TOGETHER FOR PROSPERITY

AMAHLATHI LOCAL MUNICIPALITY

Draft Budget 2026/2027

TABLE OF CONTENTS

PART 1

PART 2

1. PURPOSE

SP Z P ZQ SP P Z T Z ZMLTYNZ YNTWL ZaLWZY SP / LQ, YY LW ORP QZ , XLSWWST7ZNLW8 YNTLWd QZ QYLYNTLWdPL

2. LEGAL/STATUTORY REQUIREMENTS

8 YNTLWTYLYNP 8LYLRPXPY, N

8 YNTLW ORP LYO P Z TYR PR WWTZY

3. BACKGROUND

PN TZY ZQ SP 818, , N ZQ L P SL SP NZ YNTWZQL X YNTLWd X QZ PLNS QYLYNTLWdPL L ZaP LYLYY LWM ORP QZ SP X YNTLWd MPQZ P SP L ZQ SP QYLYNTLWdPL PN TZY ZQ SP 818, , N ZQ L P SL TY Z OP QZ SP X YNTLWd Z NZX WbTS M PN TZY SP 8LdZ ZQ SP 8 YNTLWd X LMP SP LYY LWM ORP L NZ YNTWXPP TYR L WL OLd MPQZ P SP L ZQ SP QYLYNTLWdPL 1 SP XZ P PN TZY ZQ SP 818, L P SL SP NZ YNTWX L ZaP SP LYY LWM ORP OLd MPQZ P SP L ZQ SP M ORP dPL PN TZY ZQ SP 818, , N ZQ L P SL LYLYY LWM ORP ZQ SP X YNTLWd X MP L NSPO WTY SP P N TPO QZ XL

L P TYR Z PLWT TLWLYNTL PO PaPY P QZ SP M ORP dPL QZX PLNS PaPY P Z NP

M , Z T TYR Pc PYOT P QZ SP M ORP dPL YOP SP OTQP PY aZ P ZQ SP X YNTLWd

N P TYR Z TYOTL TaP PaPY P P PaPY P Z NP LYO Z PNPO Pc PYOT P Md aZ P QZ SP b Z QYLYNTLWdPL QZWb TYR SP M ORP dPL

O P TYR Z

- 0 TXL PO PaPY P LYO Pc PYOT P Md aZ P QZ SP N PY dPL LYO
- , N LWPaPY P LYO Pc PYOT P Md aZ P QZ SP QYLYNTLWdPL PNPOTYR SP N PY dPL LYO
- , L PXPY NZYLTYPO LYd Z SP TYQZ XL TZY P TPO Md PN TZY ZQ SP NZY T TZYZ L XLd MP P N TPO

P , YLYY LWM ORP X RPYP LWWMP OTTPO TY Z L NL TLWLYO Z P L TYR M ORP TYLNNZ OLYNP b TS TYP YL TZYLWMP LN TP L XLd MP P N TPO

4. MAYORS REPORT

4 RTaP XP R PL TaTARP Z P PY SP / LQ 8 POT X P X PaPY P LYO 0c PYOT P 1 LXPb Z V 8 01 M CRP Z NZ YNTWZ T NZY TOP L TZY - CRP TYR QZ QYL YNL WdPL LYO SP Z P b Z QYL YNL WdPL b P P R TOPO Md SP - CRP ; ZNP ; WY b STNS b L LOZ PO Md . Z YNTWZY SP , R TY WYP b TS SP 8 YNTL W 1 YLYNP 8 LYLRPXPY , N 9L TZYL W PL d T PO 8 1 8 , - CRP . TN W 9Z b STNS b L PO Z R TOP SP NZX TW TZY ZQ SP 8 POT X P X PaPY P LYO 0c PYOT P 1 LXPb Z V 8 01 M CRP SP XLTY ZMPN TaP ZQ L X YNTL W M CRP T Z LWWNL P PLW T NL W LYNTL PO P Z NP Z SP P aTNP OPWTaP d RZL W TOPY TQPO L TZ TTP TY SP 4YPR L PO / PaPW XPY ; WY 8 YNTL W QYL YNP NZY TY P Z PXLTY YOP P P L L P WZQ T TYR NZ Z OPWTaP P aTNP OPNWYTYR R LY QZX QTN WZb PaPY P NZ WWN TZY PYO LYO STRS L W d NZ SP 8 YNTL W d T QLNPO b TS aL TZ NSL WPYRP b STNS L X ZYR SPX TYNW OP L N W P ZQ WZb L d XPY QZ L P LYO P aTNP NSL RP Md OPMZ b STNS SL Q SP MPPY PcL NP ML PO Md SP b PL V P NZYZX TN R Zb S L P LYO TY QW TZY L d P P , WW SP P QLN Z L P YPRL TaP W L QQPN TYR X YNTL W PaPY P NZ WWN TZY L P 3 LaTYR L TO ST SP X YNTL W d T TX WP XPY TYR aL TZ PaPY P L PRTP b TS L Y ZMPN TaP ZQ TX ZaTYR PaPY P NZ WWN TZY PYO SP P ZR P ZY L PRTP T P Z PO L P W TY SP PaPY P PYSL YNP XPY NZ X X T PP Z L P ZR P

The following is the table depicting the high-level overview of the Draft Budget for 2026/27

Description	Adjusted 2025/26	2025/26 MTREF	2026/27 MTREF	2027/28 MTREF
: P L TYR PaPY P 4YNWNL TLW LY QP				
: P L TYR 0c PYOT P				
Surplus or (Deficit) after capital transfers	***33 548 821***	***34 038 749***	***7 579 032***	***17 709 987***
. L TLW LY QP				
. L TLW 0c PYOT P				
Surplus/ (Deficit)	***29 534 181***	***29 988 749***	***7 579 032***	***17 709 987***

ZLWPaPY P TYNW TaP ZQNL TLW LY QP PQRN LY TYNPL P ZQ XTWZY QZX XTWZY L P SP LO XPY M QRP Z XTWZY P SP OLQ M QRP

: P L TYR Pc PYOT P SL TYN PL PO Md XTWZY QZX XTWZY Z XTWZY TYOTNL TYR bL O P P ZY Z P L TZYLWNZ 4Y NZY L NL TLWPc PYOT P SL QPN PL PO Md XTWZY QZX XTWZY Z XTWZY RRP TYR L NZY LN TZY TY WYYPONL TLWTYaP XPY QZ SP QTYL YNTLWdPL

SP P NSLYRP b TWW P TP NL PQ WNZY TQP L TZY L TN WW W b TS PRL O Z SP LTYLMTWd ZQZ P L TYR Pc PYOT P LYO SP Z PY TLWTX LN ZQ PO NPO NL TLW PYOTYR ZY P aTNP QPWaP d LYO TYQL N P QPaPWZ XPY

SP OLQ LYY LWM QRP LMRO PQRN L ZPNPO W ZQ XTWZY QZ SP QTYL YNTLWdPL : aP SP 8POT X P X PaPY P LYO 0c PYOT P 1 LXPb Z V 8 01 SP M QRP PQRN L N X WTaP W ZQ XTWZY

ST Z TTaP M QRP Z TTZY PQRN L MLWYNPO LYO LTYLMRV QTYLYNTLWZ WZV NZY TYRPY ZY SP NZY TY PO PQRN TaP TX WXPYL TZY ZQ SP X YNTLWd PaPY P NZWRN TZY L PRTP LYO QPY Pc PYOT P XLYLRPXPY S Z RSZ SP 8 01 P TZO

5. <u>DRAFT BUDGET RELATED RESOLUTIONS</u>

-PWZb L P SP P ZWTZY SL X MP L ZaPO Md NZ YNTWb TS OLQLYY LW M QRP

L SL SP / LQ, YY LW QRP QZ LYO SP TYOTNL TaP Z P QTYL YNTLW dPL LYO **<u>BE APPROVED</u>** L P Z TY SP QZWZb TYR M QRP LMRV

LMRV, - QRP XXL d

LMRV, - QRP PO 1 TYL YNTLW,P QZ XLYNP Md LYO L O. W TQNL TZY

LMRV, - QRP PO 1 TYL YNTLW,P QZ XLYNP Md AZP

LMRV, - QRP PO 1 TYL YNTLW,P QZ XLYNP PaPY P Md Z NP LYO 0c PYOT P Md d P

LMMPV, - CRP PO. L TLW

LMMPV, - CRP PO 1 TYLYNTLW,Z TTZY

LMMPV, - CRP PO. L S 1 VZb

LMMPV, - CRP PO - LNVPO P P aP LYO, NN X WPO W PNZYNTWT TZY

LMMPV, , P XLYLRPXPY

LMMPV, - L TN P aTNP / PWWP d 8 PL PXPY

L SL SP WT ZQ PaTPONL TLW Z PN **BE APPROVED.**

M SL SP / LQ, YY LW CRP **BE APPROVED.**

N SL SP OLQ M CRP PWPO ZWNTP **BE NOTED AND APPROVED.**

O SL SP OLQ L TQQ WT **BE NOTED AND APPROVED.**

6. OVERVIEW OF ASSUMPTIONS USED

SP L X TZY POb P P R TCPOMd 8 1 8 , . TN WV T POMd 9 L TZYLW PL d QZ NZX TWTZY ZQ 8 0 1 - CRP SP QZWWb TYR L X TZY b P P PO

- **Tariffs for property rates** SLaP MPPY TYN PL PO Md QZ M TYP P LYO Z SP NL PRZ TP
- **Tariffs for electricity** SLaP MPPY TYN PL PO Md
- **Tariffs for refuse and other revenue** SL MPPY TYN PL PO Md TY WTYP b TS . ; 4 QZ PNL LYO L TQQ N P PaPY P NZWWNTZY PYO LYO N PY PNZYZX TN NZYOTTZY SLaP LWZ MPPY LVPY TY Z NZY TOP L TZY
- 4YQWTZY Z WZVL TYOTNL PO MPWZb b L PO

Fiscal Year	2026/27	2027/28	2028/29
. ZY XP ; TNP 4YQWTZY . ; 4			

- **Bulk electricity costs** b TWWTYN PL P TY WTYP b TS 9 0 , R TCPWTYP 9P L L ZaPO TY
- **Employee related costs** SLaP MPPY TYN PL PO TY WTYP b TS SP *Salary and Wage Collective Agreement.*
- **Remuneration of councillors** SLaP MPPY M CRP PO TY WTYP b TS SP YPb 2 ZaP YXPY 2 LeP P ZY SP PX YP L TZY ZQ MTN: QQNP - PL P , N MTTSPO
- **Other Expenditure** SL MPPY M CRP PO QZ TY WTYP b TS SP YPPO ZQ SP aL TZ CP L XPY b STW LVTYR TY Z LNNZ Y SP X YTNTLWTd LaLTWLMPV P Z NP LYO PO NTYR P TLMPV SL P LWZNL TZY

7. EXECUTIVE SUMMARY

SP PaPY P ZQ SP X YNTLWd NZY TY P Z MP YOP P P O P Z aL TZ QNZ bSTNS TYNWOP SP N W P ZQ WZb LdXPY Md OPMZ SP WZb PNZYZXTNR Zb S L P YPX WZdXPY L P b STNS b L LWZ PcLNP ML PO Md SP LYOPX TNLYO STRS LW d MTWW SP X YNTLWd SL PNPY W PaTPb PO T PaPY P LT TYR L PRTP LYO SP P SLaP MPPY L ZaPO Md NZ YNTW SP ZR P ZY TX WPXPYL TZY ZQ SP PaPY P PYSL YNPXPY L PRd T MPTYR P Z PO ZY L L P W ML T - PWZb T L STRS WPaPW XXL d ZQ SP OLQ LYY LWM ORP SP : P L TYR PaPY P PcNWOTYR NL TLW LY QP SL TYNPL PO QZX X TWWZY Z X TWWZY TXL TWO P Z L XZOP TX ZaPXPY TYLYNTL PO Zb Y PaPY P YZ b TS LYOTYR L OPNWTYP TYR LY Q YOTYR

: P L TYR Pc PYOT P SL LWZ TYNPL PO QZX X TWWZY Z X TWWZY ST YP TYNPL P T O TaPY Md LO XPY LN Z Pc PYOT P TPX TYNWOTYR PX WZdPP PWWPONZ OPM TX LTXPY M WW NSL P LYONZY LNPO P aTNP

EC124 Amahlathi - Table A1 Budget Summary

Description	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
R thousands	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Financial Performance										
Property rates	23 331	24 169	22 003	28 350	28 079	28 079	19 815	29 764	31 544	33 435
Service charges	47 020	59 021	75 469	86 861	90 379	90 379	56 429	106 808	113 216	119 274
Investment revenue	1 613	3 456	3 421	4 063	4 063	4 063	123	4 307	4 705	5 136
Transfer and subsidies - Operational	130 339	138 142	146 325	145 328	146 305	146 305	144 813	142 223	137 378	147 526
Other own revenue	23 335	41 824	59 696	57 405	54 469	54 469	42 989	58 415	33 627	35 490
Total Revenue (excluding capital transfers and contributions)	225 638	266 611	306 914	322 008	323 296	323 296	264 169	341 516	320 471	340 860
Employee costs	135 383	136 206	124 980	126 195	127 275	127 275	84 875	128 013	133 197	138 459
Remuneration of councillors	13 662	13 595	14 006	15 111	15 692	15 692	9 209	16 634	17 632	18 689
Depreciation and amortisation	26 030	25 940	41 062	23 217	23 217	23 217	–	24 076	24 870	25 666
Interest	10 047	15 524	7 069	2 000	1 500	1 500	2 162	1 034	1 068	1 103
Inventory consumed and bulk purchases	43 364	51 988	59 491	65 673	65 366	65 366	47 285	72 314	74 567	76 953
Transfers and subsidies	10	10	–	–	–	–	–	–	–	–
Other expenditure	68 365	61 735	70 673	57 719	58 502	58 502	23 051	65 307	60 059	62 280
Total Expenditure	296 863	304 998	317 281	289 915	291 552	291 552	166 582	307 377	311 394	323 150
Surplus/(Deficit)	(71 225)	(38 387)	(10 367)	32 093	31 743	31 743	97 586	34 139	9 077	17 710
Transfers and subsidies - capital (monetary allocations)	32 255	46 078	77 657	89 322	92 104	92 104	48 488	57 262	47 900	45 307
Transfers and subsidies - capital (in-kind)	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	(38 970)	7 691	67 290	121 415	123 848	123 848	146 074	91 401	56 976	63 017
Share of Surplus/Deficit attributable to Associate	–	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year	(38 970)	7 691	67 290	121 415	123 848	123 848	146 074	91 401	56 976	63 017
Capital expenditure & funds sources										
Capital expenditure	33 921	48 428	52 722	92 122	94 334	94 334	94 334	81 312	47 900	45 307
Transfers recognised - capital	31 485	39 881	56 861	89 322	89 839	89 839	89 839	79 662	47 900	45 307
Borrowing	–	–	–	–	–	–	–	–	–	–
Internally generated funds	2 436	8 548	(4 139)	2 800	4 495	4 495	4 495	1 650	–	–
Total sources of capital funds	33 921	48 428	52 722	92 122	94 334	94 334	94 334	81 312	47 900	45 307
Financial position										
Total current assets	98 386	93 857	114 382	104 178	111 007	111 007	200 489	105 177	192 207	244 397
Total non current assets	415 719	438 329	468 429	600 889	603 101	603 101	518 073	604 839	621 712	630 554
Total current liabilities	224 189	222 474	159 681	143 434	146 749	146 749	149 357	154 566	120 887	148 541
Total non current liabilities	71 541	75 148	80 720	7 862	7 862	7 862	80 720	7 862	7 862	7 862
Community wealth/Equity	218 376	234 564	342 410	554 353	556 786	556 786	488 485	547 588	685 171	718 728
Cash flows										
Net cash from (used) operating	85 160	182 228	236 843	116 932	126 079	126 079	126 079	92 912	96 824	110 772
Net cash from (used) investing	–	(1)	(370)	(91 874)	(92 834)	(92 834)	(92 834)	(79 812)	(47 400)	(40 307)
Net cash from (used) financing	–	–	–	–	–	–	–	–	–	–
Cash/cash equivalents at the year end	86 718	183 786	238 032	55 883	64 070	64 070	64 070	43 925	93 350	163 815
Cash backing/surplus reconciliation										
Cash and investments available	15 702	22 827	12 563	39 757	50 404	50 404	56 057	43 925	116 844	144 509
Application of cash and investments	183 630	209 000	146 395	88 155	89 033	89 033	47 502	79 559	27 401	29 395
Balance - surplus (shortfall)	(167 928)	(186 173)	(133 832)	(48 397)	(38 629)	(38 629)	8 555	(35 634)	89 443	115 114
Asset management										
Asset register summary (WDV)	415 719	438 329	468 429	600 889	603 101	603 101	604 839	604 839	621 712	630 554
Depreciation	23 641	24 779	30 529	23 217	23 217	23 217	23 217	23 217	23 715	25 656
Renewal and Upgrading of Existing Assets	574 472	618 503	664 470	25 840	26 358	26 358	31 332	1 500	500	500
Repairs and Maintenance	2 807	3 717	2 608	2 975	2 738	2 738	7 800	7 800	4 350	4 429
Free services										
Cost of Free Basic Services provided	–	–	–	–	–	–	–	–	–	–
Revenue cost of free services provided	(1 411)	(1 541)	(1 641)	(3 418)	(3 418)	(3 418)	(3 646)	(3 864)	(4 096)	–
Households below minimum service level										
Water:	–	–	–	–	–	–	–	–	–	–
Sanitation/sewerage:	–	–	–	–	–	–	–	–	–	–
Energy:	–	–	–	–	–	–	–	–	–	–
Refuse:	–	–	–	–	–	–	–	–	–	–

8. OPERATING REVENUE FRAMEWORK

Section 18 (1) of the MFMA states that the annual budget may be funded from realistically anticipated revenues to be collected; cash-backed accumulated funds from previous years' surpluses not committed for other purposes; and borrowed funds, but only to fund capital projects. Furthermore section 18 (2) states that revenue projections in the budget must be realistic, taking into account projected revenue for the current year based on collection levels to date; and actual revenue collected in previous financial years. In these tough economic times strong revenue management is fundamental to the financial sustainability of the municipality. Below is the table reflecting the summary of budgeted revenue by source.

During the 2026/27 Financial year the municipality will be implementing and continue to implement various revenue strategies which include, installation of smart meters, reduction in distribution losses, revenue enhancement strategy; financial recovery plan and debt incentive scheme with an objective to improve financial viability. In order, to meet the objective of the strategy a revenue enhancement committee monitors and evaluates the implementation of the strategies.

Below is the table reflecting the summary of revenue by source.

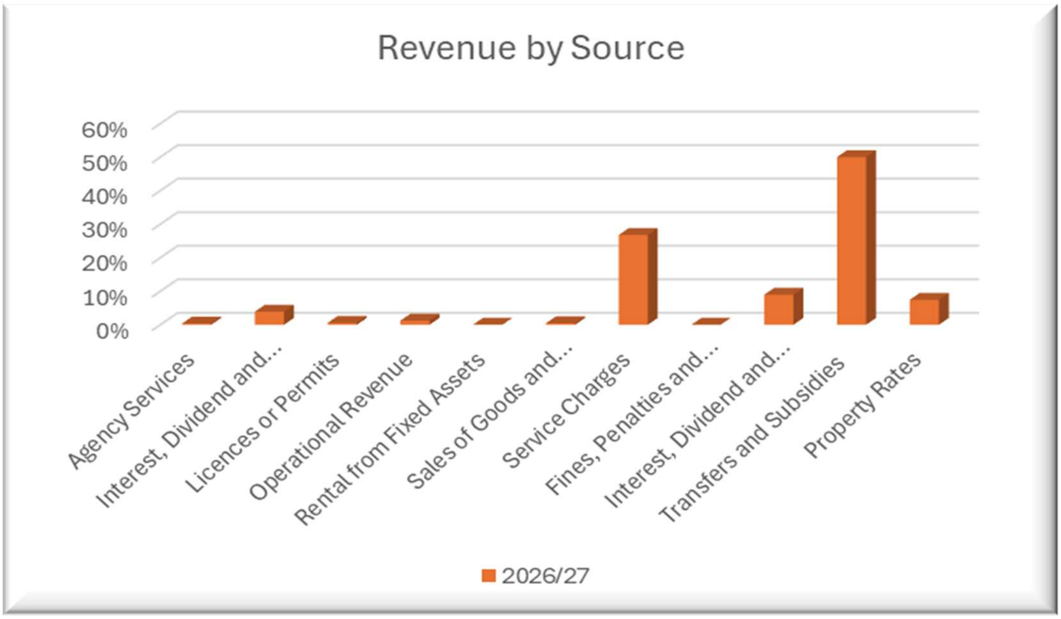
EC124 Amahlathi - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Revenue											
Exchange Revenue											
Service charges - Electricity	2	35 913	47 462	63 735	72 499	78 999	78 999	50 668	96 728	102 531	108 683
Service charges - Water	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Management	2	11 107	11 558	11 734	14 362	11 380	11 380	5 761	10 080	10 685	10 591
Sale of Goods and Rendering of Services		5 355	5 898	6 435	7 363	2 575	2 575	1 409	1 874	1 987	2 106
Agency services		1 266	1 321	800	2 005	1 493	1 493	687	1 549	1 642	1 740
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables		5 438	7 704	9 497	8 566	8 566	8 566	7 005	11 363	12 044	12 767
Interest earned from Current and Non Current Assets		1 613	3 456	3 421	4 063	4 063	4 063	123	4 307	4 705	5 136
Dividends		-	-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		221	246	286	209	221	221	209	315	325	336
Licence and permits		2 349	2 543	1 549	3 845	2 217	2 217	1 151	2 302	2 440	2 586
Special rating levies		-	-	-	-	-	-	-	-	-	-
Operational Revenue		1 578	11 903	3 507	891	4 869	4 869	122	5 049	5 216	5 383
Non-Exchange Revenue											
Property rates	2	23 331	24 169	22 003	28 350	28 079	28 079	19 815	29 764	31 544	33 435
Surcharges and Taxes		-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		20	12	26	18	18	18	80	126	134	142
Licences or permits		-	-	-	-	-	-	-	-	-	-
Transfer and subsidies - Operational		130 339	138 142	146 325	145 328	146 305	146 305	144 813	142 223	137 378	147 526
Interest		5 900	7 474	7 763	7 955	7 955	7 955	5 770	35 836	9 839	10 429
Fuel Levy		-	-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		-	-	-	-	-	-	-	-	-	-
Other Gains		1 208	4 723	29 834	26 554	26 554	26 554	26 557	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and cont		**225 638**	**266 611**	**306 914**	**322 008**	**323 296**	**323 296**	**264 169**	**341 516**	**320 471**	**340 860**

- Service charges have been increased slightly from R90 million to R106 million taking into account the prepaid meter project and strategies being implemented to reduce distribution losses, which have yielded results during the 2025/26 financial year. The percentage increase used was based on a conservative approach
- Rental of have been increased from R221 thousand to R315 thousand and this is 3.7% increase which is in line with CPI.
- Interest on investments have been increased slightly from R4 million to R4.3 million and this is in line with CPI.
- Licences and Permits have been budgeted to increase from R2.2 million to R2.3 million and this is in line with CPI.
- Other revenue include revenue from waiver of debt linked to the Eskom Debt Relief programme.
- Operational transfers and subsidies have decreased from R143 million to R140 million compared to the mid-year adjustment of the 2025/26 financial year. This reduction is primarily due to a slight decrease of R3.1 million in the Equitable Share allocation.

It is important to note that the municipality's projected Equitable Share will decline further in the 2027/28 financial year, before increasing in 2028/29. These adjustments reflect the government's broader fiscal consolidation efforts aimed at reducing the national deficit and curbing debt accumulation.

Grants and subsidies constitute 50% of total operating revenue, followed by property rates and service charges at 34%, interest earned from all sources at 13%, and other revenue sources at 3%. This revenue composition indicates that the municipality remains significantly reliant on grant funding.



8.1 OPERATING REVENUE BY FUNCTION

EC124 Amahlathi - 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		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Revenue - Functional										
Governance and administration		159 854	181 272	204 630	208 058	209 558	209 558	209 674	184 723	197 845
Executive and council		23	36	26 605	26 554	26 554	26 554	26 613	63	66
Finance and administration		159 831	181 236	178 025	181 504	183 004	183 004	183 061	184 661	197 779
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		7 505	11 584	7 672	7 987	2 453	2 453	2 517	733	774
Community and social services		2 578	6 121	2 084	2 073	2 073	2 073	2 115	307	322
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		4 728	4 959	5 198	5 534	–	–	–	–	–
Housing		198	505	390	379	379	379	402	426	452
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		37 311	52 044	78 817	82 477	84 955	84 955	44 005	45 930	47 436
Planning and development		31 794	46 714	74 739	74 667	77 145	77 145	37 907	41 537	42 784
Road transport		5 203	5 186	3 886	7 666	7 666	7 666	5 924	4 213	4 466
Environmental protection		313	144	192	144	144	144	174	180	185
Trading services		53 223	67 789	90 304	112 807	121 307	121 307	142 582	136 984	140 112
Energy sources		36 481	48 536	70 789	91 369	99 869	99 869	124 425	117 738	120 447
Water management		–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–
Waste management		16 743	19 253	19 516	21 438	21 438	21 438	18 156	19 246	19 665
Other	4	–	–	–	–	–	–	–	–	–
Total Revenue - Functional	2	257 893	312 689	381 424	411 330	418 273	418 273	398 778	368 370	386 167

8.2 Grants and subsidies

The table below depicts grants to be received by the Municipality in 2026/27 year.

EC124 Amahlathi - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
R thousand		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
RECEIPTS:	1, 2									
Operating Transfers and Grants										
National Government:		**144 613**	**180 181**	**209 874**	**143 505**	**143 505**	**143 505**	**140 400**	**137 378**	**147 346**
EPWP Incentive	_	5 595	6 905	8 416	1 799	1 799	1 799	1 949	–	–
Finance Management	_	8 735	10 935	13 135	2 200	2 200	2 200	2 400	2 500	2 600
Local Government Equitable Share	_	124 987	131 533	138 370	137 520	137 520	137 520	134 325	132 977	142 790
Municipal Drought Relief	_	5 296	30 808	49 953	–	–	–	–	–	–
Municipal Infrastructure Grant	_	–	–	–	1 986	1 986	1 986	1 726	1 901	1 956
Provincial Government:		**15 225**	**16 536**	**18 377**	**1 823**	**1 823**	**1 823**	**1 823**	**–**	**–**
Sport and Recreation	_	15 225	16 536	18 377	1 823	1 823	1 823	1 823	–	–
	_	–	–	–	–	–	–	–	–	–
District Municipality:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Other grant providers:		**1 153**	**1 403**	**1 801**	**–**	**–**	**–**	**–**	**–**	**–**
Unspecified_Specify (Replace with the name of the	_	1 153	1 403	1 801	–	–	–	–	–	–
Total Operating Transfers and Grants	5	**160 991**	**198 120**	**230 053**	**145 328**	**145 328**	**145 328**	**142 223**	**137 378**	**147 346**
Capital Transfers and Grants										
National Government:		**132 217**	**162 987**	**205 250**	**74 322**	**106 322**	**106 322**	**57 262**	**47 900**	**45 307**
Municipal Infrastructure Grant (MIG)	_	132 217	162 987	200 390	37 737	37 737	37 737	32 788	36 110	37 165
Energy Efficiency and Demand Side Management G	_	–	–	3 000	–	–	–	–	–	–
Integrated National Electrification Programme Grant	_	–	–	1 860	17 440	17 440	17 440	24 474	11 790	8 142
Municipal Disaster Relief Grant	_	–	–	–	19 145	51 145	51 145	–	–	–
Provincial Government:		**–**	**–**	**2 656**	**15 000**	**15 977**	**15 977**	**20 000**	**–**	**–**
Eastern Cape_Capacity Building and Other_Capacity Building and Other_RECEIPTS	_	–	–	–	–	977	977	–	–	–
Eastern Cape_Infrastructure_Infrastructure_RECEIPTS	_	–	–	2 656	15 000	15 000	15 000	20 000	–	–
	_	–	–	–	–	–	–	–	–	–
District Municipality:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Other grant providers:		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Unspecified_Specify (R										
Total Capital Transfers and Grants	5	**132 217**	**162 987**	**207 906**	**89 322**	**122 299**	**122 299**	**77 262**	**47 900**	**45 307**
TOTAL RECEIPTS OF TRANSFERS & GRANTS		**293 207**	**361 106**	**437 959**	**234 650**	**267 627**	**267 627**	**219 485**	**185 277**	**192 653**

9. OPERATING EXPENDITURE FRAMEWORK

The table below depicts the high-level summary of the draft annual budget classified per main type.

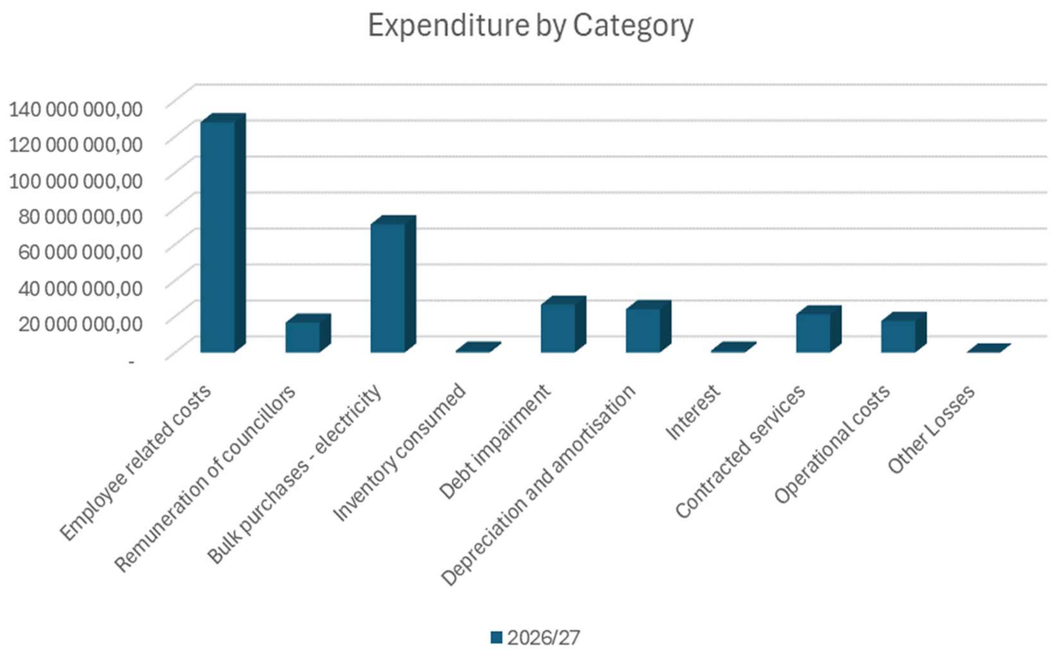
EC124 Amahlathi - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Expenditure											
Employee related costs	2	135 383	136 206	124 980	126 195	127 275	127 275	84 875	128 013	133 197	138 459
Remuneration of councillors		13 662	13 595	14 006	15 111	15 692	15 692	9 209	16 634	17 632	18 689
Bulk purchases - electricity	2	43 194	51 809	59 230	65 349	65 349	65 349	47 039	71 296	73 649	76 006
Inventory consumed	8	170	178	261	324	17	17	246	1 018	918	948
Debt impairment	3	-	-	-	20 385	20 385	20 385	(2 140)	26 532	27 407	28 284
Depreciation and amortisation		26 030	25 940	41 062	23 217	23 217	23 217	-	24 076	24 870	25 666
Interest		10 047	15 524	7 069	2 000	1 500	1 500	2 162	1 034	1 068	1 103
Contracted services		13 345	14 677	17 729	13 003	13 375	13 375	12 484	21 219	17 284	17 779
Transfers and subsidies		10	10	-	-	-	-	-	-	-	-
Irrecoverable debts written off		29 142	24 703	28 602	-	-	-	-	-	-	-
Operational costs		25 682	21 901	22 771	24 330	24 741	24 741	12 707	17 555	15 367	16 215
Losses on disposal of Assets		-	454	1 581	-	-	-	-	-	-	-
Other Losses		196	(0)	(10)	1	1	1	-	1	1	1
Total Expenditure		**296 863**	**304 998**	**317 281**	**289 915**	**291 552**	**291 552**	**166 582**	**307 377**	**311 394**	**323 150**

- Employee-related costs are budgeted at R128 million, reflecting adjustments in line with the Wage Collective Agreement.
- Bulk purchases are budgeted at R71 million, in accordance with NERSA-approved Eskom tariffs.
- Debt impairment is budgeted at R26 million, an increase from the adjusted budget of R20 million, based on an anticipated 70% collection rate.
- Depreciation and amortisation are budgeted at R24 million, up from R23 million.
- Finance charges are budgeted at R1 million, representing a decrease from the adjusted budget of R1.5 million.
- Contracted services are budgeted at R21 million, largely due to increased maintenance requirements compared to the adjusted budget of R13 million.
- Other expenditure is budgeted at R17 million, a decrease from the adjusted budget of R24 million.

Employee costs account for 47% of total operational expenditure, which is above the norm set by National Treasury. The high ratio is largely due to the municipality's goal of reducing the total budget. Employee related costs are however the most difficult to reduce in the short term. Non-cash items make up 17%, while bulk purchases represent 23%. These categories constitute the largest shares of operating expenditure. These allocations reflect the municipality's effort to align expenditure with service delivery priorities while maintaining fiscal discipline.

The graph below illustrates the distribution of total operating expenditure by category.



10. CAPITALEXPENDITURE

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

Vote Description	Ref	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Capital expenditure - Vote											
Single-year expenditure *to be appropriated*	2										
Vote 1 - Executive & Council		528	91	–	–	–	–	–	–	–	–
Vote 2 - Budget and Treasury		2 274	(1 692)	(8 775)	–	–	–	–	–	–	–
Vote 3 - Corporate Services		389	202	3 507	2 800	4 495	4 495	4 495	1 650	–	–
Vote 4 - Community Services		(212)	24 205	5 600	–	–	–	–	2 400	–	–
Vote 5 - Planning and Development		–	58	–	–	–	–	–	–	–	–
Vote 6 - Engineering Services		30 942	25 563	52 391	89 322	89 839	89 839	89 839	77 262	47 900	45 307
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–	–
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		33 921	48 428	52 722	92 122	94 334	94 334	94 334	81 312	47 900	45 307
Total Capital Expenditure - Vote		33 921	48 428	52 722	92 122	94 334	94 334	94 334	81 312	47 900	45 307
Capital Expenditure - Functional											
Governance and administration		3 191	(1 398)	(5 269)	2 800	4 495	4 495	4 495	1 650	–	–
Executive and council		528	91	–	–	–	–	–	–	–	–
Finance and administration		2 663	(1 490)	(5 269)	2 800	4 495	4 495	4 495	1 650	–	–
Internal audit		–	–	–	–	–	–	–	–	–	–
Community and public safety		693	16 315	1 932	–	–	–	–	2 400	–	–
Community and social services		693	16 315	1 932	–	–	–	–	2 400	–	–
Sport and recreation		–	–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–	–
Economic and environmental services		30 725	25 449	47 406	66 382	66 382	66 382	66 382	42 388	36 110	37 165
Planning and development		16 683	1 874	6 074	37 737	37 737	37 737	37 737	32 388	36 110	37 165
Road transport		14 043	23 575	41 332	28 645	28 645	28 645	28 645	10 000	–	–
Environmental protection		–	–	–	–	–	–	–	–	–	–
Trading services		(688)	8 062	8 653	22 940	23 458	23 458	23 458	34 874	11 790	8 142
Energy sources		217	173	4 985	22 940	23 458	23 458	23 458	34 874	11 790	8 142
Water management		–	–	–	–	–	–	–	–	–	–
Waste water management		–	–	–	–	–	–	–	–	–	–
Waste management		(905)	7 889	3 668	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	3	33 921	48 428	52 722	92 122	94 334	94 334	94 334	81 312	47 900	45 307
Funded by:											
National Government		31 485	39 881	52 903	74 322	74 839	74 839	74 839	57 262	47 900	45 307
Provincial Government		–	–	3 958	15 000	15 000	15 000	15 000	22 400	–	–
District Municipality		–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)		–	–	–	–	–	–	–	–	–	–
Transfers recognised - capital	4	31 485	39 881	56 861	89 322	89 839	89 839	89 839	79 662	47 900	45 307
Borrowing	6	–	–	–	–	–	–	–	–	–	–
Internally generated funds		2 436	8 548	(4 139)	2 800	4 495	4 495	4 495	1 650	–	–
Total Capital Funding	7	33 921	48 428	52 722	92 122	94 334	94 334	94 334	81 312	47 900	45 307

10.1 DRAFT BUDGETED CAPITAL PROJECTS

Description	Funding	Draft Budget 2026/2027	Draft Budget 2027/2028	Draft Budget 2028/2029
Infrastructure plans	MIG Funding	1 840 850		
Amabele Paving	MIG Funding	3 400 000		
Keilands Roads	MIG Funding	5 500 000		
Stutterheim Streets Paving	MIG Funding	12 000 000	10 000 000	8 000 000
Keiskammahoek Town Paving	MIG Funding	6 024 818	9 649 450	12 164 950
Cathcart Town Hall Upgrade	MIG Funding	3 622 632	10 460 050	2 000 000
Stutterheim Recreational Park Revamping	MIG Funding	400 000	4 000 000	5 000 000
Kei Road Town Hall	MIG Funding	-	500 000	-
Greenfields internal roads	MIG Funding	-	500 000	-
Khayelitsha Community Hall	MIG Funding	-	500 000	5 000 000
Mzamomhle Community Hall	MIG Funding	-	500 000	5 000 000
Total MIG Funded Projects		**32 788 300**	**36 109 500**	**37 164 950**
Computer Equipment	Own Funding	400 000	-	-
Furniture & Office Equipment	Own Funding	250 000	-	-
Vehicles	Own Funding	1 000 000	-	-
Waste Site Rehabilitation	Own Funding	2 400 000	-	-
Total Own Funded Projects		**4 050 000**	**-**	**-**
11 kV Stutterheim Main Intake SwS Upgrade Phase 2	INEP Grant	14 474 000	-	-
3-5 MVA 22/11kV Catchart Substation Upgrade Phase 2	INEP Grant	10 000 000	11 790 000	8 142 000
Total INEP Funded Projects		**24 474 000**	**11 790 000**	**8 142 000**
STR KKH Roads	STR	6 000 000	0	0
STR KKH Electricity	STR	6 000 000	0	0
STR Stutterheim Electricity	STR	4 000 000	0	0
STR Stutterheim Roads	STR	4 000 000	0	0
Total Small Town Revitalisation Projects		**20 000 000**	**0**	**0**
		81 312 300	**47 899 500**	**45 306 950**

11. REPAIRS AND MAINTENANCE

The repairs and maintenance have been budgeted at R7.8 million which is 2.5% of the total operating budget and 1.86% of the 2025/26 Audited Property, plant and equipment which is below the treasury norm. This is attributed to limited budget.

EC124 Amahlathi - Supporting Table SA34c Repairs and maintenance expenditure by asset class

Description	Ref	2021/22	2022/23	2023/24	Current Year 2024/25			2025/26 Medium Term Revenue & Expenditure Framework		
R thousand	1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		**715**	**1 454**	**1 158**	**1 880**	**1 930**	**1 930**	**5 200**	**3 100**	**3 129**
Roads Infrastructure		168	705	325	1 150	1 180	1 180	3 000	1 000	1 000
Roads		168	705	325	1 150	1 180	1 180	3 000	1 000	1 000
Road Structures		–	–	–	–	–	–	–	–	–
Road Furniture		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Storm water Infrastructure		–	7	25	30	–	–	–	–	–
Drainage Collection		–	7	25	30	–	–			
Storm water Conveyance		–	–	–	–	–	–	–	–	–
Attenuation		–	–	–	–	–	–	–	–	–
Electrical Infrastructure		547	742	807	700	750	750	2 200	2 100	2 129
Power Plants		72	46	–	100	50	50	200	200	200
HV Substations		–	–	–	–	–	–	–	–	–
HV Switching Station		–	–	–	–	–	–	–	–	–
HV Transmission Conductors		460	696	807	600	700	700	2 000	1 900	1 929
MV Substations		16	–	–	–	–	–	–	–	–
MV Switching Stations		–	–	–	–	–	–	–	–	–
MV Networks		–	–	–	–	–	–	–	–	–
LV Networks		–	–	–	–	–	–	–	–	–
Capital Spares		–	–	–	–	–	–	–	–	–
Community Assets		**–**	**–**	**–**	**100**	**40**	**40**	**50**	**50**	**50**
Community Facilities		–	–	–	100	40	40	50	50	50
Halls		–	–	–	–	–	–	–	–	–
Centres		–	–	–	–	–	–	–	–	–
Crèches		–	–	–	–	–	–	–	–	–
Clinics/Care Centres		–	–	–	–	–	–	–	–	–
Fire/Ambulance Stations		–	–	–	–	–	–	–	–	–
Testing Stations		–	–	–	–	–	–	–	–	–
Museums		–	–	–	–	–	–	–	–	–
Galleries		–	–	–	–	–	–	–	–	–
Theatres		–	–	–	–	–	–	–	–	–
Libraries		–	–	–	–	–	–	–	–	–
Cemeteries/Crematoria		–	–	–	100	40	40	50	50	50
Other assets		**99**	**308**	**352**	**400**	**–**	**–**	**750**	**–**	**–**
Operational Buildings		99	308	352	400	–	–	750	–	–
Municipal Offices		85	307	344	300	–	–	750	–	–
Pay/Enquiry Points		–	–	–	–	–	–	–	–	–
Building Plan Offices		–	–	–	–	–	–	–	–	–
Workshops		–	–	–	–	–	–	–	–	–
Yards		–	–	–	–	–	–	–	–	–
Stores		–	–	–	–	–	–	–	–	–
Laboratories		–	–	–	–	–	–	–	–	–
Training Centres		–	–	–	–	–	–	–	–	–
Manufacturing Plant		–	–	–	–	–	–	–	–	–
Depots		–	–	–	–	–	–	–	–	–
Capital Spares		14	0	8	100	–	–	–	–	–
Computer Equipment		–	–	–	–	51	51	250	150	200
Computer Equipment		–	–	–	–	51	51	250	150	200
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Furniture and Office Equipment		–	–	–	–	–	–	–	–	–
Machinery and Equipment		(0)	–	33	50	–	–	50	50	50
Machinery and Equipment		(0)	–	33	50	–	–	50	50	50
Transport Assets		1 994	1 955	1 065	545	717	717	1 500	1 000	1 000
Transport Assets		1 994	1 955	1 065	545	717	717	1 500	1 000	1 000
Total Repairs and Maintenance Expenditure	1	**2 807**	**3 717**	**2 608**	**2 975**	**2 738**	**2 738**	**7 800**	**4 350**	**4 429**

11. QUALITY CERTIFICATE

I Dr. Z Shasha, Municipal Manager of Amahlathi Local Municipality hereby certify that the draft annual budget and supporting documentation have been prepared in accordance with Municipal Finance Management Act and regulations made under that Act, and that the draft annual budget and supporting documentation are consistent with the integrated development plan of the municipality.

Print Name: Dr. Z Shasha
Municipal Manager of: Amahlathi Municipality
Demarcation Code: EC124

Signature:

Date: 22 March 2026