

**DRAFT ANNUAL BUDGET:**

# **DANNHAUSER LOCAL MUNICIPALITY**



**2026/27 TO 2027/29**

**Medium term Revenue and Expenditure framework.**

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## Glossary

**Annual Budget** — Prescribed in section 16 of the MFMA - the formal means by which a Municipality approve official budget for the next three years.

**Adjustment Budget** — Prescribed in section 28 of the MFMA — the formal means by which a Municipality may revise its annual budget during the year.

**Allocations (Transfers — see DORA)** — Money received from Provincial or National Government

**Budget Related Policy (ies)** — Policies of a Municipality affecting or affected by the budget, examples include Tariff Policy, Rates Policy, Credit Control and Debt Collection Policies.

**Capital Expenditure** Spending on assets such as land, buildings, and machinery. Any capital expenditure must reflect as an asset on the Municipality's statement of financial position and must be included in the asset register.

**DORA** — Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government (see Allocations / Transfers).

**Equitable Share** — A general grant paid to municipalities. It is targeted to help with free basic services.

**Fruitless and Wasteful Expenditure** — Expenditure that was made in vain and would/should have been avoided had reasonable care been exercised.

**GRAP** — Generally Recognized Accounting Practice. The standards for municipal accounting

**IDP** — Integrated Development Plan. The main strategic planning document of the Municipality

**MBRR** —Local Government: Municipal Finance Management Act (56/2003): Municipal Budget and Reporting Regulations of April 2009.

**MFMA** — The Municipal Finance Management Act — Act No. 56 of 2003. The principal piece of legislation relating to municipal financial management.

**MIG** — Municipal Infrastructure Grant. Funds allocated by National Treasury to be applied toward addressing infrastructure backlogs in the municipal area.

**MSCOA** — Municipal Standard Chart of Accounts

**MTREF** - Medium Term Revenue and Expenditure Framework. A medium-term financial plan, usually 3 years, based on a fixed first year and indicative further two years' budget allocations. Also includes details of the previous and current years' financial position.

**Operating Expenditure** — The day-to-day expenses of the Municipality such as salaries and wages.

**Rates** — Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rate-able value is multiplied by the rate in the Rand.

Statement of cash flows — A statement showing sources and application of actual cash.

SDBIP — Service Delivery and Budget Implementation Plan. A detailed quarterly performance targets and monthly budgeted estimates.

Strategic Objectives — The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

Unauthorized Expenditure — Generally, spending without, or in excess of, an Approved Budget.

Virement Policy - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be agreed by Council through an Adjustments Budget.

Vote — One of the main segments into which a budget is divided. This means the different CFS classification the budget is divided.

#### Legislative Framework

This report has been prepared in terms of the following enabling legislation:

The Municipal Finance Management Act — Act No. 56 of 2003

- Section 52: Quarterly budget statements

Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations

## MAYORS' REPORT

To the Honourable Speaker, EXCO members, Councillors, Amakhosi, the Municipal Manager, Heads of Departments, municipal officials, and members of the community.

It is my pleasure, in my capacity as Mayor of the Dannhauser Local Municipality, to present the Draft medium-term revenue and expenditure framework (MTREF) for the 2026/2027 financial year and ensuing two years. In terms of section 16(1) (2) of the MFMA – when preparing the annual budget, the mayor of a municipality must: In terms of section 16 (1) of the MFMA states that the council of a municipality must for each financial year approve an annual budget for the municipality before the start of that financial year. (2) In order for a municipality to comply with subsection (1), **the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the financial year.**

The 2026/2027 Draft budget highlights several critical financial hurdles:

- **Liquidity issues** – over R 40 million in outstanding creditor payments due to poor cash flow.
- **Revenue Collection Gap** – Outstanding debt from residents/ business exceeds R100 million, stalling service delivery.
- **Grant Dependency** – A lack of diverse funding sources leaves the municipality reliant on external grants.
- **Budget impact** – these factors make it challenging to comply with standard budgeting framework while accurately representing the municipality' financial health.

### Financial summary reference

For the 2026/27 financial year, the projected commitments are:

Total Expenditure R 180 161 888

Capital R 36 946 689

### Revenue Projections

Council is hereby informed that the total Revenue Estimates for the 2026/27 financial year amount to R 219 100 361.60.

The main income source is attributable to the Rates income and Operational grants (Incl. equitable share) as shown below:

REVENUE SOURCES	AMOUNT
Rates	52,378,270.00
Services	4,786,992.00
Rental	133,610.00
Agency Fees	360,000.00
Interest Earned	2,000,000.00

Operating Grants	120,685,000.00
Capital Grants	26,378,000.00
Other Revenue	850,000.00
Fines and Penalties	620,240.00
Licences and permits	1,876,000.00
Internally Generated Funds	9,032,250.00
<b>Total</b>	<b>219,100,362.00</b>

The projected revenue will be utilized to cover the standard operational costs of the municipality. The primary expenditure categories are outlined below:

**Councillors Allowances : R 12 711 803**

An increase of 4.75% has been budgeted for salaries.

**Staff Allowances and Salaries : R 65 494 732**

**General Expenditure : R 60 711 764**

**Repairs and Maintenance : R 27 743 588**

**Depreciation and impairment : R 10 000 000**

**Loan repayment: : R 3 500 000**

The repairs and maintenance budget has been tailored to meet the technical department's specific needs.

### **Capital Expenditure**

The total capital budget is estimated at **R 36 946 689.00**, and it is divided as follows:

PROJECTS	AMOUNTS
	R
COMPUTER EQUIPMENT	415,827.86
MACHINERY AND EQUIPMENT	10,000.00
MUNICIPAL VEHICLES	1,500,000.00
FURNITURE AND EQUIPMENT -NEW OFFICES	763,135.93
CONSTRUCTION OF BUILDINGS( HALL)	6,500,000.00
CONSTRUCTION OF NGUQUNGUQU CULVERT ROAD MIG	3,789,797.00
CONSTRUCTION OF INFRASTRUCTURE( ROADS) MIG	14,443,538.00
TECHNICAL DOUBLE CAB MIG	600,000.00
COMPUTER -MIG	20,000.00
CONSTRUCTION OF NEW OFFICES	486,772.61
CHILD CARE FACILITY	1,736,665.00
ELECTRIFICATION	2,198,004.36
MAST LIGHT	600,000.00
WATER HARVESTING	456,798.55
CEMETRY FENCING	2,629,150.20
ANIMAL POUND HOUSE	600,000.00
SKIP BINS	197,000.00
<b>TOTAL</b>	<b>36,946,689.51</b>

## 1.2 Council Resolution

In 27 March 2026, the Dannhauser Municipal Council met in the Council Chambers to consider the Draft annual budget of the municipality for the 2026/27 financial year. The Council approved and adopted the following resolutions:

- (a) That the operating and capital budgets for the 2026/27 financial year and the two outer years be approved by the Council in terms of section 16 (2) of the Municipal Finance Management Act 56/2003,

- 1.1. That in terms of section 2 of the Local Government Municipal Property Rates Act 6/2004, as amended, the general rate to be levied on the market value of all ratable property for the 2026/27 financial year be adjusted and set as follows; This estimate was informed by the valuation roll in place with the existing tariff. The overall effective increase in rates is **3.4%-5%**. This is in accordance with the latest inflation rate.

### Exemptions, Reductions and Rebates

**Residential property:** for all residential properties, the municipality will not levy a rate on the first R15,000.00 of the property's market value. The R15,000.00 is inclusive of the R50,000.00 statutory impermissible rate as per section 17(1)(h) of the Municipal Property Rates Act.

### Indigents in respect of category of owners of property are as follows

1. Indigent owners as per the indigent policy
2. Child headed households as per the indigent policy
3. Owners who are grant dependents as per the indigent policy

The Proposed rebates to different categories of properties are depicted below:

Category of Property	Rate Tariff 2026/27
Agriculture	30%

Commercial	10%
Industrial	10%
Municipal	0%
Place of Worship	0%
Public Benefit Organisation	0%
Public Service Infrastructure	0%
Public Service Purposes	0%
Residential	15%
Public Services Purposes	10%
Vacant Property	10%
Place of Workshop	0%

Proposed changes to rates are shown below:

Category of Property	RateTariff 2025/26	Estimated Rate Tariff 2026/27
Residential property	1.74	1.80
Business and commercial property	6.10	6.40
Industrial property	6.12	6.42
Agricultural property	0.44	0.46
Public service infrastructure property	0.44	0.45
Public Service Purposes	6.91	7.15
Public benefit organisation property	NIL	NIL
Vacant Property	13.13	13.58
Municipal	NIL	NIL
Place of Worship	NIL	NIL

- (b) That in terms of section 26 (1) (a) of the Municipal Property Rates Act 6/2004 the general rates for the 2026/2027 financial year be recovered in 12 monthly installments and that the final date and time for payment of each monthly installment be 15:00 hours on the last working day of each month,
- (c) That the budgeted salary increases as negotiated and finalized by the Bargaining Council for staff be implemented from 1 July 2026.
- (d) That the attached amended Tariff of Charges be approved.
- (e) That the budget, once adopted, be submitted to the National and Provincial Treasuries.
- (f) That the following policies and by-laws be reviewed and approved.
- Draft budget virement policy
  - Draft budget policy
  - Draft expenditure management policy
  - Draft Overtime and standby policy
  - Draft Petty cash policy
  - Draft Assets management policy
  - Draft Loss control policy
  - Draft Subsequent policy
  - Draft Subsistence and traveling policy
  - Draft Unauthorized, irregular or fruitless and wasteful expenditure policy
  - Draft Value added tax policy

- Draft Rates policy
- Draft Tariffs policy
- Draft Indigent policy
- Draft Customer care, credit control and debt collection policy
- Draft Doubtful debts and debts write off policy
- Draft Cash banking and investment policy
- Draft Contract management framework policy
- Draft Commitments policy
- Draft Supply chain management policy
- Draft Consultant policy
- Draft Donation and gift policy

- (a) That the budgeted salary increases as negotiated and finalized by the Bargaining Council for staff be implemented.
- (b) That the attached amended Tariff of Charges be approved.
- (c) That the budget, once adopted, be submitted to the National and Provincial Treasuries.
- (d) That the following policies and by-laws be reviewed and approved.

**Executive Summary**

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

The municipality’s business and service delivery priorities were reviewed as part of this year’s planning and budget process. Where appropriate, funds where priorities were given to historical debts, as part of the strategy the municipality wants to eradicate or minimize all debts in 2026/27. The plan to ensure that the municipality reduces significantly all debts in 2026/27. This has taken priority in Draft Budget 2026/27 and building for healthy cash flow.

To enhance financial sustainability, the municipality has launched various debt -recovery initiative, including discount incentive for rates payers.

**MFMA Circular No. 134 Municipal Finance Management Act No. 56 of 2003**

**The highlight of the circular**

GDP growth is expected to average 1.8 per cent from 2026 to 2028. Medium-term growth will be underpinned by household consumption supported by further gains in real purchasing power, moderately stronger wage growth, easing inflation, wealth gains from rising asset prices, improved consumer sentiment and better credit conditions. Continued investments in renewable energy and easing structural constraints are expected to support higher investment. Key factors for achieving faster economic growth and creating much-needed jobs include greater collaboration with the private sector in energy and transport, rapid implementation of structural reforms, easing of regulatory constraints and increased infrastructure investment

The following macro-economic forecasts must be considered when preparing the 2026/27 MTREF municipal budgets.

**Table 1: Macroeconomic performance and projections, 2025 - 2029**

Fiscal year	2024/25	2025/26	2026/27	2027/28	2028/29
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	Actual	Estimate	Forecast		
<b>CPI Inflation</b>	4.4%	3.2%	3.4%	3.3%	3.2%

Source: National Treasury Budget Review 2026.

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

Inflation is expected to increase from 3.2 per cent in 2025 to 3.4 per cent in 2026, driven by higher food prices (particularly meat due to supply disruptions linked to foot-and mouth disease). Inflation is forecast to ease to 3.3 per cent in 2027 and 3.2 per cent in 2028, but risks from geopolitical tensions, exchange rate volatility, administered prices and animal disease outbreaks remain elevated. The reduction of the inflation target to 3 per cent with a 1 percentage point tolerance band will structurally reduce inflation, helping to protect real income levels.

In April 2024, the National Treasury initiated a comprehensive review of the budget process, with the goal of identifying and implementing reforms that would enhance the efficiency, transparency, and effectiveness of public resource allocation. It has resulted in a set of accountable reform proposals outlined below.

### Budgeting for a Funded Budget

National Treasury has observed over the years that many municipalities that adopt unfunded budgets are adopting budget funding plans as a mere compliance exercise. There is very little progress made to turn around from an unfunded budget position, to a funded one. As communicated before the release of MFMA Circular No. 129 (issued during December 2024), this will be the last year that ending plan as an instrument to facilitate measurable progress will be allowed. The enforce of compliance with Section 18 of the MFMA will now start taking precedence.

**Table 1 Consolidated Overview of the 2026/27 MTREF**

	<b>DRAFT BUDGET 2026/27</b>	<b>BUDGET YEAR + 1 2027/28</b>	<b>BUDGET YEAR +2 2028/29</b>
<b>Total Revenue</b>	- 219,100,361.60	- 216,000,277.61	- 228,864,990.10
<b>Total Expenditure</b>	217,108,577.00	215,015,844.58	224,449,818.75
<b>Deficit/ surplus</b>	- 1,991,784.60	- 984,433.03	- 4,415,171.35

For the 2026/ 27 financial year, total revenue is projected to grow by 3.4%, primarily driven by inflation. However a 2.5% decrease in the Equitable share poses a significant challenge to service delivery. Total expenditure is appropriate at R 217 108 577 representing a 6.2% decrease from the previously adjusted budget. Notably the capital budget of R 36 946 689 has been reduced by 42% compared to the 2025/26 adjusted figures.

For Dannhauser Municipality to continue improving the quality of services provided to its citizens it needs to generate the required revenue. In these tough economic times, strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with developmental backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices must be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The municipality's revenue strategy is built around the following key components:

- National Treasury's guidelines and macroeconomic policy.
- Growth in the municipal area and continued economic development.
- Efficient revenue management, which aims to ensure at least 90 per cent annual collection rate for property rates and other key service charges;
- Achievement of full cost recovery of specific charges especially in relation to services;

- Determining the tariff escalation rate by establishing/calculating the revenue requirement of each service;
- The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) as amended (MPRA);
- Increase ability to extend new services and recover costs.
- The municipality's Indigent Policy and rendering of free basic services; and
- Tariff policies of the municipality.

It must be noted that the municipality's only source of own income are rates and refuse collection thus being highly dependent on grants. The municipality is always on the lookout for other sources of income to enhance its revenue base.

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

**Table 2 Summary of revenue classified by main revenue function**

<b>Revenue by Vote</b>	<b>DRAFT BUDGET 2026/27</b>	<b>BUDGET YEAR + 1 2027/28</b>	<b>BUDGET YEAR +2 2028/29</b>
Finance	-60,355,319	- 62,347,044.53	- 64,342,149.95
Corporate Services	-633,610	- 654,519.50	- 675,464.12
Technical Services	-350,000	- 361,550.00	- 373,119.60
Community Services	-7,409,432	- 7,653,943.26	- 7,898,869.44
Planning Services	-595,000	- 614,635.00	- 634,303.32
Municipal Manager			
<b>Total</b>	<b>-69,343,361</b>	<b>- 71,631,692.28</b>	<b>- 73,923,906.44</b>

The department or Functions of the municipality are not generating enough revenue. The only function that brings revenue its finance. The municipality needs revenue enhancement strategies, think and deliberate on building various sources of revenue. This could boost the overall revenue for the institution and accelerate service delivery.

**Table 3 Operating Transfer and Grants Receipts**

	<b>2026/27 Medium Term Revenue and Expenditure framework</b>		
	<b>DRAFT BUDGET 2026/27</b>	<b>BUDGET YEAR + 1 2027/28</b>	<b>BUDGET YEAR +2 2028/29</b>
<b>Operating Transfers and Grants</b>			
<b>National Government</b>			
Local Government Equitable share	116,776,000.00	115,446,000.00	124,309,000.00
Finance Management Grant	2,200,000.00	2,300,000.00	2,400,000.00
EPWP Program	1,709,000.00		
Municipal infrastructure Grant Operational	1,024,666.00	1,058,479.98	1,092,351.34
	<b>121,709,666.00</b>	<b>118,804,479.98</b>	<b>127,801,351.34</b>
<b>Provincial Government</b>			
Art and Culture Library Services	2,140,000.00	2,210,620.00	2,281,360.00
Art and Culture :Cyber Cadet	554,000.00	572,282.00	590,595.00
	<b>2,694,000.00</b>	<b>2,782,902.00</b>	<b>2,871,955.00</b>
<b>Total</b>	<b>124,403,666.00</b>	<b>121,587,381.98</b>	<b>130,673,306.34</b>

Tariff-setting is a pivotal and strategic part of the compilation of any budget. When rates, tariffs and other charges were revised, local economic conditions, input costs and the affordability of services were taken into account to ensure the financial sustainability of the municipality.

National Treasury continues to encourage municipalities to keep increases in rates, tariffs and other charges as low as possible. Municipalities must justify in their budget documentation all increases in excess of the 6 per cent upper boundary of the South African Reserve Bank's inflation target. Excessive increases are likely to be counterproductive, resulting in higher levels of non-payment.

The current challenge facing the municipality is managing the gap between cost drivers and tariffs levied, as any shortfall must be made up by either operational efficiency gains or service level reductions. Within this framework the municipality has undertaken the tariff setting process relating to service charges as follows.

## Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process. The general rates rand-age to be applied for the 2026/27 financial year is unchanged and is 2.1% for residential, commercial, industrial and vacant properties. The rate range applicable to agricultural and public service infrastructure will be 51%

National Treasury's MFMA Circulars deals, inter alia, with the implementation of the Municipal Property Rates Act and the amended regulations issued by the Department of Co-operative Governance. The amended regulations came into effect on 1 July 2016 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties. The Property Rates Policy of the Municipality has been amended accordingly.

### The following stipulations in the Property Rates Policy are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA);
- 15 per cent rebate will be granted on all residential properties;
- 30 per cent rebate will be granted on all agricultural properties;
- 100 per cent rebate will be granted to registered Public Benefit organizations;
- For pensioners, physically and mentally disabled persons, a maximum/total rebate of 100/25 per cent calculated on a sliding scale in terms of the municipality's Rates Policy. In this regard the following stipulations are relevant:
  - The rate-able property concerned must be occupied only by the applicant and his/her spouse, if any, and by dependents without income;
  - The applicant must submit proof of his/her age and identity and, in the case of a physically or mentally handicapped person, proof of certification by a Medical Officer of Health, also proof of the annual income from a social pension;
  - The applicant's account must be paid in full, or if not, an arrangement to pay the debt should be in place; and
  - The property must be categorized as residential

## Waste Removal and Impact of Tariff Increases

Currently solid waste removal is only provided in ward 2 in the municipality. There is a potential of extending services to businesses in rural areas and collect more revenue, the council shall look at that potential and value that potential. The municipality has not been changing the rand-ages over 10 years, for refuse collection. Therefore, the proposed rand-age change from R 68.10 to R 181 (Residential Property), & R 159.87 to R 375 (Business).

## Operating Expenditure Framework

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

- The asset renewal strategy and the repairs and maintenance plan.
- Balanced budget constraint (operating expenditure should not exceed operating revenue) unless there are existing uncommitted cash-backed reserves to fund any deficit.
- Funding of the budget over the medium term as informed by Section 18 and 19 of the MFMA.
- The capital Programme is aligned to the asset renewal strategy and backlog eradication in terms of the IDP;
- Operational gains and efficiencies will be directed to funding the capital budget and other core services; and
- Strict adherence to the principle of *no project plan, no budget*. If there is no business plan no funding allocation can be made.

The following table is a high-level summary of the 2023/24 budget and MTREF (classified per main type of operating expenditure):

### Summary of operating expenditure by standard classification item

Expenditure by type	2026/27 Medium Term Revenue and Expenditure framework		
	DRAFT BUDGET 2026/27	BUDGET YEAR + 1 2027/28	BUDGET YEAR + 2 2028/29
Employee related costs	65,494,732.24	69,589,807.89	74,006,138.70
Remuneration of Councillors	12,711,803.26	11,414,547.21	12,145,078.23
Interest expense	3,500,000.00	3,615,500.000	3,731,196.000
Depreciation and impairment	9,500,000.00		
Debt impairment	500,000.00		
inventory -current assets	3,817,211.37	3,943,179.35	4,069,361.08
Contracted services& Operational Cost	84,638,140.13	87,431,198.75	90,228,997.11
Totals	180,161,887.00	175,994,233.20	184,180,771.13

The budgeted allocation for employee related costs for the 2023/24 financial year totals **R 65 494 732**, which equals **37** percent of the total operating expenditure. Salary increases as negotiated SALGBC and Labor for the 2026/27 year is **4.75%**. An annual increase of **3.3 & 3.2** respectively in the two outer years of the MTREF. As part of the municipality's cost reprioritization and cash management strategy vacancies have been significantly rationalized downwards. In addition, expenditure against overtime was significantly reduced, with provisions against this budget item only being provided for emergency services and other critical functions.

The cost associated with the remuneration of councillors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). An increase of **5.0** on the upper limits in line with the latest Government Gazette has been budgeted for.

Provision for depreciation and asset impairment has been made by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate asset consumption. There is a **R 10 000 000.00** provision for debt impairment and depreciation in the budget.

Contracted services have been identified as a cost-saving area for the municipality. As part of the compilation of the 2026/27 MTREF this group of expenditure was critically evaluated and operational efficiencies were enforced. In the 2026/27 financial year, this group of expenditure totals **R 84 638 140**. Further details relating to contracted services can be seen in MBRR SA1.

Other expenditure comprises various line items relating to the daily operations of the municipality. In line with the municipality's repairs and maintenance plan this group of expenditure has been prioritized to ensure sustainability of the municipality's infrastructure. This group of expenditure has also been identified as an area in which cost savings and efficiencies can be achieved.

**Priority given to repairs and maintenance**

Aligned to the priority being given to preserving and maintaining the municipality's current infrastructure, the 2026/27 budget and MTREF provide for extensive growth in the area of asset maintenance, as informed by the asset renewal strategy and repairs and maintenance plan of the municipality. In terms of the Municipal Budget and Reporting Regulations, operational repairs and maintenance is not considered a direct expenditure driver but an outcome of certain other expenditures, such as remuneration, purchases of materials and contracted services.

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

**Free Basic Services: Basic Social Services Package**

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the municipality's Indigent Policy. The target is to register 250 or more indigent households during the 2026/27 financial year, a process that is being reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table 27 MBRR A10 (Basic Service Delivery Measurement).

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

**mSCOA Implementation**

The Budget is broken down in the mSCOA format for uploading onto the National Treasury Portal.

**Capital Budget**

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

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
<b>R thousand</b>	1										
<b>Capital expenditure - Vote</b>											
<b>Multi-year expenditure - to be appropriated</b>	2										
Vote 1 - MAYOR & COUNCIL											
Vote 2 - HUMAN RESOURCES: CORPORATE SERVICES OFFICE											
Vote 3 - FINANCE: DEFAULT OFFICE											
Vote 4 - PROJECT MANAGEMENT UNIT: TECHNICAL SERVICES OFFICE											
Vote 5 - SOLID WASTE REMOVAL: COMMUNITY SERVICES											
Vote 6 - MUNICIPAL MANAGER OFFICES											
Vote 7 -											
Vote 8 -											
Vote 9 -											
Vote 10 -											
Vote 11 -											
Vote 12 -											
Vote 13 -											
Vote 14 -											
Vote 15 -											
<b>Capital multi-year expenditure sub-total</b>	7										
<b>Single-year expenditure - to be appropriated</b>	2										
Vote 1 - MAYOR & COUNCIL											
Vote 2 - HUMAN RESOURCES: CORPORATE SERVICES OFFICE			3,602	18,388	3,430	4,210	4,210		2,689	2,778	2,867
Vote 3 - FINANCE: DEFAULT OFFICE			14,003	14,709	1,005	1,565	1,565				
Vote 4 - PROJECT MANAGEMENT UNIT: TECHNICAL SERVICES OFFICE		42,577	8,230	12,692	78,650	55,418	55,418		30,832	31,605	32,616
Vote 5 - SOLID WASTE REMOVAL: COMMUNITY SERVICES		(1,011)	200	275	3,815	1,833	1,833		3,426	3,269	3,652
Vote 6 - MUNICIPAL MANAGER OFFICES		1									
Vote 7 -											
Vote 8 -											
Vote 9 -											
Vote 10 -											
Vote 11 -											
Vote 12 -											
Vote 13 -											
Vote 14 -											
Vote 15 -											
<b>Capital single-year expenditure sub-total</b>		41,568	26,035	46,064	86,901	63,025	63,025		36,947	37,651	39,135
<b>Total Capital Expenditure - Vote</b>		41,568	26,035	46,064	86,901	63,025	63,025		36,947	37,651	39,135
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>		4	17,605	33,096	4,435	5,775	5,775	671	2,689	2,778	2,867
Executive and council		4									
Finance and administration			17,605	33,096	4,435	5,775	5,775	671	2,689	2,778	2,867
Internal audit											
<b>Community and public safety</b>											
Community and social services											
Sport and recreation											
Public safety											
Housing											
Health											
<b>Economic and environmental services</b>		42,579	8,230	12,692	78,650	55,418	55,418	21,313	30,832	31,605	32,616
Planning and development		42,579	8,230	12,692	78,650	55,418	55,418	21,313	30,832	31,605	32,616
Road transport											
Environmental protection											
<b>Trading services</b>		(1,011)	200	275	3,815	1,833	1,833	723	3,426	3,269	3,652
Energy sources											
Water management											
Waste water management											
Waste management		(1,011)	200	275	3,815	1,833	1,833	723	3,426	3,269	3,652
Other											
<b>Total Capital Expenditure - Functional</b>	3	41,572	26,035	46,064	86,901	63,025	63,025	22,706	36,947	37,651	39,135
<b>Funded by:</b>											
National Government			(0)	7,179	13,500	26,095	26,095	16,162	25,353	26,190	27,028
Provincial Government					11,250	10,523	10,523	4,916			
Municipal Municipality											

For 2026/27 financial year amount to R 25 353 000 has been allocated to MIG projects as follows:

CAPITAL BUDGET 2024/2025- 2026/2027			
DEPARTMENT & VOTE NO.	DRAFT	PROJECTED	PROJECTED
	BUDGET	BUDGET	BUDGET
	2026/27	2027/28	2028/29
CONSTRUCTION OF EMPUNGWINI COMMUNITY HALL	6,500,000.00	6,714,500.00	6,929,364.00
CONSTRUCTION OF INFRASTRUCTURE (ROAD)MIG	18,233,334.80	18,233,334.80	18,233,334.80
TECHNICAL DOUBLE CAB MIG TOP SLICE	600,000.00	619,800.00	639,633.60
COMPUTER -MIG TOP SLICE	20,000.00	20,660.00	21,321.12
<b>Total</b>	<b>25,353,334.80</b>	<b>25,588,294.80</b>	<b>25,823,653.52</b>

Capital Projects that are finance from own source remains a challenge due to availability of funds, lack of proper planning, lack of proper costing to the projects. Other capital expenditure will be funded internally to the amount of R 11 593 666 million.

**New assets and renewal of assets**

Dannhauser Local Municipality’s infrastructure consists exclusively of roads, community halls, municipal buildings and sport fields. Funding for the preservation of these assets is allocated within the repairs and maintenance budget.

**Explanatory notes to MBRR Table A1- Budgets summary**

KZN254 Dannhauser - 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	Budget Year
<b>R thousands</b>										
<b>Financial Performance</b>										
Property rates	30,853	44,591	42,201	46,713	48,738	48,738	34,113	52,378	54,107	55,838
Service charges	1,345	1,349	5,174	2,154	2,154	2,154	1,581	4,787	4,945	5,103
Investment revenue	1,150	2,080	2,827	1,500	1,500	1,500	1,223	2,000	2,066	2,132
Transfer and subsidies - Operational	114,744	119,816	125,895	128,259	126,388	126,388	93,625	124,129	118,521	127,509
Other own revenue	6,358	4,460	6,670	3,675	5,332	5,332	2,319	9,328	7,467	7,764
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>154,451</b>	<b>172,295</b>	<b>182,768</b>	<b>182,301</b>	<b>184,112</b>	<b>184,112</b>	<b>132,861</b>	<b>192,622</b>	<b>187,105</b>	<b>198,346</b>
Employee costs	40,141	40,860	67,917	33,625	53,353	53,353	42,768	65,459	69,639	74,364
Remuneration of councillors	10,806	12,921	12,629	12,707	23,954	23,954	11,784	12,712	20,847	22,265
Depreciation, amortisation and impairment	88,091	39,978	34,970	35,000	35,000	35,000	12,878	9,500	-	-
Interest, Dividends and Rent on Land	4,961	4,565	4,254	5,300	4,300	4,300	711	3,500	3,616	3,731
Inventory consumed and bulk purchases	7,544	3,180	1,037	250	250	250	142	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-	-
Other expenditure	84,436	90,345	109,779	68,803	78,394	78,394	34,340	81,929	83,858	86,470
<b>Total Expenditure</b>	<b>235,977</b>	<b>191,848</b>	<b>230,586</b>	<b>155,685</b>	<b>195,252</b>	<b>195,252</b>	<b>102,624</b>	<b>173,100</b>	<b>177,960</b>	<b>186,831</b>
<b>Surplus/(Deficit)</b>	<b>(81,527)</b>	<b>(19,552)</b>	<b>(47,818)</b>	<b>26,616</b>	<b>(11,140)</b>	<b>(11,140)</b>	<b>30,237</b>	<b>19,523</b>	<b>9,145</b>	<b>11,515</b>
Transfers and subsidies - capital (monetary allocations)	28,441	28,629	28,022	37,345	36,618	36,618	(25,697)	26,378	28,910	29,715
Transfers and subsidies - capital (in-kind)	102	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>(52,984)</b>	<b>9,076</b>	<b>(19,796)</b>	<b>63,961</b>	<b>25,478</b>	<b>25,478</b>	<b>4,540</b>	<b>45,901</b>	<b>38,055</b>	<b>41,230</b>
Share of Surplus/Deficit attributable to Associate	-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>(52,984)</b>	<b>9,076</b>	<b>(19,796)</b>	<b>63,961</b>	<b>25,478</b>	<b>25,478</b>	<b>4,540</b>	<b>45,901</b>	<b>38,055</b>	<b>41,230</b>
<b>Capital expenditure &amp; funds sources</b>										
<b>Capital expenditure</b>	<b>41,572</b>	<b>26,035</b>	<b>46,064</b>	<b>86,901</b>	<b>63,025</b>	<b>63,025</b>	<b>22,706</b>	<b>36,947</b>	<b>37,651</b>	<b>39,135</b>
Transfers recognised - capital	-	(0)	7,179	24,750	36,618	36,618	21,078	25,353	26,190	27,028
Borrowing	-	-	-	-	-	-	-	-	-	-
Internally generated funds	(1,005)	-	122	52,645	26,408	26,408	1,628	11,593	11,461	12,107
<b>Total sources of capital funds</b>	<b>(1,005)</b>	<b>(0)</b>	<b>7,300</b>	<b>77,395</b>	<b>63,025</b>	<b>63,025</b>	<b>22,706</b>	<b>36,947</b>	<b>37,651</b>	<b>39,135</b>
<b>Financial position</b>										
Total current assets	37,084	43,142	45,215	102,409	(42,923)	(42,923)	60,024	(33,004)	(86,891)	(84,706)
Total non current assets	533,633	528,937	541,993	615,838	605,018	605,018	554,430	578,939	37,651	39,135
Total current liabilities	53,548	45,716	80,673	128,957	(7,763)	(7,763)	49,620	(6,500)	(87,295)	(86,801)
Total non current liabilities	35,843	35,961	35,928	35,961	35,928	35,928	36,639	35,928	-	-
Community wealth/Equity	481,326	490,402	539,519	553,329	436,484	436,484	528,130	516,507	38,055	41,230
<b>Cash flows</b>										
Net cash from (used) operating	194,484	(24,146)	(46,151)	225,563	26,949	26,949	26,949	111,126	78,257	88,776
Net cash from (used) investing	(47,082)	(31,384)	(27,628)	(86,901)	(113,071)	(113,071)	(113,071)	(36,947)	(38,277)	(39,502)
Net cash from (used) financing	-	(5,196)	-	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the year end:</b>	<b>162,369</b>	<b>(52,938)</b>	<b>(54,185)</b>	<b>158,256</b>	<b>(65,483)</b>	<b>(65,483)</b>	<b>(65,483)</b>	<b>94,819</b>	<b>134,799</b>	<b>184,074</b>
<b>Cash backing/surplus reconciliation</b>										
Cash and investments available	162,369	(52,938)	(54,185)	158,256	(65,483)	(65,483)	(65,483)	94,819	134,799	184,074
Application of cash and investments	42,179	38,899	72,053	183,542	(11,238)	(11,238)	45,651	(15,104)	(94,749)	(94,632)
<b>Balance - surplus (shortfall)</b>	<b>120,190</b>	<b>(91,837)</b>	<b>(126,238)</b>	<b>(25,285)</b>	<b>(54,244)</b>	<b>(54,244)</b>	<b>(111,134)</b>	<b>109,923</b>	<b>229,548</b>	<b>278,706</b>
<b>Asset management</b>										
Asset register summary (WDV)	336,698	182,305	453,626	397,197	516,651	516,651	-	490,573	37,651	39,135
Depreciation	44,520	28,161	21,579	20,000	20,000	20,000	-	9,000	-	-
Renewal and Upgrading of Existing Assets	10,082	1,837	1,587	6,750	4,340	4,340	-	2,760	2,851	2,942
Repairs and Maintenance	29,906	26,706	30,546	20,075	19,693	19,693	-	27,744	28,659	29,576
<b>Free services</b>										
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	(0)	-	-	-	-	(79)	-	-
<b>Households below minimum service level</b>										
Water:	-	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-	-

- Table A1** – serves as a high -level budgetary synopsis, consolidating key financial perspective including operations, capital spending, financial standing, cash flow and adherence to MFMA funding requirements.
- This table outlines Council- approved allocations for operational and capital needs, while highlighting the municipality’s financial health and its dedication to addressing service delivery gaps.

## Explanatory notes to MBRR Table A2- Budgeted Financial Performance (revenue and expenditure by standard classification)

KZN254 Dannhauser - 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
<b>Revenue - Functional</b>										
<b>Governance and administration</b>		146,850	164,550	172,140	171,573	172,697	172,697	179,581	178,285	189,186
Executive and council		7	12	38	-	-	-	-	-	-
Finance and administration		146,843	164,539	172,103	171,573	172,697	172,697	179,581	178,285	189,186
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		28,461	24,187	24,254	26,430	28,540	28,540	27,607	30,076	31,023
Planning and development		28,461	24,187	24,254	26,430	28,540	28,540	27,607	30,076	31,023
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		7,683	12,186	14,395	21,643	19,492	19,492	11,812	7,654	7,853
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		7,683	12,186	14,395	21,643	19,492	19,492	11,812	7,654	7,853
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	182,994	200,924	210,789	219,646	220,730	220,730	219,000	216,015	228,061
<b>Expenditure - Functional</b>										
<b>Governance and administration</b>		117,658	130,025	128,987	90,737	123,463	123,463	102,490	104,092	109,453
Executive and council		28,568	28,083	36,241	29,513	49,817	49,817	33,104	42,227	44,718
Finance and administration		89,090	101,942	92,746	61,223	73,646	73,646	69,386	61,865	64,735
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		-	-	-	-	-	-	-	-	-
Community and social services		-	-	-	-	-	-	-	-	-
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	-	-	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		97,016	39,944	62,956	39,768	45,903	45,903	49,789	51,817	53,951
Planning and development		97,016	39,944	62,956	39,768	45,903	45,903	49,789	51,817	53,951
Road transport		-	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		21,303	21,878	38,642	25,180	25,885	25,885	20,821	22,050	23,427
Energy sources		-	-	-	-	-	-	-	-	-
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		21,303	21,878	38,642	25,180	25,885	25,885	20,821	22,050	23,427
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	3	235,977	191,848	230,586	155,685	195,252	195,252	173,100	177,960	186,831
<b>Surplus/(Deficit) for the year</b>		(52,984)	9,076	(19,796)	63,961	25,478	25,478	45,901	38,055	41,230

References

1. Table A2 outlines the projected financial performance by categorizing revenue and expenditure according to standard classifications. Following the modified GFS standard. This structure allows revenue, operating costs and capital spending to be organized by function, assisting National Treasury in generating “whole of government reports”.
2. It should be noted that the total revenue in this table includes capital transfers (recognized capital). Consequently, it will not align with the operating figures found in Table A4.
3. Generally, the municipality aims for a financial model where the income generated by Trading Services surpasses their respective operational costs.

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

KZN254 Dannhauser - 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 Budget	Adjusted	Full Year	Budget Year	Budget Year +1	Budget Year +2
<b>R thousand</b>										
<b>Revenue by Vote</b>	1									
Vote 1 - MAYOR & COUNCIL		-	-	-	-	-	-	-	-	-
Vote 2 - HUMAN RESOURCES: CORPORATE SERVICES OFFICE		62	1,341	1,402	1,500	100	100	250	258	267
Vote 3 - FINANCE: DEFAULT OFFICE		146,780	163,197	170,700	170,073	172,597	172,597	179,331	178,027	188,919
Vote 4 - PROJECT MANAGEMENT UNIT: TECHNICAL SERVICES		28,461	24,185	24,237	26,430	28,040	28,040	26,962	29,513	30,337
Vote 5 - SOLID WASTE REMOVAL: COMMUNITY SERVICES		7,683	12,186	14,395	21,643	19,492	19,492	11,812	7,654	7,853
Vote 6 - MUNICIPAL MANAGER OFFICES		7	12	38	-	-	-	-	-	-
Vote 7 -		-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	182,994	200,921	210,772	219,646	220,230	220,230	218,355	215,452	227,375
<b>Expenditure by Vote, to be appropriated</b>	1									
Vote 1 - MAYOR & COUNCIL		-	-	-	-	-	-	-	-	-
Vote 2 - HUMAN RESOURCES: CORPORATE SERVICES OFFICE		18,238	29,390	34,094	20,945	34,231	34,231	29,021	30,440	31,912
Vote 3 - FINANCE: DEFAULT OFFICE		70,853	72,552	58,652	40,278	39,416	39,416	40,365	31,426	32,823
Vote 4 - PROJECT MANAGEMENT UNIT: TECHNICAL SERVICES		97,016	39,898	61,834	33,526	37,790	37,790	42,769	44,440	46,185
Vote 5 - SOLID WASTE REMOVAL: COMMUNITY SERVICES		21,303	21,878	38,642	25,180	25,885	25,885	20,821	22,050	23,427
Vote 6 - MUNICIPAL MANAGER OFFICES		9,586	7,535	11,563	6,035	11,299	11,299	15,636	16,472	17,395
Vote 7 -		-	-	-	-	-	-	-	-	-
Vote 8 -		-	-	-	-	-	-	-	-	-
Vote 9 -		-	-	-	-	-	-	-	-	-
Vote 10 -		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	216,995	171,253	204,786	125,964	148,620	148,620	148,612	144,828	151,741
<b>Surplus/(Deficit) for the year</b>	2	(34,001)	29,668	5,986	93,681	71,610	71,610	69,744	70,624	75,634

References

1. Table A3 is a view of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organizational structure of the municipality. This means it is possible to present the operating surplus or deficit of a vote.

**MBRR Table A4: Budgeted Financial Performance (revenue and expenditure)**

KZN254 Dannhauser - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	R thousand	2022/23	2023/24	2024/25	Current Year 2025/26				2026/27 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>Revenue</b>											
<b>Exchange Revenue</b>											
Service charges - Electricity	2	-	-	-	-	-	-	-	-	-	-
Service charges - Water	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Management	2	1,345	1,349	5,174	2,154	2,154	2,154	1,581	4,787	4,945	5,103
Sale of Goods and Rendering of Services	2	314	498	636	374	374	374	176	600	620	640
Agency services	2	1,397	1,195	876	200	918	918	748	1,000	1,033	1,032
Interest	2	-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables	2	105	-	-	-	-	-	-	-	-	-
Interest earned from Current and Non Current Assets	2	1,150	2,080	2,827	1,500	1,500	1,500	1,223	2,000	2,066	2,132
Dividends	2	-	-	-	-	-	-	-	-	-	-
Rent on Land	2	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets	2	19	48	21	23	1,633	1,633	43	134	138	142
Licence and permits	2	-	-	-	-	-	-	-	-	-	-
Special rating levies	2	-	-	-	-	-	-	-	-	-	-
Construction Contract Revenue	2	-	-	-	-	-	-	-	-	-	-
Development Charges	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	36	1,108	865	100	200	200	-	1,000	1,033	1,066
<b>Non-Exchange Revenue</b>											
Property rates	2	30,853	44,591	42,201	46,713	48,738	48,738	34,113	52,378	54,107	55,838
Surcharges and Taxes	2	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	2	1,376	889	743	301	1,054	1,054	661	770	176	287
Licences or permits	2	469	448	606	2,677	653	653	314	1,406	1,452	1,487
Transfer and subsidies - Operational	2	114,744	119,816	125,895	128,259	126,388	126,388	93,625	124,129	118,521	127,509
Interest	2	745	-	1,978	-	-	-	376	2,918	3,014	3,110
Fuel Levy	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	-	-	-	-	-	-	-	-	-	-
Gains on disposal of Fixed and Intangible Assets	2	-	(159)	4	-	500	500	-	1,500	-	-
Other Gains	2	1,898	433	941	-	-	-	-	-	-	-
Discontinued Operations	2	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>154,451</b>	<b>172,295</b>	<b>182,768</b>	<b>182,301</b>	<b>184,112</b>	<b>184,112</b>	<b>132,861</b>	<b>192,622</b>	<b>187,105</b>	<b>198,346</b>
<b>Expenditure</b>											
Employee related costs	2	40,141	40,860	67,917	33,625	53,353	53,353	42,768	65,459	69,639	74,364
Remuneration of councillors	2	10,806	12,921	12,629	12,707	23,954	23,954	11,784	12,712	20,847	22,265
Bulk purchases - electricity	2	-	-	-	-	-	-	-	-	-	-
Inventory consumed	2,8	7,544	3,180	1,037	250	250	250	142	-	-	-
Debt impairment	2,3	8,317	14,959	22,022	-	-	-	-	500	-	-
Depreciation, amortisation and impairment	2	88,091	39,978	34,970	35,000	35,000	35,000	12,878	9,500	-	-
Interest, Dividends and Rent on Land	2	4,961	4,565	4,254	5,300	4,300	4,300	711	3,500	3,616	3,731
Contracted services	2	51,392	45,706	49,424	39,072	42,386	42,386	14,118	49,456	51,088	52,724
Transfers and subsidies	2	-	-	-	-	-	-	-	-	-	-
Irrecoverable debts written off	2	-	-	28	-	164	164	239	250	-	-
Operational costs	2	24,200	28,530	37,412	29,731	35,844	35,844	19,983	31,723	32,770	33,747
Disposal of Fixed and Intangible Assets	2	526	1,149	892	-	-	-	-	-	-	-
Other Losses	2	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditure</b>		<b>235,977</b>	<b>191,848</b>	<b>230,586</b>	<b>155,685</b>	<b>195,252</b>	<b>195,252</b>	<b>102,624</b>	<b>173,100</b>	<b>177,960</b>	<b>186,831</b>
<b>Surplus/(Deficit)</b>		<b>(81,527)</b>	<b>(19,552)</b>	<b>(47,818)</b>	<b>26,616</b>	<b>(11,140)</b>	<b>(11,140)</b>	<b>30,237</b>	<b>19,523</b>	<b>9,145</b>	<b>11,515</b>
Transfers and subsidies - capital (monetary allocations)	6	28,441	28,629	28,022	37,345	36,618	36,618	(25,697)	26,378	28,910	29,715
Transfers and subsidies - capital (in-kind)	6	102	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>(52,984)</b>	<b>9,076</b>	<b>(19,796)</b>	<b>63,961</b>	<b>25,478</b>	<b>25,478</b>	<b>4,540</b>	<b>45,901</b>	<b>38,055</b>	<b>41,230</b>
Income Tax		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after income tax</b>		<b>(52,984)</b>	<b>9,076</b>	<b>(19,796)</b>	<b>63,961</b>	<b>25,478</b>	<b>25,478</b>	<b>4,540</b>	<b>45,901</b>	<b>38,055</b>	<b>41,230</b>
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>(52,984)</b>	<b>9,076</b>	<b>(19,796)</b>	<b>63,961</b>	<b>25,478</b>	<b>25,478</b>	<b>4,540</b>	<b>45,901</b>	<b>38,055</b>	<b>41,230</b>
Share of Surplus/Deficit attributable to Associate	7	-	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>1</b>	<b>(52,984)</b>	<b>9,076</b>	<b>(19,796)</b>	<b>63,961</b>	<b>25,478</b>	<b>25,478</b>	<b>4,540</b>	<b>45,901</b>	<b>38,055</b>	<b>41,230</b>

**Explanatory notes to Table A4 – Budgeted financial performance (revenue and expenditure)**

1. Total revenue is R 192 622 000.
2. Revenue to be generated from property rates net of rebates is R 52 378 000 in the 2026/27 financial year.
3. Transfer recognized – operating includes the local government equitable share and other operating grants from national and provincial government.
4. Employee related costs remain the significant driver of municipal expenditure. Consequently, the municipality must prioritize the realization of operational gains and efficiencies to cushion the budgetary impact of anticipated growth in the wage bill and tariffs.

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

1. Table A5 is a breakdown of the capital Programme in relation to capital expenditure by municipal vote (multi -year and single -year appropriations) capital expenditure by standard classification and the funding sources necessary to fund the capital budget including information on capital transfers from national and provincial departments.
2. The Capital Programme is funded from capital and provincial grants and transfers and internally generated funds from current year’s surplus.

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
<b>R thousand</b>	<b>1</b>										
<b>Capital expenditure - Vote</b>	<b>2</b>										
<b>Multi-year expenditure to be appropriated</b>											
Vote 1 - MAYOR & COUNCIL		--	--	--	--	--	--	--	--	--	--
Vote 2 - HUMAN RESOURCES: CORPORATE SERVICES OFFICE		--	--	--	--	--	--	--	--	--	--
Vote 3 - FINANCE: DEFAULT OFFICE		--	--	--	--	--	--	--	--	--	--
Vote 4 - PROJECT MANAGEMENT UNIT: TECHNICAL SERVICES OFFICE		--	--	--	--	--	--	--	--	--	--
Vote 5 - SOLID WASTE REMOVAL: COMMUNITY SERVICES		--	--	--	--	--	--	--	--	--	--
Vote 6 - MUNICIPAL MANAGER OFFICES		--	--	--	--	--	--	--	--	--	--
Vote 7 -		--	--	--	--	--	--	--	--	--	--
Vote 8 -		--	--	--	--	--	--	--	--	--	--
Vote 9 -		--	--	--	--	--	--	--	--	--	--
Vote 10 -		--	--	--	--	--	--	--	--	--	--
Vote 11 -		--	--	--	--	--	--	--	--	--	--
Vote 12 -		--	--	--	--	--	--	--	--	--	--
Vote 13 -		--	--	--	--	--	--	--	--	--	--
Vote 14 -		--	--	--	--	--	--	--	--	--	--
Vote 15 -		--	--	--	--	--	--	--	--	--	--
Capital multi-year expenditure sub-total	7	--	--	--	--	--	--	--	--	--	--
<b>Single-year expenditure to be appropriated</b>	<b>2</b>										
Vote 1 - MAYOR & COUNCIL		--	--	--	--	--	--	--	--	--	--
Vote 2 - HUMAN RESOURCES: CORPORATE SERVICES OFFICE		--	3,602	18,388	3,430	4,210	4,210	--	2,689	2,778	2,867
Vote 3 - FINANCE: DEFAULT OFFICE		--	14,003	14,709	1,005	1,565	1,565	--	--	--	--
Vote 4 - PROJECT MANAGEMENT UNIT: TECHNICAL SERVICES OFFICE		42,577	8,230	12,692	78,650	55,418	55,418	--	30,832	31,605	32,616
Vote 5 - SOLID WASTE REMOVAL: COMMUNITY SERVICES		(1,011)	200	275	3,815	1,833	1,833	--	3,426	3,269	3,652
Vote 6 - MUNICIPAL MANAGER OFFICES		1	--	--	--	--	--	--	--	--	--
Vote 7 -		--	--	--	--	--	--	--	--	--	--
Vote 8 -		--	--	--	--	--	--	--	--	--	--
Vote 9 -		--	--	--	--	--	--	--	--	--	--
Vote 10 -		--	--	--	--	--	--	--	--	--	--
Vote 11 -		--	--	--	--	--	--	--	--	--	--
Vote 12 -		--	--	--	--	--	--	--	--	--	--
Vote 13 -		--	--	--	--	--	--	--	--	--	--
Vote 14 -		--	--	--	--	--	--	--	--	--	--
Vote 15 -		--	--	--	--	--	--	--	--	--	--
Capital single-year expenditure sub-total		41,568	26,035	46,064	86,901	63,025	63,025	--	36,947	37,651	39,135
<b>Total Capital Expenditure - Vote</b>		<b>41,568</b>	<b>26,035</b>	<b>46,064</b>	<b>86,901</b>	<b>63,025</b>	<b>63,025</b>	<b>--</b>	<b>36,947</b>	<b>37,651</b>	<b>39,135</b>
<b>Capital Expenditure - Functional</b>											
<b>Governance and administration</b>	<b>4</b>	17,605	33,096	4,435	5,775	5,775	671	2,689	2,778	2,867	
Executive and council		--	--	--	--	--	--	--	--	--	
Finance and administration		17,605	33,096	4,435	5,775	5,775	671	2,689	2,778	2,867	
Internal audit		--	--	--	--	--	--	--	--	--	
Community and public safety		--	--	--	--	--	--	--	--	--	
Community and social services		--	--	--	--	--	--	--	--	--	
Sport and recreation		--	--	--	--	--	--	--	--	--	
Public safety		--	--	--	--	--	--	--	--	--	
Housing		--	--	--	--	--	--	--	--	--	
Health		--	--	--	--	--	--	--	--	--	
<b>Economic and environmental services</b>		42,579	8,230	12,692	78,650	55,418	55,418	21,313	30,832	31,605	32,616
Planning and development		42,579	8,230	12,692	78,650	55,418	55,418	21,313	30,832	31,605	32,616
Road transport		--	--	--	--	--	--	--	--	--	--
Environmental protection		--	--	--	--	--	--	--	--	--	--
<b>Trading services</b>		(1,011)	200	275	3,815	1,833	1,833	723	3,426	3,269	3,652
Energy sources		--	--	--	--	--	--	--	--	--	--
Water management		--	--	--	--	--	--	--	--	--	--
Waste water management		--	--	--	--	--	--	--	--	--	--
Waste management		(1,011)	200	275	3,815	1,833	1,833	723	3,426	3,269	3,652
Other		--	--	--	--	--	--	--	--	--	--
<b>Total Capital Expenditure - Functional</b>	<b>3</b>	<b>41,572</b>	<b>26,035</b>	<b>46,064</b>	<b>86,901</b>	<b>63,025</b>	<b>63,025</b>	<b>22,706</b>	<b>36,947</b>	<b>37,651</b>	<b>39,135</b>
<b>Funded by:</b>											
National Government		--	(0)	7,179	13,500	26,095	26,095	16,162	25,383	26,190	27,028
Provincial Government		--	--	--	11,250	10,523	10,523	4,916	--	--	--
Local Municipality		--	--	--	--	--	--	--	--	--	--

**Explanatory notes to Table A6 – Budgeted Financial Position**

1. Table A6 consists of international standards of good financial management practice and improves understandability for councillors 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 by cash, appear first.
3. 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.

**KZN254 Dannhauser - 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	
<b>ASSETS</b>												
Current assets												
Cash and cash equivalents	1	7,788	19,594	20,639	146,335	(52,698)	(52,698)	22,797	(39,584)	(99,445)	(97,788)	
Short term investments	2	-	-	-	-	-	-	-	-	-	-	
Trade and other receivables from exchange transactions	3	3,067	3,700	1,100	(1,484)	(8,410)	(8,410)	1,920	(5,000)	(5,574)	(5,658)	
Receivables from non-exchange transactions	3	19,052	18,749	18,909	18,448	18,600	18,609	32,984	18,139	(790)	(821)	
Current portion of non-current receivables	4	-	-	-	-	-	-	-	-	-	-	
Inventory	5	3,884	970	970	970	970	970	957	5,257	4,429	4,570	
VAT Receivable	6	2,672	130	3,537	(86,005)	(3,891)	(3,891)	1,325	(11,216)	15,495	15,941	
Other current assets	7	(0)	(0)	(0)	6,200	2,875	2,875	39	(0)	-	-	
<b>Total current assets</b>		<b>37,064</b>	<b>43,142</b>	<b>45,216</b>	<b>162,409</b>	<b>(42,823)</b>	<b>(42,823)</b>	<b>60,024</b>	<b>(33,094)</b>	<b>(84,891)</b>	<b>(84,706)</b>	
Non current assets												
Investments	8	-	-	-	-	-	-	-	-	-	-	
Investment property	9	8,519	8,794	9,301	8,794	9,301	9,301	9,620	9,301	-	-	
Property, plant and equipment	10	524,869	519,718	532,067	606,619	595,292	595,292	544,704	569,213	37,651	39,135	
Biological assets	11	-	-	-	-	-	-	-	-	-	-	
Living resources	12	-	-	-	-	-	-	-	-	-	-	
Heritage assets	13	106	106	106	106	106	106	106	106	-	-	
Intangible assets	14	-	-	-	-	-	-	-	-	-	-	
Trade and other receivables from exchange transactions	15	-	-	-	-	-	-	-	-	-	-	
Non-current receivables from non-exchange transactions	15	-	-	-	-	-	-	-	-	-	-	
Other non-current assets	16	319	319	319	319	319	319	-	319	-	-	
<b>Total non current assets</b>		<b>535,693</b>	<b>528,937</b>	<b>541,993</b>	<b>616,836</b>	<b>605,018</b>	<b>605,018</b>	<b>554,430</b>	<b>578,839</b>	<b>37,651</b>	<b>39,135</b>	
<b>TOTAL ASSETS</b>		<b>670,718</b>	<b>672,080</b>	<b>687,209</b>	<b>718,247</b>	<b>562,086</b>	<b>562,086</b>	<b>614,453</b>	<b>546,836</b>	<b>(48,240)</b>	<b>(46,671)</b>	
<b>LIABILITIES</b>												
Current liabilities												
Bank overdraft	17	-	-	-	-	-	-	-	-	-	-	
Finance liabilities	18	5,165	5,198	5,198	5,198	5,198	5,198	3,897	5,198	-	-	
Consumer deposits	19	-	-	-	-	-	-	-	-	-	-	
Trade and other payables from exchange transactions	20	45,445	38,545	62,537	121,786	(25,300)	(25,300)	36,750	(24,495)	(89,462)	(89,140)	
Trade and other payables from non-exchange transactions	21	1,421	1,838	12,260	1,636	11,780	11,780	8,127	11,780	2,165	2,339	
Provision	22	0	(0)	(0)	-	-	-	(0)	-	-	-	
VAT Payable	23	949	(208)	(273)	(208)	(273)	(273)	(195)	86	-	-	
Other current liabilities	24	551	547	954	547	954	954	954	954	-	-	
<b>Total current liabilities</b>		<b>58,648</b>	<b>46,718</b>	<b>80,873</b>	<b>128,957</b>	<b>(7,783)</b>	<b>(7,783)</b>	<b>46,822</b>	<b>(6,600)</b>	<b>(87,296)</b>	<b>(88,801)</b>	
Non current liabilities												
Financial liabilities	25	18,195	15,342	11,899	15,342	11,899	11,899	12,610	11,899	-	-	
Provision	26	10,703	13,006	15,377	13,006	15,377	15,377	15,377	15,377	-	-	
Long term portion of trade payables	27	-	-	-	-	-	-	-	-	-	-	
Other non-current liabilities	28	6,945	7,613	8,651	7,613	8,651	8,651	8,651	8,651	-	-	
<b>Total non current liabilities</b>		<b>35,843</b>	<b>35,961</b>	<b>35,927</b>	<b>35,961</b>	<b>35,927</b>	<b>35,927</b>	<b>36,638</b>	<b>36,928</b>	-	-	
<b>TOTAL LIABILITIES</b>		<b>94,491</b>	<b>82,679</b>	<b>116,800</b>	<b>164,918</b>	<b>28,144</b>	<b>28,144</b>	<b>83,460</b>	<b>29,322</b>	<b>(87,296)</b>	<b>(88,801)</b>	
<b>NET ASSETS</b>		<b>481,828</b>	<b>489,402</b>	<b>470,409</b>	<b>553,329</b>	<b>533,940</b>	<b>533,940</b>	<b>530,993</b>	<b>517,514</b>	<b>38,955</b>	<b>41,230</b>	
<b>COMMUNITY WEALTH/EQUITY</b>												
Accumulated surplus/(deficit)	29	481,308	490,402	539,519	553,329	436,484	436,484	528,130	516,507	38,955	41,230	
Reserves and funds	30	-	-	-	-	-	-	-	-	-	-	
Other	31	-	-	-	-	-	-	-	-	-	-	
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>32</b>	<b>481,308</b>	<b>490,402</b>	<b>539,519</b>	<b>553,329</b>	<b>436,484</b>	<b>436,484</b>	<b>528,130</b>	<b>516,507</b>	<b>38,955</b>	<b>41,230</b>	

**Explanatory notes to Table A7 – Budgeted Cash Flow Statement**

The budgeted cash flow statement is the first measurement in determining if the budget is funded.

KZN254 Dannhauser - 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
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>											
<b>Receipts</b>											
Property rates		21,436	—	—	46,713	48,738	48,738	48,738	55,296	57,121	58,949
Service charges		908	—	—	2,154	2,154	2,154	2,154	4,787	4,945	5,103
Other revenue		3,372	—	—	71,765	17,060	17,060	17,060	7,450	7,076	7,361
Transfers and Subsidies - Operational	1	159,284	—	—	126,859	126,488	126,488	126,488	123,379	120,429	129,581
Transfers and Subsidies - Capital	1	19,357	12	—	37,345	36,618	36,618	36,618	26,378	28,910	29,715
Interest		0	—	—	—	1,500	1,500	1,500	2,000	2,066	2,132
Dividends		—	—	—	—	—	—	—	—	—	—
<b>Payments</b>											
Suppliers and employees		(7,027)	(19,452)	(42,645)	(59,273)	(205,609)	(205,609)	(205,609)	(108,164)	(142,290)	(144,065)
Finance charges		(2,846)	(4,706)	(3,506)	—	—	—	—	—	—	—
Transfers and Subsidies		—	—	—	—	—	—	—	—	—	—
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>194,484</b>	<b>(24,146)</b>	<b>(46,151)</b>	<b>225,563</b>	<b>26,949</b>	<b>26,949</b>	<b>26,949</b>	<b>111,128</b>	<b>78,257</b>	<b>88,776</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>											
<b>Receipts</b>											
Proceeds on disposal of PPE		—	—	—	—	—	—	—	—	—	—
Decrease (increase) in non-current receivables		—	—	—	—	—	—	—	—	—	—
Decrease (increase) in non-current investments		—	—	—	—	—	—	—	—	—	—
Insurance Refund - Capital		—	—	—	—	—	—	—	—	—	—
Interest on Short Term Investment (Greater than 90 days) and Long Term Investments		—	—	—	—	—	—	—	—	—	—
<b>Payments</b>											
Capital assets		(47,082)	(31,384)	(27,628)	(86,901)	(113,071)	(113,071)	(113,071)	(36,947)	(38,277)	(39,502)
Retention (Capital)		—	—	—	—	—	—	—	—	—	—
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>(47,082)</b>	<b>(31,384)</b>	<b>(27,628)</b>	<b>(86,901)</b>	<b>(113,071)</b>	<b>(113,071)</b>	<b>(113,071)</b>	<b>(36,947)</b>	<b>(38,277)</b>	<b>(39,502)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>											
<b>Receipts</b>											
Short term loans		—	—	—	—	—	—	—	—	—	—
Borrowing long term/refinancing		—	—	—	—	—	—	—	—	—	—
Increase (decrease) in consumer deposits		—	—	—	—	—	—	—	—	—	—
<b>Payments</b>											
Repayment of borrowing		—	(5,196)	—	—	—	—	—	—	—	—
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>—</b>	<b>(5,196)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>147,402</b>	<b>(60,725)</b>	<b>(73,779)</b>	<b>138,662</b>	<b>(86,122)</b>	<b>(86,122)</b>	<b>(86,122)</b>	<b>74,180</b>	<b>39,980</b>	<b>49,275</b>
Cash/cash equivalents at the year begin:	2	14,967	7,788	19,584	19,584	20,639	20,639	20,639	20,639	94,819	134,799
Cash/cash equivalents at the year end:	2	162,369	(52,938)	(54,185)	158,256	(65,483)	(65,483)	(65,483)	94,819	134,799	184,074

**Explanatory notes to Table A8 – Cash backed Reserves/Accumulated Surplus Reconciliation**

KZN254 Dannhauser - 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 Budget	Adjusted	Full Year	Pre-audit	Budget Year	Budget Year +1	Budget Year +2
<b>Cash and investments available</b>											
Cash/cash equivalents at the year end	1	162,369	(52,938)	(54,185)	158,256	(65,483)	(65,483)	(65,483)	94,819	134,799	184,074
Other current investments > 90 days		—	—	—	—	—	—	—	—	—	—
Non current investments	1	—	—	—	—	—	—	—	—	—	—
<b>Cash and investments available:</b>		<b>162,369</b>	<b>(52,938)</b>	<b>(54,185)</b>	<b>158,256</b>	<b>(65,483)</b>	<b>(65,483)</b>	<b>(65,483)</b>	<b>94,819</b>	<b>134,799</b>	<b>184,074</b>
<b>Application of cash and investments</b>											
Unspent conditional transfers		1,421	1,636	12,260	1,636	11,760	11,760	8,127	11,760	2,166	2,339
Unspent borrowing		—	—	—	—	—	—	—	—	—	—
Statutory requirements	2	(2,307)	(1,829)	(3,698)	66,361	3,700	3,700	12,863	11,302	(15,495)	(15,991)
Other working capital requirements	3	42,513	38,545	62,537	114,998	(27,652)	(27,652)	25,616	(38,166)	(81,421)	(80,980)
Other provisions		551	547	954	547	954	954	(954)	—	—	—
Long term investments committed	4	—	—	—	—	—	—	—	—	—	—
Reserves to be backed by cash/investments	5	—	—	—	—	—	—	—	—	—	—
<b>Total Application of cash and investments:</b>		<b>42,179</b>	<b>38,899</b>	<b>72,053</b>	<b>183,542</b>	<b>(11,238)</b>	<b>(11,238)</b>	<b>45,651</b>	<b>(15,104)</b>	<b>(94,749)</b>	<b>(94,632)</b>
<b>Surplus(shortfall) - Excluding Non-Current Creditors Trf to Debt Relief Benefits</b>		<b>120,190</b>	<b>(91,837)</b>	<b>(126,238)</b>	<b>(25,285)</b>	<b>(54,244)</b>	<b>(54,244)</b>	<b>(111,134)</b>	<b>109,923</b>	<b>229,548</b>	<b>278,706</b>
<b>Creditors transferred to Debt Relief - Non-Current portion</b>		<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Surplus(shortfall) - Including Non-Current Creditors Trf to Debt Relief Benefits</b>		<b>120,190</b>	<b>(91,837)</b>	<b>(126,238)</b>	<b>(25,285)</b>	<b>(54,244)</b>	<b>(54,244)</b>	<b>(111,134)</b>	<b>109,923</b>	<b>229,548</b>	<b>278,706</b>

**References**

1. Must reconcile with Budgeted Cash Flows
2. For example: VAT, taxation
3. Council approval for policy required - include sufficient working capital (e.g. allowing for a % of current debtors > 90 days as uncollectable)
4. For example: sinking fund requirements for borrowing
5. Council approval required for each reserve created and basis of cash backing of reserves - Total Reserves to be backed by cash/investments excl Valuation reserve

1. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/ commitments that exist.
2. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded".
3. Non-compliance with section 18 of the MFMA is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded correctly.

**Explanatory notes to Table A9 – Asset Management**

Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets as well as spending on repairs and maintenance by assets class.

**KZN254 Dannhauser - 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										
<b>CAPITAL EXPENDITURE</b>										
<b>Total New Assets</b>	1	31,490	24,199	44,477	80,151	58,685	58,685	34,187	34,800	36,193
Roads Infrastructure		-	14,003	15,341	20,750	19,218	19,218	18,233	18,835	19,438
Storm water Infrastructure		-	-	-	300	300	300	-	-	-
Electrical Infrastructure		-	-	2,500	25,100	12,500	12,500	2,798	2,890	2,983
Water Supply Infrastructure		1,221	-	-	-	-	-	457	472	487
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	300	300	2,629	2,649	2,803
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		1,221	14,003	17,841	48,150	32,318	32,318	24,117	24,848	25,710
Community Facilities		10,493	2,735	6,546	30,556	23,656	23,656	8,837	8,884	9,168
Sport and Recreation Facilities		4,505	-	-	-	-	-	-	-	-
<b>Community Assets</b>		14,998	2,735	6,546	30,556	23,656	23,656	8,837	8,884	9,168
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Operational Buildings		16,278	5,495	15,834	-	-	-	-	-	-
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		16,278	5,495	15,834	-	-	-	-	-	-
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Services		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	1,260	1,510	1,510	436	450	465
Furniture and Office Equipment		(0)	1,965	1,242	145	305	305	-	-	-
Machinery and Equipment		-	-	-	1,040	897	897	197	-	210
<b>Transport Assets</b>		4	-	3,014	1,000	0	0	600	620	640
Land		(1,011)	-	-	-	-	-	-	-	-
Zoo's, Marine and Non-biological Animals		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
<b>Living Resources</b>		-	-	-	-	-	-	-	-	-
<b>Total Renewal of Existing Assets</b>	2	-	-	-	3,500	-	-	-	-	-
Roads Infrastructure		-	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		-	-	-	-	-	-	-	-	-

<b>Total Upgrading of Existing Assets</b>	6	10,082	1,837	1,587	3,250	4,340	4,340	2,760	2,851	2,942
Roads Infrastructure		10,080	-	-	-	-	-	-	-	-
Storm water Infrastructure		-	-	-	-	-	-	-	-	-
Electrical Infrastructure		-	-	-	-	-	-	-	-	-
Water Supply Infrastructure		-	-	-	-	-	-	-	-	-
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	-	-	-	-	-
Rail Infrastructure		-	-	-	-	-	-	-	-	-

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Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		<b>10,080</b>	-	-	-	-	-	-	-	-
Community Facilities		-	-	-	-	-	-	-	-	-
Sport and Recreation Facilities		-	-	-	-	-	-	-	-	-
<b>Community Assets</b>		-	-	-	-	-	-	-	-	-
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Operational Buildings		-	-	-	-	-	487	503	519	-
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		-	-	-	-	-	<b>487</b>	<b>503</b>	<b>519</b>	-
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-	-
Computer Equipment		-	1,331	1,083	-	-	-	-	-	-
Furniture and Office Equipment		1	1	275	1,070	1,300	1,300	763	788	814
<b>Machinery and Equipment</b>		-	505	309	280	440	440	10	10	11
<b>Transport Assets</b>		-	-	-	1,900	2,600	2,600	1,500	1,550	1,599
<b>Land</b>		-	-	-	-	-	-	-	-	-
<b>Zoo's, Marine and Non-biological Animals</b>		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
<b>Living Resources</b>		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	4	<b>41,572</b>	<b>26,035</b>	<b>46,064</b>	<b>86,901</b>	<b>63,025</b>	<b>63,025</b>	<b>36,947</b>	<b>37,651</b>	<b>39,135</b>
Roads Infrastructure		10,080	14,003	15,341	20,750	19,218	19,218	18,233	18,835	19,438
Storm water Infrastructure		-	-	-	300	300	300	-	-	-
Electrical Infrastructure		-	-	2,500	25,100	12,500	12,500	2,798	2,890	2,983
Water Supply Infrastructure		1,221	-	-	-	-	-	457	472	487
Sanitation Infrastructure		-	-	-	-	-	-	-	-	-
Solid Waste Infrastructure		-	-	-	-	300	300	2,629	2,649	2,803
Rail Infrastructure		-	-	-	-	-	-	-	-	-
Coastal Infrastructure		-	-	-	-	-	-	-	-	-
Information and Communication Infrastructure		-	-	-	-	-	-	-	-	-
<b>Infrastructure</b>		<b>11,302</b>	<b>14,003</b>	<b>17,841</b>	<b>46,150</b>	<b>32,318</b>	<b>32,318</b>	<b>24,117</b>	<b>24,846</b>	<b>25,710</b>
Community Facilities		10,493	2,735	6,546	30,556	23,656	23,656	8,837	8,884	9,168
Sport and Recreation Facilities		4,505	-	-	-	-	-	-	-	-
<b>Community Assets</b>		<b>14,998</b>	<b>2,735</b>	<b>6,546</b>	<b>30,556</b>	<b>23,656</b>	<b>23,656</b>	<b>8,837</b>	<b>8,884</b>	<b>9,168</b>
<b>Heritage Assets</b>		-	-	-	-	-	-	-	-	-
Revenue Generating		-	-	-	-	-	-	-	-	-
Non-revenue Generating		-	-	-	-	-	-	-	-	-
<b>Investment properties</b>		-	-	-	-	-	-	-	-	-
Operational Buildings		16,278	5,495	15,834	-	-	-	487	503	519
Housing		-	-	-	-	-	-	-	-	-
<b>Other Assets</b>		<b>16,278</b>	<b>5,495</b>	<b>15,834</b>	-	-	-	<b>487</b>	<b>503</b>	<b>519</b>
<b>Biological or Cultivated Assets</b>		-	-	-	-	-	-	-	-	-
Servitudes		-	-	-	-	-	-	-	-	-
Licences and Rights		-	-	-	-	-	-	-	-	-
<b>Intangible Assets</b>		-	-	-	-	-	-	-	-	-
Computer Equipment		-	-	-	-	-	-	-	-	-
Furniture and Office Equipment		0	11	14	75	75	75	-	-	-
<b>Machinery and Equipment</b>		<b>920</b>	<b>759</b>	<b>1,618</b>	<b>2,150</b>	<b>725</b>	<b>725</b>	<b>2,580</b>	<b>2,665</b>	<b>2,750</b>
<b>Transport Assets</b>		<b>495</b>	<b>1,048</b>	<b>879</b>	<b>600</b>	<b>1,070</b>	<b>1,070</b>	<b>1,014</b>	<b>1,047</b>	<b>1,081</b>
<b>Land</b>		-	-	-	-	-	-	-	-	-
<b>Zoo's, Marine and Non-biological Animals</b>		-	-	-	-	-	-	-	-	-
Mature		-	-	-	-	-	-	-	-	-
Immature		-	-	-	-	-	-	-	-	-
<b>Living Resources</b>		-	-	-	-	-	-	-	-	-
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		<b>74,426</b>	<b>54,867</b>	<b>52,125</b>	<b>40,075</b>	<b>39,693</b>	<b>39,693</b>	<b>36,744</b>	<b>28,659</b>	<b>29,576</b>
<i>Renewal and upgrading of Existing Assets as % of total capex</i>		24.3%	7.1%	3.4%	7.8%	6.9%	6.9%	7.5%	7.6%	7.6%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>		22.6%	6.8%	7.4%	33.7%	21.7%	21.7%	30.7%	0.0%	0.0%
<i>R&amp;M as a % of PPE &amp; Investment Property</i>		8.9%	14.7%	6.7%	5.1%	3.8%	3.8%	5.7%	76.1%	75.6%
<i>Renewal and upgrading and R&amp;M as a % of PPE and Investment Property</i>		11.9%	15.7%	7.1%	6.8%	4.7%	4.7%	6.2%	83.7%	83.1%

**Explanatory notes to Table A10 – Basic Service Delivery Measurement**

Table A10 provides an overview of service delivery levels including backlogs (below minimum service level) for each of the main services.

KZN254 Dannhauser - Table A10 Basic service delivery measurement

Description	###	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
<b>Household service targets</b>	1									
<b>Water:</b>										
Piped water inside dwelling		-	-	-	-	-	-	-	-	-
Piped water inside yard (but not in dwelling)		-	-	-	-	-	-	-	-	-
Using public tap (at least min.service level)	2	-	-	-	-	-	-	-	-	-
Other water supply (at least min.service level)	4	-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3	-	-	-	-	-	-	-	-	-
Other water supply (< min.service level)	4	-	-	-	-	-	-	-	-	-
No water supply		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Sanitation/sewage:</b>										
Flush toilet (connected to sewerage)		-	-	-	-	-	-	-	-	-
Flush toilet (with septic tank)		-	-	-	-	-	-	-	-	-
Chemical toilet		-	-	-	-	-	-	-	-	-
Pit toilet (ventilated)		-	-	-	-	-	-	-	-	-
Other toilet provisions (> min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Bucket toilet		-	-	-	-	-	-	-	-	-
Other toilet provisions (< min.service level)		-	-	-	-	-	-	-	-	-
No toilet provisions		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Energy:</b>										
Electricity (at least min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (min.service level)		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Electricity (< min.service level)		-	-	-	-	-	-	-	-	-
Electricity - prepaid (< min. service level)		-	-	-	-	-	-	-	-	-
Other energy sources		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Refuse:</b>										
Removed at least once a week		-	-	-	-	-	-	-	-	-
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week		-	-	-	-	-	-	-	-	-
Using communal refuse dump		-	-	-	-	-	-	-	-	-
Using own refuse dump		-	-	-	-	-	-	-	-	-
Other rubbish disposal		-	-	-	-	-	-	-	-	-
No rubbish disposal		-	-	-	-	-	-	-	-	-
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
<b>Total number of households</b>	5	-	-	-	-	-	-	-	-	-
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free minimum level service)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed at least once a week)		-	-	-	-	-	-	-	-	-
<b>Informal Settlements</b>										
<b>Cost of Free Basic Services provided - Formal Settlements (R'000)</b>										
Water (6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (50kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (removed once a week for indigent households)		-	-	-	-	-	-	-	-	-
<b>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</b>										
<b>Total cost of FBS provided</b>	8	-	-	-	-	-	-	-	-	-
<b>Highest level of free service provided per household</b>										
Property rates (R value threshold)		-	-	-	-	-	-	-	-	-
Water (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (average litres per week)		-	-	-	-	-	-	-	-	-
Sanitation (kilolitres per household per month)		-	-	-	-	-	-	-	-	-
Sanitation (Rand per household per month)		-	-	-	-	-	-	-	-	-
Electricity (kwh per household per month)		-	-	-	-	-	-	-	-	-
Refuse (average litres per week)		-	-	-	-	-	-	-	-	-
<b>Revenue cost of subsidised services provided (R'000)</b>	9									
Property rates (tariff adjustment) (impermissible values per section 17 of MPRA)		-	-	-	-	-	-	-	-	-
Property rates exemptions, reductions and rebates and impermissible values in excess of section 17 of MPRA		-	-	-	-	-	-	(79)	-	-
Water (in excess of 6 kilolitres per indigent household per month)		-	-	-	-	-	-	-	-	-
Sanitation (in excess of free sanitation service to indigent households)		-	-	-	-	-	-	-	-	-
Electricity/other energy (in excess of 50 kwh per indigent household per month)		-	-	-	-	-	-	-	-	-
Refuse (in excess of one removal a week for indigent households)		-	-	(0)	-	-	-	-	-	-
Municipal Housing - rental rebates		-	-	-	-	-	-	-	-	-
Housing - top structure subsidies	6	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-
<b>Total revenue cost of subsidised services provided</b>		-	-	(0)	-	-	-	(79)	-	-

Refer to page 24

## **PART 2**

### **2.1 Overview of budget assumptions**

#### **External factors**

Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. The municipality is owed over R 100 million, this has resulted in declining cash inflows, which has necessitated restrained expenditure to ensure that cash outflows remain within the affordability parameters of the municipality's finances.

#### **General inflation outlook and its impact on the municipal activities**

Four key factors have been taken into consideration in the compilation of the 2026/27 MTREF:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on municipality's residents and businesses.
- The impact of municipal cost drivers; and
- The increase in the cost of remuneration. Employee related costs comprise 40 per cent of total operating expenditure in the 2026/27 MTREF and therefore this increase above inflation places a disproportionate upward pressure on the expenditure budget.

#### **Collection rate for revenue services**

The rate of collection revenue is currently expressed as a percentage (60 per cent) of annual billings. Cash flow is assumed to be 60 per cent of billings, plus an increased collection of arrear debt from the revised collection and credit control policy. The performance of arrear collections will however only be considered a source of additional cash in-flow once the performance has been carefully monitored.

#### **Impact of national, provincial and local policies**

Integration of service delivery between national, provincial and local government is critical to ensure focussed service delivery and, in this regard, various measures were implemented to align IDPs, provincial and national strategies around priority spatial interventions. In this regard, the following national priorities form the basis of all integration initiatives:

- Creating jobs;
- Enhancing education and skill development;
- Improving Health services;
- Rural development and agriculture; and
- Fighting crime and corruption.

To achieve these priorities integration mechanisms are in place to ensure integrated planning and execution of various development programs. The focus will be to strengthen the link between policy priorities and expenditure thereby ensuring the achievement of the national, provincial and local objectives.

#### **Ability of the municipality to spend and deliver on the programmes**

It is estimated that a spending rate of at least 75 per cent is achieved on operating expenditure and 60 per cent on the capital programme for the 2026/27 MTREF of which performance has been factored into the cash flow budget.

## **2.2. Budget funding**

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 purpose
- Borrowed funds, but only for capital budget referred to in section 17(2) Dannhauser Local Municipality operating budget is funded from
- Grants
- Service Charges
- Other Revenue

## **2.3 Annual budget to expenditure on allocations and Grant Programme**

The Municipality budgeted for the following operating grants:

- Financial Management Grant
- Expanded Public Works Programme
- Equitable Shares
- Provincialisation and community library service
- Municipal employment initiative grant

## **2.4 Annual budget to Allocations made by the Municipality**

Dannhauser Local Municipality uses equitable shares to subsidies indigent households

## **2.5 Councillors Allowances and employees' benefits**

Municipal Systems 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 Systems act further requires the Municipal Manager to provide a job description for each post on the staff establishment and to attach to those posts remuneration and other conditions of service as may be determined in accordance with any applicable Labour legislation. There is an adjustment made on Employee benefits and Councillors remuneration.

The collective agreement regarding salaries/wages allows for an increase of 4.75%.

## **2.6 Service delivery and budget implementation plan**

SDBIP will be tabled to Council within 14 days after the draft budget has been tabled.

## **2.7 Capital Expenditure**

Capital projects R 25 353 000 million has been funded by MIG and R 11 593 666 has been funded internally.

# DANNHAUSER LOCAL MUNICIPALITY ( KZ - 254 )

8 Church Street/01  
West Street  
Private bag X1011



Telephone : (034) 621 2666  
Facsimile : (034) 621 3114  
municipalmanager@dannhauser.gov.za

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## QUALITY CERTIFICATE

I **Mandlenkosi Sidwell Sithole** Municipal Manager of Dannhauser local municipality, hereby certify that the 2026/27 financial year Draft budget and Supporting documentation have been prepared in accordance with the Municipal Finance Management Act and Regulations made under that Act and that the draft budget and supporting documentation are consistent with the Integrated Development Plan of the Municipality.

Print Name: **Mandlenkosi Sidwell Sithole**

Signature: \_\_\_\_\_

A handwritten signature in black ink, consisting of a stylized 'M' and 'S' intertwined, is written over a horizontal line.

DANNHAUSER LOCAL MUNICIPALITY (KZN - 254)

8 Church Street  
Private bag X1011  
Dannhauser



Telephone: (034) 621 2666

Facsimile: (034) 621 3114

E-Mail:  
municipalmanager@dannhauser.gov.za

**EXTRACT OF MINUTES OF AN ORDINARY COUNCIL MEETING HELD ON  
FRIDAY, 27 MARCH 2026 AS IT COMMENCED AT 10:28 VIRTUAL (MICRO  
SOFT TEAMS)**

**PRESENT:**

Cllr MT Mabaso	-	Speaker
Cllr BA Radebe	-	Mayor
Cllr BTD Langa	-	Deputy Mayor
Cllr S Nzuzo	-	Exco Member
Cllr MS Mkhumane	-	Whip of Council
Cllr GV Ngcane		
Cllr M Kunene		
Cllr MJ Nkabinde		
Cllr N Mthembu		
Cllr MP Mathebula		
Cllr NP Khumalo		
Cllr TS Msibi		
Cllr RS Langa		
Cllr KB Khanye		
Cllr C Maphisa		

**OFFICIALS:**

Mr. MS Sithole	-	Municipal Manager
Mr. EV Mdlalose	-	Chief Financial Officer
Mrs. N Shangase	-	Director Corporate Services
Mrs. LP Gcabashe		Director Technical Services
Mr. S Nkabinde	-	Director Planning and Economic Development
Mr. M Ngwabe	-	Director Community Services
Mr. Mdlalose	-	Manager: Office of the MM
Ms. L Mthethwa	-	Acting Manager IDP/PMS
Mr. S Nkosi		Manager Legal Services

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C/2026-03-27/12.2.1

**2026/2027 DRAFT BUDGET AND DRAFT IDP**

*His worship the mayor tabled the 2026/2027 draft budget*

**RESOLVED THAT**

- (a) The council approved the draft budget of the municipality for the financial year 2026/2027 and indicative the two projected outer years 2027/2028 and 2028/2029 as set out in the following schedules:
- Budget Summary (Financial Performance, Capital Expenditure and Fund sources, Financial Position, Cash Flows & Asset Management) - **Table A1**
  - Budgeted Financial Performance (Revenue and Expenditure by Standard classification) - **Table A2**
  - Budgeted Financial Performance (Revenue and Expenditure by Municipal Vote) - **Table A3**
  - Budgeted Financial Performance (Revenue and Expenditure) - **Table A4**
  - Budgeted Capital expenditure by Vote, Standard classification and funding - **Table A5**
- (b) The council adopted the financial position, cash flows, cash-backed reserve/accumulated surplus, asset management and basic service delivery measurements as set out in the following tables:
- Budgeted Financial Position - **Table A6**
  - Budgeted Cash Flows – **Table A7**
  - Cash backed reserves & accumulated surplus reconciliation - **Table A8**
  - Asset Management - **Table A9**
  - Basic Service Delivery Measurement- **Table A10**
- (c) The council approved the amendments to the budget related policies, as follows for 2026/27 financial year:
- Draft budget virement policy
  - Draft budget policy
  - Draft expenditure management policy
  - Draft Overtime and standby policy
  - Draft Petty cash policy
  - Draft Assets management policy
  - Draft Loss control policy
  - Draft Subsequent policy

- Draft Subsistence and traveling policy
  - Draft Unauthorized, irregular or fruitless and wasteful expenditure policy
  - Draft Value added tax policy
  - Draft Rates policy
  - Draft Tariffs policy
  - Draft Indigent policy
  - Draft Customer Care, credit control and debt collection policy
  - Draft Doubtful debts and debts write off policy
  - Draft Cash Banking and investment policy
  - Draft Contract management framework policy
  - Draft Commitments policy
  - Draft Supply chain management policy
  - Draft Consultant policy
  - Draft Donation and gift policy
- (d) That the additional debt incentive settlement discount for residential, businesses, agriculture and vacant land continue for a period not exceeding 12 months.
- (e) The council approved the budget funding and tariffs.
- (f) The council approved the due date for the agreed annual single rates payment as prescribed by Section 26(2) (a) of the Local Government Municipal Property Rates Act 6 of 2004.
- (g) The Municipal Manager is authorized to sign the quality certificate.
- (h) The council noted and considered the 2026/2027 draft integrated development plan review.
- (i) The council approved the draft integrated development plan review for public consultation.
- (j) The council mandated the Municipal Manager to facilitate the public participation process in respect of the IDP review.

Cllr BA Radebe moved, seconded by Cllr BTD Langa.

**NOTE:**

**CERTIFIED A TRUE EXTRACT OF THE ORIGINAL MINUTES.**



-----  
**HONORABLE SPEAKER**  
**CLLR MT MABASO**

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DATE