSETS		539 098	525 573	558 590	121 649	70 278	715 761	1 329 066	128 666	65 486	67 485
COMMUNITY WEALTH/EQUITY											
Accumulated surplus/(deficit)	29	539 098	525 573	558 590	121 649	70 278	(70 278)	(577 079)	126 787	65 486	67 485
Reserves and funds	30	-	-	-	-	-	-	-	-	-	-
Other	31	-	-	-	-	-	-	-	-	-	-
TOTAL COMMUNITY WEALTH/EQUITY	32	539 098	525 573	558 590	121 649	70 278	(70 278)	(577 079)	126 787	65 486	67 485

Table A7

FS183 Tswelopele - Table A7 Budgeted Cash Flows											
Description	###	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		20 121	25 587	27 429	64 467	64 467	64 467	64 467	39 100	34 320	41 218
Service charges		59 226	67 876	74 257	145 669	145 669	145 669	145 669	24 726	25 963	26 087
Other revenue		397 993	304 597	434 888	11 141	11 266	11 266	11 266	3 063	3 216	3 231
Transfers and Subsidies - Operational	1	92 935	99 769	105 212	109 723	109 723	109 723	109 723	111 896	113 045	118 197
Transfers and Subsidies - Capital	1	38 066	23 203	46 905	37 721	37 721	37 721	37 721	50 173	49 971	51 629
Interest		137	158	215	-	-	-	-	-	-	-
Dividends		-	-	-	-	-	-	-	-	-	-
Payments											
Suppliers and employees		(85 181)	(94 918)	(113 936)	(243 387)	(243 387)	(243 387)	(243 387)	(245 287)	(189 497)	(255 759)
Finance charges		-	-	-	(3 000)	(3 000)	(3 000)	(3 000)	(2 002)	(2 100)	(2 110)
Transfers and Subsidies	1	-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES		523 296	426 273	574 968	122 334	122 458	122 458	122 458	(18 331)	34 918	(17 507)
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
Proceeds on disposal of PPE		-	-	1	5 000	5 000	5 000	5 000	5 050	53	53
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-	-
Insurance Refund - Capital		-	-	-	-	-	-	-	-	-	-
Interest on Short Term Investment (Greater then 90 days) and Long Term Investments		-	-	-	-	-	-	-	-	-	-
Payments											
Capital assets		(6 800)	(2 380)	(55 652)	(41 201)	(41 201)	(41 201)	(41 201)	(57 193)	(57 342)	(59 035)
Retention (Capital)		-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) INVESTING ACTIVITIES		(6 800)	(2 380)	(55 651)	(36 201)	(36 201)	(36 201)	(36 201)	(52 143)	(57 290)	(58 982)
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-	-
Payments											
Repayment of borrowing		-	-	-	-	-	-	-	-	-	-
NET CASH FROM/(USED) FINANCING ACTIVITIES		-	-	-	-	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD											
Cash/cash equivalents at the year begin:	2	168 778	10 481	17 680	75 269	75 269	75 269	75 269	202 767	132 293	109 921
Cash/cash equivalents at the year end:	2	685 275	434 373	536 997	161 402	161 526	161 526	161 526	132 293	109 921	33 432

Table A8

FS183 swelopele - Table A8 Cash backed reserves/accumulated surplus reconciliation											
Description	###	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited	Audited	Audited	Original	Adjusted	Full Year	Pre-audit	Budget Year	Budget Year +1	Budget Year +2
R thousand											
Cash and investments available											
Cash/cash equivalents at the year end	1	685 275	434 373	536 997	161 402	161 526	161 526	161 526	132 293	109 921	33 432
Other current investments > 90 days		-	-	-	-	-	-	-	-	-	-
Non current Investments	1	1 358	1 630	1 630	1 426	1 426	1 426	1 630	1 426	-	-
Cash and investments available:		686 633	436 003	538 627	162 828	162 952	162 952	163 156	133 719	109 921	33 432
Application of cash and investments											
Unspent conditional transfers		4 615	4 576	(0)	-	-	-	(11 837)	-	1	(0)
Unspent borrowing											
Statutory requirements	2	(22 882)	(20 788)	(20 495)	(15 997)	(15 997)	(15 997)	23 705	-	-	-
Other working capital requirements	3	65 380	105 940	139 603	51 027	95 345	(113 027)	(304 100)	105 556	27 713	(29 514)
Other provisions		13 524	16 345	17 155	863	863	863	(17 155)	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-	-
Total Application of cash and investments:		60 637	106 073	136 263	35 893	80 212	(128 161)	(309 387)	105 556	27 714	(29 514)
Surplus(shortfall) - Excluding Non-Current Creditors Trf to Debt Relief Benefits		625 996	329 930	402 363	126 934	82 740	291 113	472 543	28 163	82 208	62 946
Creditors transferred to Debt Relief - Non-Current portion		-	-	-	-	-	-	-	-	-	-
Surplus(shortfall) - Including Non-Current Creditors Trf to Debt Relief Benefits		625 996	329 930	402 363	126 934	82 740	291 113	472 543	28 163	82 208	62 946

Table A9

FS183 | Swelopele - Table A9 Asset Management

Description	###	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
R thousand										
CAPITAL EXPENDITURE										
Total New Assets	1	55 860	3 515	15 516	32 870	31 584	31 584	53 593	51 144	51 763
<i>Roads Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>		(0)	-	(1 247)	8 500	(0)	(0)	-	-	-
<i>Electrical Infrastructure</i>		-	-	44	1 500	1 500	1 500	25 063	21 187	21 732
<i>Water Supply Infrastructure</i>		48 358	108	246	70	70	70	70	74	74
<i>Sanitation Infrastructure</i>		-	-	6 832	18 440	18 440	18 440	22 110	23 216	23 258
<i>Solid Waste Infrastructure</i>		-	-	-	-	2 500	2 500	-	-	-
<i>Rail Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>		-	-	-	-	-	-	-	-	-
Infrastructure		48 358	108	5 875	28 510	22 510	22 510	47 243	44 477	45 064
Community Facilities		3 113	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		3 113	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	250	1 850	1 850	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	250	1 850	1 850	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		894	1 272	823	1 180	1 480	1 480	1 650	1 733	1 741
Machinery and Equipment		1 144	715	501	430	1 644	1 644	1 700	1 785	1 794
Transport Assets		2 351	1 421	8 318	2 500	4 100	4 100	3 000	3 150	3 165
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-
Total Renewal of Existing Assets	2	4 348	-	1 065	-	-	-	3 000	5 568	6 639
<i>Roads Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>		-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>		4 348	-	1 065	-	-	-	3 000	5 568	6 639
<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		4 348	-	1 065	-	-	-	3 000	5 568	6 639
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
Community Assets		-	-	-	-	-	-	-	-	-
Heritage Assets		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Other Assets		-	-	-	-	-	-	-	-	-
Biological or Cultivated Assets		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		-	-	-	-	-	-	-	-	-
Machinery and Equipment		-	-	-	-	-	-	-	-	-
Transport Assets		-	-	-	-	-	-	-	-	-
Land		-	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
Living Resources		-	-	-	-	-	-	-	-	-

Table A9 – (continued)

Total Upgrading of Existing Assets	6	1 721	-	32 674	8 331	14 331	14 331	450	473	475
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>	-	-	-	-	-	-	-	-	-	-
<i>Electrical Infrastructure</i>	-	-	-	-	-	-	-	-	-	-
<i>Water Supply Infrastructure</i>	-	-	23 335	-	-	-	-	-	-	-
<i>Sanitation Infrastructure</i>	1 729	-	(819)	450	6 450	6 450	450	473	475	
<i>Solid Waste Infrastructure</i>	-	-	-	-	-	-	-	-	-	-
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-	-	-
<i>Coastal Infrastructure</i>	-	-	-	-	-	-	-	-	-	-
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-	-
Infrastructure	1 729	-	22 515	450	6 450	6 450	450	473	475	
Community Facilities	-	-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities	(7)	-	10 159	7 881	7 881	7 881	-	-	-	
Community Assets	(7)	-	10 159	7 881	7 881	7 881	-	-	-	
Heritage Assets	-	-	-	-	-	-	-	-	-	
Revenue Generating	-	-	-	-	-	-	-	-	-	
Non-revenue Generating	-	-	-	-	-	-	-	-	-	
Investment properties	-	-	-	-	-	-	-	-	-	
Operational Buildings	-	-	-	-	-	-	-	-	-	
Housing	-	-	-	-	-	-	-	-	-	
Other Assets	-	-	-	-	-	-	-	-	-	
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-	
Servitudes	-	-	-	-	-	-	-	-	-	
Licences and Rights	-	-	-	-	-	-	-	-	-	
Intangible Assets	-	-	-	-	-	-	-	-	-	
Computer Equipment	-	-	-	-	-	-	-	-	-	
Furniture and Office Equipment	-	-	-	-	-	-	-	-	-	
Machinery and Equipment	-	-	-	-	-	-	-	-	-	
Transport Assets	-	-	-	-	-	-	-	-	-	
Land	-	-	-	-	-	-	-	-	-	
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-	
Mature	-	-	-	-	-	-	-	-	-	
Immature	-	-	-	-	-	-	-	-	-	
Living Resources	-	-	-	-	-	-	-	-	-	
Total Capital Expenditure	4	61 929	3 515	49 255	41 201	45 915	45 915	57 043	57 185	58 877
<i>Roads Infrastructure</i>	-	-	-	-	-	-	-	-	-	-
<i>Storm water Infrastructure</i>	(0)	-	(1 247)	8 500	(0)	(0)	-	-	-	
<i>Electrical Infrastructure</i>	4 348	-	1 109	1 500	1 500	1 500	28 063	26 755	28 371	
<i>Water Supply Infrastructure</i>	48 358	108	23 581	70	70	70	70	74	74	
<i>Sanitation Infrastructure</i>	1 729	-	6 013	18 890	24 890	24 890	22 560	23 689	23 733	
<i>Solid Waste Infrastructure</i>	-	-	-	-	2 500	2 500	-	-	-	
<i>Rail Infrastructure</i>	-	-	-	-	-	-	-	-	-	
<i>Coastal Infrastructure</i>	-	-	-	-	-	-	-	-	-	
<i>Information and Communication Infrastructure</i>	-	-	-	-	-	-	-	-	-	
Infrastructure	54 435	108	29 455	28 960	28 960	28 960	50 693	50 517	52 178	
Community Facilities	3 113	-	-	-	-	-	-	-	-	
Sport and Recreation Facilities	(7)	-	10 159	7 881	7 881	7 881	-	-	-	
Community Assets	3 106	-	10 159	7 881	7 881	7 881	-	-	-	
Heritage Assets	-	-	-	-	-	-	-	-	-	
Revenue Generating	-	-	-	-	-	-	-	-	-	
Non-revenue Generating	-	-	-	-	-	-	-	-	-	
Investment properties	-	-	-	-	-	-	-	-	-	
Operational Buildings	-	-	-	250	1 850	1 850	-	-	-	
Housing	-	-	-	-	-	-	-	-	-	
Other Assets	-	-	-	250	1 850	1 850	-	-	-	
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-	
Servitudes	-	-	-	-	-	-	-	-	-	
Licences and Rights	-	-	-	-	-	-	-	-	-	
Intangible Assets	-	-	-	-	-	-	-	-	-	
Computer Equipment	-	-	-	-	-	-	-	-	-	
Furniture and Office Equipment	894	1 272	823	1 180	1 480	1 480	1 650	1 733	1 741	
Machinery and Equipment	1 144	715	501	430	1 644	1 644	1 700	1 785	1 794	
Transport Assets	2 351	1 421	8 318	2 500	4 100	4 100	3 000	3 150	3 165	
Land	-	-	-	-	-	-	-	-	-	
Zoo's, Marine and Non-biological Animals	-	-	-	-	-	-	-	-	-	
Mature	-	-	-	-	-	-	-	-	-	
Immature	-	-	-	-	-	-	-	-	-	
Living Resources	-	-	-	-	-	-	-	-	-	
TOTAL CAPITAL EXPENDITURE - Asset class		61 929	3 515	49 255	41 201	45 915	45 915	57 043	57 185	58 877

5. Explanatory notes to budget

Explanatory Notes to Table A1

Table A1 is a summary of the budget of Tswelopele Local Municipality that gives an overview of the of the budget, it includes, the following key aspects

Financial Performance: This is a summary of income statement of the Municipality

Capital Expenditure and funding sources: This gives a brief overview of the capital expenditure and its funding sources

Financial Position: This is the balance sheet of Tswelopele Local Municipality

Cash Flow: This gives a brief overview of the Cash flow of the Municipality

Asset Management: This is the overview of the total assets of the Municipality

Free Services: This section gives the total amount of free basic services as provided by the municipality. This is the most important as it gives users of the budget a “snapshot” of what is going to follow in the next nine (9) main table

Explanatory Notes to Table A2

1. Table A2 is a view of the budgeted financial performance in relation to revenue and expenditure per functional classification.
2. Total Revenue on this table includes capital revenues (Transfers recognised – capital) and so does not balance to the operating revenue shown on Table A4 as Table A4 exclude capital transfers.

Explanatory Note to Table A3

1. Table A3 is an overview of the budgeted financial performance in relation to the revenue and expenditure per municipal vote.
2. From the above it can be seen that all trading services are making surpluses, and this is attributable to the following.
 - a. Council proposes a 12.0% on electricity tariffs as per proposal on NERSA guideline.

- b. An increase of 6.0% on refuse, 6.0% on sewerage and 6.0% on water tariffs and 6.0% on Property rates
 - c. Cut on non-priority spending
3. Profits made on these services are used to subsidise non-trading services.

Explanatory note on table A4

1. Services charges relating to electricity, water, sanitation and refuse removal constitutes the biggest component of the budgeted revenue of Tswelopele Local Municipality
2. Transfers recognised – operating includes the local government equitable share and other operating grants from national and provincial government.
3. Major component of expenditure relates to employee costs.
4. Transfers recognised – capital is increasing over the mid-term and this is due to the increase in the population of the community of Tswelopele Local Municipality according to Census 2022 data.

Explanatory note on Table A5

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

Explanatory Notes to Table A6

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order

of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.

The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.

Explanation to Table A7

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

Explanatory note to table A8

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. Considering the requirements of section 18 of the MFMA, it can be concluded that the draft budget for 2026/2027 MTREF is funded because Municipality anticipates making a profit over the MTREF.

PART 2

1. Municipal budget process

Municipal Financial Management Act (MFMA) mentions six (6) steps (i.e. Planning, Strategizing, Preparing, Tabling, Consulting and Finalising/ Adopting) that the municipality must follow in order to prepare the annual budget that is credible. The planning and strategizing processes started with the preparation of budget timelines as required by MFMA and IDP review process plan. Section 53 of the MFMA requires the Mayor of the municipality to provide general political guidance in the budget process and the setting of priorities that must guide the preparation of the annual budget. In addition, Chapter 2 of the Municipal Budget and Reporting Regulations states that the Mayor of the municipality must establish a Budget Steering Committee to provide technical assistance to the Mayor in discharging the responsibilities set out in section 53 of the Act.

The Budget Steering Committee has been established and effectively performs the required duties throughout the financial year and exercises oversight not only on the budget but the overall financial management of the municipality and advice / recommend to Council accordingly.

In terms of section 21 of the MFMA the Mayor is required to table in Council ten months before the start of the new financial year (i.e. in August 2025) a time schedule that sets out the process to revise the IDP and prepare the annual budget. The Mayor tabled the required IDP process plan and budget timeline schedule in line with the applicable legislation. The IDP process plan and budget timeline schedule was tabled to Council during August 2025.

As per the budget timelines all the department heads were asked to give their inputs on the annual budget. The Budget & Treasury Office of the municipality under the leadership of the Chief Financial Officer prepared the draft budget, which will be tabled to Council at the end of March 2026 as stipulated in the MFMA.

Council having approved the draft budget; the municipality must embark on the public participation process. The draft budget and revised IDP of the municipality will be placed at municipal offices and libraries in the communities and relevant stakeholders are encouraged to provide inputs on the tabled budget. The Mayor, assisted by Councillors and Municipal Officials will embark on the community consultations at various wards within the municipality.

The public participation processes is used as an arena for co-management in which the community and the municipality decide together where and how the resources will be allocated. Furthermore, it is the objective of the municipality to move away from informing the community about what it plans to do, but rather to allow the community to influence development and resource allocation.

2. Overview of the alignment of annual budget with integrated development plan

The annual review of the Integrated Development Plan is a legislative requirement in terms of section 34 of the Municipal Systems Act. It stipulates that a Municipal Council must review its integrated plan annually in accordance with an assessment of its performance measurements in terms of section 41; and to the extent that changing circumstances so demand; and may amend its integrated development plan in accordance with a prescribed process. The Annual Budget and the IDP are inextricably linked to one another, something that has been formalised through the promulgation of the Municipal Finance Management Act in 2004.

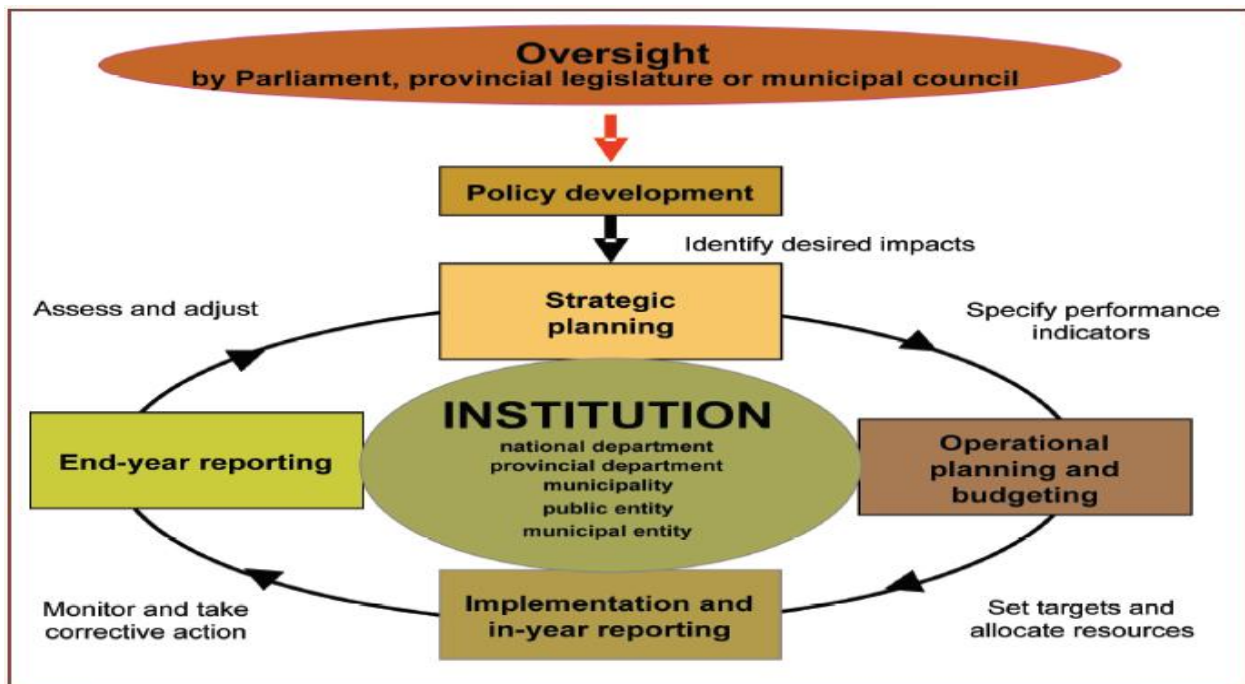
In compliance with the Municipal Structures Act and Municipal Finance Management Act the municipality's budget must be informed by and aligned to the IDP objectives. The budgetary allocations for both capital and operating expenditure need to be undertaken in a manner that will not only ensure that the IDP outcomes are achieved but also leads to the municipality's vision being realized. This ensures that the IDP directs the development and implementation of projects.

The municipality is continually working with support of the system provider (Munsoft) to ensure compliance with the MSCOA requirements and keeping up to speed with the annual updates of the mSCOA charts. Necessary efforts are also dedicated towards ensuring that the Integrated Development Plan and Annual Budget are aligned as required by the MFMA. The process of reconciling financial plan to its Integrated Development Plan created a whole new method of budgeting at the municipality. Council will in the future ensure that priorities within the budget are focused towards its strategies and objectives.

3. Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the predetermined strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the municipality has reviewed and will operationalize its performance management framework. The following diagram further explains the process of planning, budgeting and reporting in Municipal environment:

Graph - Planning and Reporting Cycle



A concentrated effort was made during the IDP review to ensure that it contains measurable performance objectives. From the measurable performance objectives, key performance indicators will be deduced to be included in the service delivery and budget implementation plan when it is submitted to the Mayor for approval (subsequent to the approval of the IDP and MTREF by Council).

In line with section 69(3) (a) of the Municipal Finance Management Act, which requires the Accounting Officer to submit a Service Delivery and Budget Implementation Plan (SDBIP) to the Mayor no later than 14 days after the approval of the budget and drafts of the performance agreement as required in terms of section 57 (1) (b) of the Municipal Systems Act, plans are in place to ensure compliance with this prescript.

The Service Delivery and Budget Implementation Plan will provide a vital link between the Mayor, Council (executive) and the Administration, and facilitates the process for holding management accountable for its performance. It is the intention of Management to properly formulate the SDBIP to ensure that appropriate information is circulated internally and externally for purposes of monitoring the execution of the budget, performance of senior management and achievement of the strategic objectives set by council. The table below shows the performance indicators of the Municipality.

3.1. Performance indicators and Benchmarking

The following ratios are the analysis of performance of the Municipality for 2026/2027.

- ***Current Ratio***

The current ratio measures the ability of the municipality to pay off its short-term liability, the ratio should be 2:1, to assets.

The current ratio for 2026/2027 = 1.4:1.

- ***Gearing***

Gearing measures to what extent are the operation of the Municipality financed form Borrowings, and the gearing of the Municipality is zero (o), and this is a good sign, because it shows that the Municipality is not relying on borrowings.

- ***Creditors Management***

The municipality anticipates that it will be in a position to pay off 100% of its creditors by the due date; this is in terms of section 65 of the Municipal Finance Management Act

For long outstanding debt, the municipality is anticipating to honour the arrangements made the affected service providers.

The anticipated performance of the municipality is on an acceptable level.

4. Overview of budget related policies

Tswelopele Budget process is guided and governed by relevant legislation and budget related policies. The main purpose of budget related policies is to govern and guide process and inform the projections of the medium term. The following are some of the budget related policies at high level:

4.1. Review of credit control and debt collection policies

The Municipality aims to increase the collection rate to average 85% by the end of 2026/2027 Financial Year. This can be achieved with the success of installation of pre-paid electricity and water meters and strict implementation of credit control collection measures.

A credible Credit Control policy has been adopted by Municipal Council. The implementation thereof is monitored regularly by the CFO.

4.2. Asset Management Policy

The Municipality fully implemented generally recognised accounting principle (GRAP 17) and a policy on asset management was approved by council during 2025/2026 financial year. The Asset Management policy is considered as a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition, the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

The need was identified for strengthening the municipal's asset Management policy to cater for consequence management in order to ensure accountability and safeguarding of the municipal assets.

4.3. Supply Chain Management Policy

The Supply Chain Management Policy was adopted by Council during 2007 and has been reviewed on an annual basis.

4.4. Budget and Virement Policy

These policies are aimed at guiding the municipality in terms of compiling a credible and funded budget as required by the MFMA and also to guide the municipality in terms of shifting of funds during the financial year. In addition to these policies, the mid-year budget assessment is used to guide and inform the mid-year performance review and adjustment budget process.

The Municipality doesn't have an adjustment budget policy as the adjustment budget process is governed by various provisions in the MFMA and is aimed at instilling and establishing an increased level of discipline, responsibility and accountability in the financial management practices of municipalities.

4.5. Investment Policy

The cash management and investment policy was amended and approved by Council for implementation during 2024/2025 financial year. The aim of the policy is to ensure that the municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves and conditional grants that needs to be cash-backed. There are no significant changes effected to the policy.

4.6. Tariff Policies

The municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery. The policies have been approved on various dates and a consolidated tariff policy is envisaged to be compiled for ease of administration that all proposed tariffs reflect the cost of providing such services. Over the years, the increase in tariffs was not always commensurate with the inflation rate. There were financial years where certain tariffs were not increased at all. This is currently having negative impact on the budget as the current tariffs are not cost-reflective. The need has aroused to increase the tariff with rate higher than the inflation to catch up with the years where increases were not implemented.

4.7. Property Rates Policy

Tswelopele Local Municipality's property rates policy provides a framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable

service delivery, the policy is directly informed by section 229 of the Constitution of the Republic of South Africa and the Municipal Property Rates Act, act 6 of 2004.

4.8. Indigent Policy

The aim of the policy is to guide the municipality on the process of how to identify and register the indigent households in the Municipality. The indigent support policy was last reviewed during 2025/2026 financial year and this policy prescribes the threshold for indigent consumers as well as the free basic service component. The municipality has been experiencing problems where indigent consumers have been utilising services above the threshold thereby being unable to pay for the services, especially on water. There are no major changes to the policy. There is a need for the development of free basic services policy and possible promulgation of the by-law. The policy is currently being reviewed.

4.9. Bad debt write off policy

The policy guides how and when the municipality should write off its debtors, the current debtor's book is approximately R200 million and it is in the light of the above that the policy was reviewed.

4.10. Other Related Policies

Municipality has also reviewed the following policies which have direct impact on the Draft Budget of the Municipality:

- Customer Care Policy
- Deposit Policy
- Petty Cash Policy

Soft copies of the policies may be downloaded from Tswelopele local Municipality website:

www.tswelopele.gov.za

5. Overview of budget assumptions

The budget was prepared on the incremental budgeting process with the assumption that goods and services as previously budgeted will increase by a certain percentage which is more than the current CPI and zero-based budgeting mainly on Petrol. The following tariffs were increased; Sewerage 6.0%, Refuse 6.0%, water 6.0%, Electricity 12.0% (pending NERSA approval) and property rates 6.0%. Salaries are budgeted for an increase of 4.75%, this is informed by South

African Local Bargaining Council collective agreement on salaries, the agreement as was concluded. National Treasury MFMA circulars were used for other assumptions of the budget and the following are some of the assumptions made:

1. Economic climate and poverty levels within the municipality will remain the same / constant for major part of the financial year given the limited economic activities with the vicinity;
2. Cash flow projections will be strictly maintained to ensure the municipality's ability to meet its financial obligations;
3. Operational costs will be maintained at current levels or reduced as cost containment measures and where there is material decrease in revenue collection rate, expenditure will have to be reduced at the same proportion;
4. The municipality's vacancy rate is fairly low however, new vacancies will need to be filled in 2025/2026 financial as result of the review of the organisational structure. Overview of the funding of the budget

MFMA section 18 states that the expenditure of the budget may only be funded from:

- Realistically anticipated revenue to be collected
- Cash-backed accumulated funds from previous years' surpluses not committed for other purposes
- Borrowed funds, but only for capital budget referred to in section 17 (2).

Tswelopele local municipality operating revenue budget totals R 298.3 million and is funded from:

- Grants
- Service Charges
- Other revenue

The capital budget of the municipal totals R 57 million, and is funded from:

- Municipal Infrastructure Grant
- Electricity Grant
- Water Grant
- Internally Generated Funds

6. Expenditure on Allocations and Grant Programmes

Total Grants Allocated to Tswelopele Local Municipality are disclosed on table SA18

- **Financial Management Grant**

Total allocation to Tswelopele Local Municipality is R 2 300 000, the condition of the grant is that the municipality must appoint a minimum of five (5) financial interns. The grant is used to pay for the intern's stipend, the grant is also used for training of the municipal budget and treasury office officials, the grant will also be used to fund Standard chart of account (SCOA) Project.

- **Expanded Public Works Programme**

In the 2026/2027 the municipality has been allocated R 1 601 000 in an aim to alleviate poverty and unemployment by creating work opportunities and income support to the unemployed members of the community.

It should be noted that by mid-year, this allocation is always depleted and resulting in the municipality utilising its own funds to continue creating work opportunities for those unemployed members of the community as the community of this municipality has a very high unemployment rate.

- **Municipal infrastructure grant**

The total allocation is R 25 063 000 and this amount will be spent on the following projects:

2025/2026 MIG PLANNED PROJECTS

Project Description	Planned MIG Expenditure for 2026/2027
<i>PMU</i>	1 500 000.00
<i>Phahameng (Bultfontein): Construction of 2 km paved road and stormwater drainage</i>	10 000 000.00
<i>Tikwana (Hoopstad): Retrofitting of 6 sewer pump stations, installation of inline grinders and repairs</i>	7 211 715.00
<i>Phahameng/Bultfontein: Rehabilitation and construction at existing sports facilities – Phase 6</i>	926 685.00
<i>Bultfontein: Upgrading of the stadium – Phase 2</i>	5 424 600.00
Total Grant Allocation	25 063 000.00

- **Water Services Infrastructure Grant**

Municipality will also receive an amount of R 22 110 000 for allocation for upgrading of water infrastructure.

2026/2027 WATER SERVICES INFRASTRUCTURE GRANT PLANNED PROJECTS

Project Description	Planned WSIG Expenditure for 2026/2027
<i>Hoopstad and Bultfontein replacement of old asbestos pipeline and accompanying appurtenances</i>	22 110 000.00
Total Grant Allocation	22 110 000.00

- **Integrated National Electrification Programme Grant**

Municipality will also receive an amount of R 3 000 000 for allocation for upgrading of electrification services.

2026/2027 INTERGRATED NATIONAL ELECTRIFICATION PROGRAMME GRANT PLANNED PROJECTS

Project Description	Planned INEP Expenditure for 2026/2027
<i>Electrification of Ext 10Bultfontein:</i>	3 000 000.00
Total Grant Allocation	3 000 000.00

7. Allocations made by the municipality

For unmetered households a flat rate will be billed for water and indigent household shall receive 6kl rebate on water consumption and 100% rebate for consumers that are billed at a flat rate. All indigent households receive 50 kwh of electricity for free. The households that are 100% indigent also receive free sanitation and free removal of refuse.

8. Councillor and board members allowance and employee benefits

The actual increase will be determined when the Government Gazette on the Upper Limits of Councillors is issued and the necessary processes as per the gazette will be followed prior to implementation. The Municipal System Act requires the Municipal Manager to develop a staff establishment for the municipality within a policy framework determined by the municipal council and subject to any applicable legislation.

The Municipal Manager must submit the staff establishment to Council for consideration and approval. The Municipal System Act further requires the Municipal Manager to provide a job description for each post on the staff establishment and to attach to those posts the remuneration and other conditions of service as may be determined in accordance with any applicable labour legislation. The increase on employee benefit was according to the South African Local Bargaining Council collective agreement. In terms of the collective agreement, the municipality must fill all critical positions.

9. Contracts having future budgetary implications

In terms of regulation to the Municipal Finance Management Act, long term contracts are contracts that are more than 3 years and as such, the municipality do not have such contracts and further does not intend to enter into contracts that have future budgetary implications. In terms of the municipality's Supply Chain Management Policy, no contracts are awarded beyond the medium-term revenue and expenditure framework (three years). In ensuring adherence to this contractual time frame limitation, all reports submitted to either the Bid Evaluation and Adjudication Committees must obtain formal financial comments from the Budget and Treasury Office.

10. Legislation Compliance

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

1. In year reporting

Reporting to National Treasury in electronic format is fully complied with on a monthly basis.

2. Internship programme

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

3. Budget and Treasury Office

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

4. Audit Committee

An Audit Committee has been established and is fully functional.

5. Service Delivery and Implementation Plan

The detail SDBIP document is in the draft stage.

6. Annual Report

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

7. Integrated Development Plan and approval of the annual budget

The reviewed IDP of the Municipality will be tabled to Council during March 2025 together with the Budget of the municipality. Subsequently, the public consultations will take place with the relevant stakeholders.

9. Policies and bylaws

The municipality has compiled the various policies as required by various legislations as well as the Municipal Budget and Reporting regulations. The challenge has been on implementation and adherence to such policies subsequent to their approval by Council. Bylaws are yet to be promulgated, currently at draft / compilation stage.

11. Quality Certificate



TSWELOPELE
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A MUNICIPALITY IN PROGRESS

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MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I, **T Manele**, the Acting Municipal Manager of **TSWELOPELE LOCAL MUNICIPALITY (FS 183)**, hereby certify that the Tabled Draft 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: _____

Signature: _____

Date: _____