JOZINI MUNICIPALITY DRAFT BUDGET REPORT

SECTION 16 OF THE MFMA

2026-2027

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PART 1-DRAFT BUDGET BUDGET

1. INTRODUCTION

The Jozini Local Municipality is a Category B municipality located within the uMkhanyakude District in northern KwaZulu-Natal, and borders Swaziland and Mozambique. It is one of four municipalities in the district, making up a quarter of its geographical area.

2. PURPOSE

The sole purpose of this report is to present to the council of Jozini Local Municipality the 2026/2027 Draft budget as per section 16 of the MFMA.

1. BACKGROUND

Section 16 of the MFMA state that:

Final budgets. — (1) The council of a municipality must for each financial year approve an final 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 budget year.

(3) Subsection (1) does not preclude the appropriation of money for capital expenditure for a period not exceeding three financial years, provided a

separate appropriation is made for each of those financial years.

SPEECH DELIVERED BY THE HONOURABLE MAYOR, CLLR NKOSINATHI SCELO MYENI ON THE OCCASION OF THE DRAFT BUDGET TABLING FOR THE YEAR 2026/2027 HELD ON THE 31ST OF MARCH 2026, AT THE MUNICIPAL COUNCIL CHAMBER.

Honourable Speaker Cllr D. Mabika,
Deputy Mayor Cllr NR Zulu,
esteemed Councillors,
Municipal Manager Mr JA Mngomezulu, Executive Directors,
Chief Financial Officer, Mr VI Gumede,
and the diligent Budget and Treasury Office Team,

I extend warm greetings to each of you.

As we delve into the Jozini Local Municipality Draft Budget for the Financial Year 2026-2027, it is crucial to acknowledge the challenges we faced, notably the national government's Cost Containment Plan amidst a budget deficit crisis. Despite the adversity, our municipality responded commendably, notably by cutting other costs, resulting in significant savings.

Our draft budget for 2026/2027 amounts to R 383 034 103.65 distributed across various departments. The Budget and Treasury Office receive R62 549 617.00, earmarked for essential municipal running costs and staff development initiatives.

The Department of Community Services allocated R101 927 430.00, will focus on vital services like disaster management, indigent support, traffic law enforcement, and waste management.

R63 324 993.00 is allocated to the **Department of Corporate Services**, responsible for ICT management, workforce development, fleet management, and related services.

Under the **Office of the Municipal Manager**, R46 971 210.85 is designated for services such as communications, community upliftment, Operation Sukuma Sakhe, sports and youth development programs.

The Department of Planning and Economic Development receives R**17 884 576.00**, dedicated to human settlement, building, and town planning initiatives.

The Technical Department, allocated R65 687 279.00, will oversee infrastructure projects like road maintenance, construction of community facilities, street lighting, and other essential improvements.

Despite budget constraints, our commitment to our people remains steadfast. We aim to alleviate poverty and improve living conditions through various initiatives, including education support programs like Matric Boot Camps bulk grocery assistance, tertiary education registration aid, and recognition of academic excellence through the Mayoral Matric Excellence Awards

In conclusion, let us pledge to utilize this budget efficiently and effectively, ensuring that every rand serves the betterment of our community.

Let us continue to provide trusted services and strive for the prosperity of our people.

I thank you - Siyathokoza.

His Worship The Mayor Cllr. Nkosinathi Scelo Myeni

Jozini Local Municipality

1.2.2 Council Resolutions

On 31st of March 2026, the Council of Jozini Local Municipality met to adopt the Draft budget of the municipality for the financial year 2026/27. The Council adopted the following resolutions:

1. the Adopted Multi-Year Medium Term Revenue and Expenditure Framework (MTREF) of the municipality for the Financial Year 2026/27 and indicative for the projected outer years 2027/28 and 2028/29 be approved as set out in the Budget Report and in the Draft Annual Budget tables A1 - A10

2. the 2026/27 Draft Medium Term Revenue and Expenditure Framework aligned with the IDP's Developmental Objectives and Goals and the Municipal Regulation on Standard Chart of Accounts (mSCOA) (Government Gazette 37577 dated 22 April 2014) for the Jozini Local Municipality be approved as follows:

1.3 Executive Summary

Consolidated Summary

Details	2026-27 Annual Budget	2027-28 Annual Budget	2028-29 Annual Budget
	'000	'000	'000
Total Revenue	R 336 134	R 340 816	R 351 721
Total Expenditure	R 326 346	R 335 158	R 347 779
Surplus/(Deficit)	R 9 788	R 5 569	3 941

The Municipal total Revenue for the current financial year is **R336.1** million and the outer years **R340.8** and **R351.7**

The total revenue does not include the transfer Capital of **R46.3** million for Municipal Infrastructure grant **(MIG**) for 2026_27 Financial Year and **R51.2** million and **R52.8** million for outer years.

1.3.1 <u>Operating Revenue Framework</u>

The Jozini Municipality requires sustainable revenue streams in order to improve the lives of its citizens. The Municipality must continuously review revenue management processes to ensure that revenue is protected, and the municipality has an ability to maximize the revenue generating potential of all revenue sources through adequate and effective controls and allow for investment opportunities that will accelerate economic growth in the Municipality.

In light of the above, revenue was prepared taking into cognisance the constrained economy which compels projected revenue growth to be more consecutive and to minimise the impact on lower income households.

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

National Treasury's guidelines and macroeconomic policy;

• Growth in the Municipality and continued economic development;

• Efficient revenue management, which aims to ensure an above **64** per cent annual

collection rate for property rates and other key service charges;

• The municipality's Property Rates Policy approved in terms of the Municipal Property Rates Act, 2004 (Act 6 of 2004) (MPRA); and

• The municipality's Indigent Policy and rendering of free basic services and subsidized services to both the destitute and poor consumers.

KZN272 Jozini - 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	-	-	-	-	-	-	-	-	-	-
Service charges - Water	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management	2	-	-	-	-	-	-	-	-	-	-
Service charges - Waste Management	2	3 843	4 243	4 302	4 447	4 327	4 327	2 866	4 532	4 681	4 831
Sale of Goods and Rendering of Services	2	442	438	611	438	438	438	106	280	289	298
Agency services	2	-	-	-	-	-	-	-	-	-	-
Interest		-	-	-	-	-	-	-	-	-	-
Interest earned from Receivables	2	1 532	2 022	1 931	1 861	1 861	1 861	1 587	3 412	3 525	3 638
Interest earned from Current and Non Current Assets	2	4 500	3 770	1 747	1 770	3 000	3 000	2 461	3 000	3 099	3 198
Dividends	2	-	-	-	-	-	-	-	-	-	-
Rent on Land	2	-	-	-	-	-	-	-	-	-	-
Rental from Fixed Assets	2	3 285	3 492	3 532	3 783	3 778	3 778	2 515	4 000	4 132	4 264
Licence and permits	2	1 188	448	447	1 200	1 200	1 200	521	1 270	1 312	1 354
Special rating levies	2	-	-	-	-	-	-	-	-	-	-
Construction Contract Revenue	2	5 739	13 043	3 594	4 275	4 275	4 275	1 151	-	-	-
Development Charges	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	2 032	959	1 424	574	574	574	520	645	666	686
Non-Exchange Revenue											
Property rates	2	30 268	37 801	43 416	47 372	45 932	45 932	30 609	50 342	48 227	49 770
Surcharges and Taxes	2	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	2	967	694	1 004	797	797	797	744	1 130	1 168	1 205
Licences or permits	2	-	1 016	997	230	230	230	809	230	238	245
Transfer and subsidies - Operational	2	243 403	258 909	272 226	271 405	272 990	272 990	194 958	264 860	270 967	279 638
Interest	2	2 253	2 459	2 496	2 140	2 140	2 140	1 636	2 432	2 513	2 593
Fuel Levy	2	-	-	-	-	-	-	-	-	-	-
Operational Revenue	2	-	-	-	-	-	-	-	-	-	-
Gains on disposal of Fixed and Intangible Assets	2	-	-	-	-	-	-	-	-	-	-
Other Gains	2	684	(412)	(73)	-	-	-	-	-	-	-
Discontinued Operations		-	-	-	-	-	-	-	-	-	-
Total Revenue (excluding capital transfers and contribution		**300 137**	**328 882**	**337 655**	**340 292**	**341 542**	**341 542**	**240 482**	**336 134**	**340 816**	**351 721**

Property Rates: The property rates billing is expected to increase from R45.9 million to at least R50.3 million. We are planning to affect a 3.33% increase in the Rates bandages and there are properties that have been added as we are going to implement the new valuation roll.

Service Charges-Refuse: The budget for refuse is R4.5 million. The Municipality is working on improving the service and address the complaints that customers are raising. The Municipality has held meetings with refuse collection customers and are taking their views seriously. We are however contemplating an 3.33% increase in tariffs because of fuel costs that are always on the rise. We are currently verifying our customers and are working closely with the Waste Management section. There are businesses that have closed and we are therefore not reflecting an increase in refuse collection until we have concluded the client verification process.

Rental of Facilities and equipment: The rental is in terms of lease agreements that we have with government departments which are using the Thusong centre. The budget for Thusong rent is R858 Thousand. Ndumu Rental stock is boosting our revenue by R3.1 Million and the total budget for rental facilities is R4 million.

Interest on external Investment. The municipality has become realistic I their interest on investment as we envisage to have surplus funds at the end of the year, most will be the set aside projected employee related costs.

Interest on outstanding debtors: We expect debtors to take advantage of the debt amnesty and waiving off of interest if they can pay a portion of their debt and continue to pay regularly. The Municipality is intending to hike cash collection through incentivising customers. Interest on outstanding debtors is R3.4 million on exchange transaction and R2.5 million on non-exchange

Fines, Penalties and Forfeits: This revenue depends on traffic fines infringements. The Municipality is anticipating generating R1.1 million.

Licenses and Permits: The Budget for Licences and permit have been classified into exchange and non-exchange transactions is **R1.2** million budgeted under exchange refer to learners and drivers' licences. Traffic station has been upgraded and driving licence testing has commenced.

Permits under non-exchange of R1.1 million refer to trading licences and permits and permits.

Transfer and Subsidies: These are the allocations in terms of grants that are gazetted in terms of

❖ Equitable share	R	252 286 000.00
❖ Finance Management Grant	R	3 000 000.00
❖ Expanded Public Works Programme	R	2 549 000.00
❖ Provincializations (Library grants)	R	7 025 000.00

Other Revenue- The Budget for other revenue is R645 thousand, which relates to registration fees and staff and councillors recoveries.

1.3.2 Operating Expenditure Framework

The Municipality's expenditure framework for the 2026/27 Draft budget and MTREF is informed by the following:

• Related to the above weakness the capital programme carries the risk of not ensuring that the asset renewal strategy and backlog eradication is achieved in this budget;

• Funding of the budget over the medium-term is informed by Section 18 and 19 of the MFMA;

• 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 plans no budget". If there is no business plan no funding allocation can be made.

The following table is a high-level summary of the 2026/27 MTREF (classified per main type of operating expenditure).

KZN272 Jozini - 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	143 451	166 084	167 868	182 002	178 504	178 504	116 701	187 689	192 803	198 471
Remuneration of councillors	2	17 245	19 699	19 733	22 686	19 385	19 385	12 923	19 385	20 025	21 447
Bulk purchases - electricity	2	-	-	-	-	-	-	-	-	-	-
Inventory consumed	2,8	226	242	11	-	-	-	-	-	-	-
Debt impairment	2,3	8 870	(1 323)	7 502	12 721	15 186	15 186	10 793	14 394	14 494	15 394
Depreciation, amortisation and impairment	2	52 652	37 977	38 389	39 415	36 415	36 415	22 577	36 415	37 616	38 820
Interest, Dividends and Rent on Land	2	1 581	1 694	2 485	-	1 534	1 534	221	1 968	1 580	1 140
Contracted services	2	55 818	61 652	48 251	24 706	36 579	36 579	27 074	22 068	22 796	23 525
Transfers and subsidies	2	54 948	38 947	20 631	9 202	6 853	6 853	2 785	5 078	5 230	5 261
Irrecoverable debts written off	2	8 486	6 784	8 113	4 337	2 478	2 478	3 740	2 850	2 910	2 918
Operational costs	2	76 071	61 074	48 360	31 076	46 232	46 232	28 945	36 499	37 703	40 803
Disposal of Fixed and Intangible Assets	2	66	1 130	299	-	-	-	-	-	-	-
Other Losses	2	-	-	-	-	-	-	-	-	-	-
Total Expenditure		**419 415**	**393 961**	**361 641**	**326 146**	**343 167**	**343 167**	**225 760**	**326 346**	**335 158**	**347 779**

Operating Expenditure:

- **Employee Related costs:** The employee related costs are R187.6 million. This is because of salary increase and notch progression, otherwise the municipality is not planning to fill vacant positions in 2026-27 Financial year. It will rather engage in staff reduction plan Overtime and standby allowances will be minimized through the implementation of cost containment measures.
- **Remuneration of Councillors**: The Municipality budgeted R19.3 million for councillors' remuneration. We have incorporated upper limits yet to be Gazetted before and after Inauguration.
- **Debt Impairment**: We anticipate writing off R14.6 million owing to billing versus collection rate.
- **Depreciation:** The depreciation has been projected to R37.7 million this is base to the fixed asset register. Additions and anticipated work in progress has been omitted in this calculation.
- **Contracted Services:** The municipality budgeted R22 Million for contracted services. Reason for the reduction from adjustments budget is due the reason that the adjustments budget was assessed as not funded by the provincial treasury and we are putting less reliance on consultants and hence reducing the budget.
- **Transfers & Subsidies:** These relate to Ward upliftment projects of R5.2 Million and other projects like operation Sukuma sakhe ,Ward upliftment ,indigent burials and free basic electricity.
- **Other Expenditure:** The budget of other expenditure is R37. Million. The other expenditure consists of accommodation, reimbursement travel, telephone bill and all day-to-day operations. *See the attached workings.*
- **Repairs & Maintenance:** The Budget for repairs and maintenance is R5.6 million. The municipality could not reach the minimum threshold of 8% owing to the affordability.

2 Capital Expenditure

The below table illustrate the capital expenditure funded internally and funded by Municipal Infrastructure grant; The Municipality is anticipating receiving **R46 304 000** million for Municipal Infrastructure grant.

MIG	46 304 000.00
Gedleza Community Hall	8 000 000.00
Mlingo Access Road	3 000 000.00
KwaDelunina Access Road	10 423 763.00
Nyamane Sports Field	1 000 000.00
Manyiseni Sports Activity Hub	8 000 000.00
Madeya Community Hall	6 000 000.00
Upgrade of Elangeni Black top	9 880 237.00

KZN272 Jozini - Table A6 Budgeted Financial Position

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	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
ASSETS											
Current assets											
Cash and cash equivalents	1	5 512	3 951	1 098	67 269	45 312	45 312	36 671	52 155	62 950	36 734
Short term Investments	2	–	–	–	–	–	–	–	–	–	–
Trade and other receivables from exchange transactions	3	6 529	6 572	2 989	27 356	26 256	26 256	2 562	27 967	90 258	77 293
Receivables from non-exchange transactions	3	(4 617)	(3 678)	4 114	120 651	48 779	48 779	2 427	48 978	38 566	51 799
Current portion of non-current receivables	4	–	–	–	–	–	–	–	–	–	–
Inventory	5	–	–	–	–	–	–	–	–	–	–
VAT Receivable	6	5 873	6 921	6 592	(1 870)	3 794	3 794	8 850	(1 677)	(1 338)	(813)
Other current assets	7	–	–	–	–	230	230	–	–	–	–
Total current assets		**13 296**	**13 767**	**14 794**	**213 405**	**124 371**	**124 371**	**50 510**	**127 422**	**190 437**	**165 014**
Non current assets											
Investments	8	–	–	–	–	–	–	–	–	–	–
Investment property	9	75 023	72 320	69 424	82 164	69 969	69 969	68 018	69 969	72 278	74 663
Property, plant and equipment	10	490 496	513 385	546 690	546 373	566 009	566 009	554 625	554 552	572 852	591 631
Biological assets	11	–	–	–	–	–	–	–	–	–	–
Living resources	12	–	–	–	–	–	–	–	–	–	–
Heritage assets	13	90	90	90	90	90	90	90	90	93	96
Intangible assets	14	2 661	1 486	925	5 073	1 787	1 787	695	1 787	1 846	1 908
Trade and other receivables from exchange transactions	15	–	–	–	–	–	–	–	–	–	–
Non-current receivables from non-exchange transactions	15	–	–	–	–	–	–	–	–	–	–
Other non-current assets	16	–	–	–	–	–	–	–	–	–	–
Total non current assets		**568 270**	**587 281**	**617 128**	**633 700**	**637 855**	**637 855**	**623 427**	**626 398**	**647 069**	**668 298**
TOTAL ASSETS		**581 566**	**601 048**	**631 922**	**847 105**	**762 226**	**762 226**	**673 936**	**753 820**	**837 506**	**833 312**
LIABILITIES											
Current liabilities											
Bank overdraft	17	–	–	–	–	–	–	–	–	–	–
Financial liabilities	18	–	–	–	378	(1 568)	(1 568)	–	(3 986)	(4 181)	(2 973)
Consumer deposits	19	744	756	758	1 106	758	758	765	758	783	809
Trade and other payables from exchange transactions	20	53 825	47 899	60 713	43 571	42 289	42 289	29 391	41 951	43 330	30 701
Trade and other payables from non-exchange transaction	21	820	29 651	31 411	8 751	18 210	18 210	46 283	4 944	5 138	7 227
Provision	22	444	3 940	17 032	457	18 240	18 240	14 914	18 240	18 842	19 463
VAT Payable	23	3 153	4 634	(1 305)	742	(2 144)	(2 144)	(1 227)	–	–	1 106
Other current liabilities	24	–	–	–	–	–	–	–	–	–	–
Total current liabilities		**58 986**	**86 881**	**108 610**	**55 004**	**75 786**	**75 786**	**90 127**	**61 906**	**63 911**	**56 335**
Non current liabilities											
Financial liabilities	25	133	19	–	–	22 000	22 000	22 000	–	–	–
Provision	26	12 881	15 061	16 621	15 061	16 621	16 621	16 621	16 621	17 169	17 736
Long term portion of trade payables	27	–	–	–	–	–	–	–	–	–	–
Other non-current liabilities	28	–	–	–	–	–	–	–	–	–	–
Total non current liabilities		**13 014**	**15 080**	**16 621**	**15 061**	**38 621**	**38 621**	**38 621**	**16 621**	**17 169**	**17 736**
TOTAL LIABILITIES		**72 001**	**101 960**	**125 231**	**70 065**	**114 406**	**114 406**	**128 748**	**78 527**	**81 080**	**74 070**
NET ASSETS		**509 565**	**499 088**	**506 691**	**777 040**	**647 820**	**647 820**	**545 189**	**675 293**	**756 425**	**759 241**
COMMUNITY WEALTH/EQUITY											
Accumulated surplus/(deficit)	29	4 326 102	3 939 735	1 720 759	777 040	647 820	647 820	561 403	675 293	756 425	759 241
Reserves and funds	30	–	–	–	–	–	–	–	–	–	–
Other	31	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	32	**4 326 102**	**3 939 735**	**1 720 759**	**777 040**	**647 820**	**647 820**	**561 403**	**675 293**	**756 425**	**759 241**

The statement below indicates the funding position for the municipality.

After considering all the collection from property rates, service charges, Rental of facilities Interest earned on investments, Fines and penalties, licences and permits, all transfers and subsidies to the municipality and other revenue; Set off against operational and Capital expenditure. The Municipality will remain with **R52** million then set off retention monies, outstanding trade and other payables, Unspent conditional grants which is not expected to be more than what is reflected in the audited set of annual financial statements and provisions.

Collection Assumptions

collection rate: Property rates

On average the municipality has achieved a collection rate of more than 80 percent in respect of Property rates based on the 2024/25 Audited AFS's. The municipality anticipates the collection rate to improve significantly due to the following measures being instituted:

- Council has incentivised debtors by giving amnesty and interest write offs, provided they are able to settle their debt within a certain period. The debtors amnesty program is applicable to all categories of debtors except for Organs of State. In addition, Commercial debtors are given up to 50 percent of capital debt as amnesty.
- Management will continue to closely monitor the collections from Commercial debtors within the municipal area and is actively negotiating with consumers to ensure prompt payment of outstanding debt.
- Management is currently engaging property ratepayers in an endeavour to motivate them to pay their dues. The top 20 consumers within each category is being targeted monthly.
- The Provincial Public Works is currently owing R13 million. Management has met the KZN Provincial Works in February 2026 and negotiated that in the last R5 million rates budget for all the Municipalities in the Province that the Department has as they conclude their financial year (on the 31st of March 2026), they pay at least R1 million to the Jozini Local Municipality.

- The remainder of the debt was negotiated to be paid before the end of June 2026. Email follow ups and telephone calls will be made by Management to follow up on this debt. An amount of R9,5 million has been paid up to January 2026

- **Leave pay**: Leave pay relates to accrual for unused leave at year-end. The leave is expected to be taken over the next financial year and is calculated based on employee total cost to company and is capped at 48 days per financial year while the rest are forfeited as per leave policy. The trend indicates that on average only two employees resign per financial year. In 2024/25 financial year, the municipality paid out the amount of R388 000 while payments for the 2025/26 financial year amounted to R 1 232 180.84. Based on the average cash outflow of R388 000 for the 2024/25 and 2025/26 financial years, the anticipated cash outflow for the 2026/27 financial year can be expected to be R1 232 180.84 and is a reasonable estimation by the municipality.
- **Retentions:** Based on discussions with the Technical services department (see attached e-mail), the anticipated net cash outflow for the 2026/27 financial year is expected to approximate R5 million.

KZN272 Jozini - Table A7 Budgeted Cash Flows

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	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
CASH FLOW FROM OPERATING ACTIVITIES											
Receipts											
Property rates		10 037	56 753	30 979	37 235	37 937	37 937	–	42 568	52 599	41 902
Service charges		–	2 371	–	2 500	2 500	2 500	–	2 583	4 681	3 167
Other revenue		–	15 358	5 168	24 499	25 846	25 846	111	22 325	22 667	23 343
Transfers and Subsidies - Operational	1	244 098	605 812	783 223	271 605	272 990	272 990	452 149	265 060	271 174	279 883
Transfers and Subsidies - Capital	1	–	90 763	–	55 461	55 461	55 461	–	46 304	47 832	49 363
Interest		178	387	3	1 770	3 000	3 000	12	3 000	3 099	3 198
Dividends		–	–	–	–	–	–	–	–	–	–
Payments											
Suppliers and employees		(517 856)	(759 371)	(169 299)	(326 447)	(370 047)	(370 047)	(108 040)	(275 797)	(283 824)	(309 454)
Finance charges		–	–	–	–	(1 534)	(1 534)	–	(1 968)	(1 580)	(1 140)
Transfers and Subsidies	1	–	–	–	(1 152)	(1 628)	(1 628)	–	(1 628)	(1 682)	(1 335)
NET CASH FROM/(USED) OPERATING ACTIVITIES		**(263 543)**	**12 073**	**650 073**	**65 471**	**24 525**	**24 525**	**344 231**	**102 446**	**114 965**	**88 927**
CASH FLOWS FROM INVESTING ACTIVITIES											
Receipts											
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 then 90 days) and Long Term Investments		–	–	–	–	–	–	–	–	–	–
Payments											
Capital assets		–	–	–	(53 288)	(59 712)	(59 712)	–	(46 661)	(48 201)	(49 604)
Retention (Capital)		–	–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) INVESTING ACTIVITIES		**–**	**–**	**–**	**(53 288)**	**(59 712)**	**(59 712)**	**–**	**(46 661)**	**(48 201)**	**(49 604)**
CASH FLOWS FROM FINANCING ACTIVITIES											
Receipts											
Short term loans		–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		–	–	–	–	–	22 000	–	–	–	–
Payments											
Repayment of borrowing		–	–	–	–	(1 568)	(1 568)	–	(3 986)	(4 181)	(2 973)
NET CASH FROM/(USED) FINANCING ACTIVITIES		**–**	**–**	**–**	**–**	**(1 568)**	**20 432**	**–**	**(3 986)**	**(4 181)**	**(2 973)**
NET INCREASE/ (DECREASE) IN CASH HELD		**(263 543)**	**12 073**	**650 073**	**12 183**	**(36 755)**	**(14 755)**	**344 231**	**51 800**	**62 583**	**36 351**
Cash/cash equivalents at the year begin:	2	**93 739**	**93 739**	**1 768**	**1 768**	**325**	**325**	**1 872**	**325**	**52 125**	**114 708**
Cash/cash equivalents at the year end:	2	**(169 804)**	**105 812**	**651 841**	**13 951**	**(36 430)**	**(14 430)**	**346 103**	**52 125**	**114 708**	**151 059**

<u>**Balance Sheet**</u>

KZN272 Jozini - Table A6 Budgeted Financial Position

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	Pre-audit outcome	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
ASSETS											
Current assets											
Cash and cash equivalents	1	5 512	3 951	1 098	67 269	45 312	45 312	36 671	52 155	62 950	36 734
Short term Investments	2	–	–	–	–	–	–	–	–	–	–
Trade and other receivables from exchange transactions	3	6 529	6 572	2 989	27 356	26 256	26 256	2 562	27 967	90 258	77 293
Receivables from non-exchange transactions	3	(4 617)	(3 678)	4 114	120 651	48 779	48 779	2 427	48 978	38 566	51 799
Current portion of non-current receivables	4	–	–	–	–	–	–	–	–	–	–
Inventory	5	–	–	–	–	–	–	–	–	–	–
VAT Receivable	6	5 873	6 921	6 592	(1 870)	3 794	3 794	8 850	(1 677)	(1 338)	(813)
Other current assets	7	–	–	–	–	230	230	–	–	–	–
Total current assets		**13 296**	**13 767**	**14 794**	**213 405**	**124 371**	**124 371**	**50 510**	**127 422**	**190 437**	**165 014**
Non current assets											
Investments	8	–	–	–	–	–	–	–	–	–	–
Investment property	9	75 023	72 320	69 424	82 164	69 969	69 969	68 018	69 969	72 278	74 663
Property, plant and equipment	10	490 496	513 385	546 690	546 373	566 009	566 009	554 625	554 552	572 852	591 631
Biological assets	11	–	–	–	–	–	–	–	–	–	–
Living resources	12	–	–	–	–	–	–	–	–	–	–
Heritage assets	13	90	90	90	90	90	90	90	90	93	96
Intangible assets	14	2 661	1 486	925	5 073	1 787	1 787	695	1 787	1 846	1 908
Trade and other receivables from exchange transactions	15	–	–	–	–	–	–	–	–	–	–
Non-current receivables from non-exchange transactions	15	–	–	–	–	–	–	–	–	–	–
Other non-current assets	16	–	–	–	–	–	–	–	–	–	–
Total non current assets		**568 270**	**587 281**	**617 128**	**633 700**	**637 855**	**637 855**	**623 427**	**626 398**	**647 069**	**668 298**
TOTAL ASSETS		**581 566**	**601 048**	**631 922**	**847 105**	**762 226**	**762 226**	**673 936**	**753 820**	**837 506**	**833 312**
LIABILITIES											
Current liabilities											
Bank overdraft	17	–	–	–	–	–	–	–	–	–	–
Financial liabilities	18	–	–	–	378	(1 568)	(1 568)	–	(3 986)	(4 181)	(2 973)
Consumer deposits	19	744	756	758	1 106	758	758	765	758	783	809
Trade and other payables from exchange transactions	20	53 825	47 899	60 713	43 571	42 289	42 289	29 391	41 951	43 330	30 701
Trade and other payables from non-exchange transaction	21	820	29 651	31 411	8 751	18 210	18 210	46 283	4 944	5 138	7 227
Provision	22	444	3 940	17 032	457	18 240	18 240	14 914	18 240	18 842	19 463
VAT Payable	23	3 153	4 634	(1 305)	742	(2 144)	(2 144)	(1 227)	–	–	1 106
Other current liabilities	24	–	–	–	–	–	–	–	–	–	–
Total current liabilities		**58 986**	**86 881**	**108 610**	**55 004**	**75 786**	**75 786**	**90 127**	**61 906**	**63 911**	**56 335**
Non current liabilities											
Financial liabilities	25	133	19	–	–	22 000	22 000	22 000	–	–	–
Provision	26	12 881	15 061	16 621	15 061	16 621	16 621	16 621	16 621	17 169	17 736
Long term portion of trade payables	27	–	–	–	–	–	–	–	–	–	–
Other non-current liabilities	28	–	–	–	–	–	–	–	–	–	–
Total non current liabilities		**13 014**	**15 080**	**16 621**	**15 061**	**38 621**	**38 621**	**38 621**	**16 621**	**17 169**	**17 736**
TOTAL LIABILITIES		**72 001**	**101 960**	**125 231**	**70 065**	**114 406**	**114 406**	**128 748**	**78 527**	**81 080**	**74 070**
NET ASSETS		**509 565**	**499 088**	**506 691**	**777 040**	**647 820**	**647 820**	**545 189**	**675 293**	**756 425**	**759 241**
COMMUNITY WEALTH/EQUITY											
Accumulated surplus/(deficit)	29	4 326 102	3 939 735	1 720 759	777 040	647 820	647 820	561 403	675 293	756 425	759 241
Reserves and funds	30	–	–	–	–	–	–	–	–	–	–
Other	31	–	–	–	–	–	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	32	**4 326 102**	**3 939 735**	**1 720 759**	**777 040**	**647 820**	**647 820**	**561 403**	**675 293**	**756 425**	**759 241**

The above Table Illustrate the Financial position of the Municipality.

<u>PART 2</u>

1.1 <u>Overview on Final Budget process</u>

The below Table was tabled to council before the 30th of August 2025 and was approved.

NO	DESCRIPTION OF ACTIVITY	TARGET DATE
1.	Commence the Planning for 2026/27 budget, reviews of IDP and Budget policies and consultation- review previous year's budget evaluation checklist, council delegations and budget time schedule of key deadlines	31 August 2025
2.	Commence Planning to review delegations and all budget related policies including the review of tariffs, credit control, supply chain and cash management/ investment policies, funding and reserves policies, long term financial planning, borrowings policy, infrastructure investment and capital projects policy, asset disposal policy, indigent policy, ect.	31 August 2025
3.	Tabling of the Process plan to Council.	31 August 2025
4.	Advertise budget/ IDP time schedule for public knowledge	8 September 2025
5.	Commence the process of review of the IDP and service delivery mechanism	16 September 2025
6.	Commence the process of determining strategic objectives that are measurable for service delivery and development including backlogs for next three-year budget.	16 September 2025
7.	Ensure internal analysis of financial and non-financial performance over year are prepared, analyse gaps between actual and planned performance, assess impact of plans. Determine financial position and assess financial capacity against future strategies.	16 September 2025
8.	Implement budget and IDP time schedule of key deadlines	30 September 2025
9.	Submission of PMS Q1 Report to Internal Audit	28 October 2025
10.	Conclude initial consultation and review, confirm priorities, identify other financial and non-financial budget parameters including government allocations to determine revenue envelope and financial outlook to identify need to review fiscal strategies.	28 October 2025
11.	Commence community and stakeholder consultation process, review inputs, financial models, assess impact on tariffs and charges and consider funding decisions.	28 October 2025
12.	Conclude first draft policies for initial council discussions.	28 October 2025
13.	Finalise first draft of departmental strategies, operational plans for review against strategic priorities.	15 December 2025
14.	Adjust estimates based on plans and resources.	15 December 2025
15.	Finalise inputs from bulk resource providers and agree on proposed price increase	13 January 2026

16.	Review whether all bulk resource providers have lodged a request with National Treasury and SALGA seeking comments on proposed price increases of bulk resources.	13 January 2026
17.	Submission of Quarter 2 PMS report to Internal Audit.	13 January 2026
18.	Note the President's State of the Nation Address (SONA) for further budget priorities informed by National priorities per SONA.	31 January 2026
19.	Finalise detailed operating and capital budgets and IDP in the prescribed formats by National Treasury and COGTA with all supporting schedules substantially completed including budget assumptions, overview of budget process plan etc incorporating National and Provincial budget allocations, integrate and align to IDP document and finalise all budget related policies. Obtain the budget checklist from PT and COGTA to check against the municipal draft budget and IDP to ensure that all necessary information accompanying the budget and IDP is of a good quality.	31 January 2026
20.	Report to Council on status of the draft 2021/22 IDP and Budget including the tabling of capital projects and delayed projects to be approved by Council for consideration in the budget for 2021/22, 2019/20 Annual Report (i.e. including 2019/20 Annual Financial Statements, Auditor General's Report) and summarise overall findings of previous year's Annual Performance Report- reinforce upcoming process for budget approval and oversight.	31 January 2026
21.	Prepare the mid- year Budget and Performance assessment report.	25 January 2026
22.	Finalise the Budget Adjustment	28 February 2026
23.	Receive budgeted plans and projects from the Sector departments.	06 March 2026
24.	Note the State of the Province Address (SOPA) by the Premier for further Provincial Priorities to be considered.	28 February 2026
25.	Commence the preparation of all MIG funded capital projects business plans, designs, etc to ensure timely commencement of implementation and prepare cash flow projections per each capital project and plan for the early commencement of their actual construction.	01 March 2026
26.	Receive notification of any transfers (if any) that will be made to the municipality from other municipalities in each of the next three financial years.	16 March 2026
27.	Receive bulk resource providers' price increases as tabled in Parliament or Provincial Legislature.	16 March 2026
28.	Receive revised budget from sector departments.	22 March 2026
29.	Incorporate changes (if any) from sector departments and municipalities.	22-23 March 2026
30.	Consider the salary increment in budget of employees emanating from agreements between SALGA and municipal unions and expected upper limits of Councillors.	22 March 2026
31.	Table the draft budget with all documents and all budget related policies to the Steering Committee for inputs.	22 March 2026

32.	Distribute the agenda for Draft Budget and IDP together with supporting documents	23 March 2026
33.	Tabling of draft Budget and IDP to Council.	31 March 2026
34.	Forward the format of the Procurement Plan to all HODs to start planning for their procurement to ensure early commencement of budget implementation to fast track 2016/17 budget implementation.	4 April 2026
35.	Make public the tabled draft budget and IDP and accompanying documentation, invite the community to submit representation and submit to PT, NT, COGTA and other affected organs of state. This notification must include all scheduled dates for the programme of the budget and IDP road shows	4 April 2026
36.	Commence the process of consulting with the community on tabled draft budget and IDP to conduct public hearing and meetings in different wards PT, NT and other organs of the state making a budget submission. Publish the ward-based information for ward councillors.	14 April 2026
37.	Confirm provincial and national budget allocations.	21 April 2026
38.	Submission of Quarter 3 PMS report to Internal Audit.	21 April 2026
39.	Review provincial and national legislation including DORA establish potential new reporting requirements including annual, monthly and quarterly grant and performance report specific ne allocations/programmes	28 April 2026
40.	Conclude the process of consultation on tabled draft budget and IDP with the community and other stakeholders and consider the revision of the budget following the feedback and considering the results of the third quarterly (section 52) report.	04 May 2026
41.	Coordinate the submission of procurement plans for 2019/20 and review them thereof.	12 May 2026
42.	Consider the reviews of the community and other stakeholders on draft budget and IDP.	08- 12 May 2026
43.	Respond to submissions received and if necessary, revise the budget and table amendments for council consideration.	18 May 2026
44.	Review any comments received from PT and NT on the draft budget	18 May 2026
45.	Table the budget and IDP to finance Portfolio committee and EXCO for final input	23 May 2026
46.	Print the agenda and distribute to councillors the budget, IDP and draft SDBIP in preparation for the meeting of the final adoption of the budget and IDP.	25 May 2023
47.	Table the final annual budget and IDP before council.	31 May 2026
48.	Approve annual budget and IDP by council resolution including tariffs, credit control and debt collection budget, SCM, funding and reserves, long term financial planning, all other policies etc, measurable performance objectives service delivery agreements and long-term contracts where applicable	31 May 2026

49.	Coordinate the commencement of the procurement process e.g. drawing up of tender documents, specifications, advertising, evaluation, adjudication, appointment of service provider and signing of contracts, SLAs etc in preparation for early implementation of 2021/22 budget.	01 June 2026
50.	Submit approved budget with all supporting documents, budget related policies and IDP together with council resolution on approving the budget the budget and IDP to PT and NT	02 June 2026
51.	Advertise the approved budget and IDP in the local newspaper	02 June 2026
52.	Submit certification to PT certifying that the approved budget has been captured and protected from any amendment to financial system	14 June 2026
53.	Submit 2021/22 draft SDBIP to the mayor	20 June 2026
54.	Approve 2021/22 draft SDBIP submitted by the municipal manager	28 June 2026
55.	Submit approved SDBIP by the mayor to PT	29 June 2026
56.	Sign performance agreement of the municipal manager for next year	06 July 2026
57.	Submit signed annual performance agreements for next year to the mayor for all other section 56 employees	13 July 2026
58.	Table before council for adoption annual performance agreements of all section 56 employees SDBIP and PMS Framework policy	18 July 2026
59.	Make Public approved SDBIP, performance Agreements of all sections 56 employees and PMS framework and policy	20 July 2026
60.	Forward copies performance Agreements of all section 56 employees to the MEC responsible for local government in the province	29 July 2026

2.2 Overview of Alignment of Draft Budget with Integrated Development Plan

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process. Municipalities in South Africa need to utilise integrated development planning as a method to plan future developments in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five-year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery. Integrated developmental planning in the South

African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality. It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Jozini Local Municipality, issues of national and provincial importance are reflected in the IDP of Jozini Local municipality. The Jozini Local Municipality has a clear understanding of such intent, and is therefore consistently ensuring that strategically it complies with the key national and provincial priorities. The IDP drives the strategic development of the Jozini Local Municipality. The Municipality's budget is fully influenced by the strategic objectives identified in the IDP. The service delivery budget implementation plan (SDBIP) ensures that the Municipality implements programmes and projects based on the IDP targets and associated budgets. The performance of the Municipality is tabled in its Final report.

2.3 Measurable Performance Objectives and Indicators

Legislative requirements Outlined in Section 40 of the Municipal Systems Act of 2000 (MSA), Municipalities must establish mechanisms to monitor and review its Performance Management System (PMS) so as to measure, monitor, review, evaluate and improve performance at organisational, departmental and employee levels. Section 34 of the MSA furthermore point out that the Integrated Development Plan (IDP) has to be reviewed on an annual basis, and that during the IDP review process the Key Performance Areas, Key Performance Indicators and Performance Targets be reviewed and this review will form the basis for the review of the Organisational Performance Management and Performance Contracts of Senior Managers. The Municipal Planning and Performance Management Regulations (2001) stipulates that a "municipality's performance management system entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring , measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role-players" (Chapter 3, Section 7, Municipal Planning and Performance Management Regulations, 2001). Section 46 of the Municipal Systems Act (Act 32 of 2000), stipulates the following: - "Annual performance reports 46.

(1) A municipality must prepare for each financial year a performance report reflecting –

(a) the performance of the municipality and of each external service provider during that financial year;

(b) a comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and

(c) measures taken to improve performance.

(2) An annual performance report must form part of the municipality's annual report in terms of Chapter 12 of the Municipal Finance Management Act." Performance Management framework. The Organisational Performance Management function of Jozini Local Municipality is delivered by an internal Performance Management Unit within the Office of the Municipal Manager. The Performance Management unit consists of two permanent employees, i.e. one post of Manager: Performance Management and one post of Performance Management Officer.

2.4 Overview of Annual Budget related policies

The following policies were taken into consideration when preparing the Draft Budget 2026-27

a) Municipal Budget and Virement policy
b) Supply Chain Management Policy
c) Property rates policy and By-Laws
d) Tariffs policy and By-Laws
e) Credit Control, Debt Collection Policy and By-Laws
f) Consultancy reduction Policy
g) Cost Containment policy and regulation
h) Asset Management and Disposal Policy
i) Bank, Cash and Investment policy
j) Contract Management policy
k) Revenue enhancement Strategy

Overview of Final Budget Assumptions

Overview of budget assumptions

2.4.1 External factors Owing to the economic slowdown, financial resources are limited due to reduced payment levels by consumers. 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 finances

2.4.2 General inflation outlook and its impact on the municipal activities. There are five key factors that have been taken into consideration in the compilation of the 2026/27 Draft MTREF:

• National Government macro-economic targets as per MFMA circular 89 and 91

• The general inflationary outlook and the impact on Municipality residents and businesses.

• The impact of municipal cost drivers

• The increase in the cost of remuneration and Employee related costs comprise 61 per cent of total operating expenditure in the 2026/27 Draft MTREF.

2.4.3 Collection rate for revenue services. The base assumption is that tariff and rating increases will increase at a rate higher that CPI over the long term. It is also assumed that current economic conditions, and relatively controlled inflationary conditions, will continue for the forecasted term. The rate of revenue collection is currently expressed as a 52 per cent of annual billings. Cash flow is assumed to be 52 per cent of billings.

2.4.4 The Salary and Wage Collective Agreement for the period 01 July 2021 to 30 June 2024 dated 15 August 2018 through the South African Local Government Bargaining Council Circular No. 6 of 2018 should be used when budgeting for employee related costs for the 2019 MTREF.As per circular 93 Municipalities are encouraged to perform an annual head count and payroll verification process by undertaking a once-a-year manual salary disbursement, in order to root out ghost employees. An annual increase of 7 per cent and 4 per cent has been included in the two outer years of the MTREF.

2.4.5 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:

• Implementing growth-enhancing economic reforms

• Reprioritising public spending to support economic growth and job creation

• Establishing an infrastructure fund

• Addressing urgent matters in education and health

• Investing in municipal social infrastructure improvement

2.4 Overview of Final Budget Funding

The Final Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the Draft Annual Medium term for the financial year 2026/2027.

KZN272 Jozini - Table A7 Budgeted Cash Flows			
Description	2026/27 Medium Term Revenue & Expenditure Framework		
R thousand	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property rates	42 568	52 599	41 902
Service charges	2 583	4 681	3 167
Other revenue	22 325	22 667	23 343
Transfers and Subsidies - Operational	265 060	271 174	279 883
Transfers and Subsidies - Capital	46 304	47 832	49 363
Interest	3 000	3 099	3 198
Dividends	–	–	–

Breakdown of operating revenue over the 2026/27 Draft budget MTREF

Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from Operating grants, Property rates organs of state and other minor charges (Rent, Interest on External Investment fines and licenses and permits etc.).

2.5 Expenditure on Allocations and grant programme

- The municipality is anticipating receiving the following grants and spending the entire allocation
  - Equitable share R 252 286 000.00
  - Finance Management Grant R 3 000 000.00
  - Expanded Public Works Programme R 2 549 000.00
  - Provincializations (Library grants) R 7 025 000.00
  - MIG R 46 304 000.00

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2.6 Allocations and grants made by the Municipality

- No allocations and grants to be made by the Municipality in 2026-27 Financial Year, only the poverty alleviation projects, Operation Sukuma Sakhe interventions and Boot Camps indicated under Transfers and Subsidies (Expenditure line item)

2.9 Councillors Allowances and Employee benefits

- The **Remuneration of councillors** did not increase compared to 2025-26 Final budget of R19.3 million. this estimation is based on a recent gazette of upper limits. And the next Gazette is expected to be promulgated after the Inauguration.
- The **Municipal staff** Draft budget for 2026_27 is R187.6. a 5.1 percent increase is due to the Notch progression and the municipality is not in a plan to fill up vacant posts in 2026-27 Financial year.

KZN272 Jozini - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2022/23	2023/24	2024/25	Current Year 2025/26			2026/27 Medium Term Revenue & Expenditure Framework		
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
	1	A	B	C	D	E	F	G	H	I
Councillors (Political Office Bearers plus Other)										
Allowances and Service Related Benefits										
Basic Salary		11 569	13 887	13 342	13 121	13 081	13 081	13 081	13 513	13 378
Cell phone Allowance		1 836	1 859	1 944	3 237	1 944	1 944	1 944	2 008	3 009
Housing Allowance		–	–	–	–	–	–	–	–	–
In-kind Benefits		–	–	–	–	–	–	–	–	–
Market Related Non-pensionable Allowance		–	–	–	–	–	–	–	–	–
Motor Vehicle Allowance		–	–	–	–	–	–	–	–	756
Office-bearer Allowance		–	–	–	–	–	–	–	–	–
Out of pocket Expenses		–	–	–	–	–	–	–	–	–
Travelling Allowance		3 840	3 954	4 447	6 328	4 360	4 360	4 360	4 504	4 304
Use of Personal Facilities		–	–	–	–	–	–	–	–	–
Total Allowances and Service Related Benefits		**17 245**	**19 699**	**19 733**	**22 686**	**19 385**	**19 385**	**19 385**	**20 025**	**21 447**
Social Contributions										
Medial Aid Benefits		–	–	–	–	–	–	–	–	–
Pension Fund Contributions		–	–	–	–	–	–	–	–	–
Total Social Contributions		-	-	-	-	-	-	-	-	-
Total Councillors		**17 245**	**19 699**	**19 733**	**22 686**	**19 385**	**19 385**	**19 385**	**20 025**	**21 447**
% increase	4		**14.2%**	**0.2%**	**15.0%**	**(14.6%)**	**–**	**–**	**3.3%**	**7.1%**
Senior Managers of the Municipality	2									
Salaries and Allowances										
Basic Salary		3 312	4 293	3 110	5 223	3 177	3 177	3 400	3 512	3 624
Bonuses		154	631	–	–	–	–	–	–	–
Allowance										
Accommodation, Travel and Incidental		–	–	–	–	–	–	–	–	–
Cellular and Telephone	3	–	–	32	–	58	58	84	87	90
Housing Benefits	3	839	1 046	687	2 347	599	599	641	662	683
Non-pensionable		–	–	–	–	–	–	–	–	–
Travel or Motor Vehicle	3	534	865	756	2 180	823	823	881	910	939
Voluntary Work		–	–	–	–	–	–	–	–	–
Total Allowance		**1 373**	**1 911**	**1 475**	**4 527**	**1 480**	**1 480**	**1 606**	**1 659**	**1 712**
Service Related Benefits										
Acting	3	–	–	69	71	–	–	–	–	–
Bonus	3	–	–	–	–	–	–	–	–	–
Danger Allowance	3	–	–	–	–	–	–	–	–	–
Entertainment	3	–	–	–	–	–	–	–	–	–
Fire Brigade		–	–	–	–	–	–	–	–	–
In-kind Benefits	3	–	–	–	–	–	–	–	–	–
Leave Pay	3	233	–	170	–	274	274	293	303	312
Lifeguard/Duty Squads		–	–	–	–	–	–	–	–	–
Long Service Award		–	–	–	–	–	–	–	–	–
Overtime		–	–	–	–	–	–	–	–	–
Scarcity	3	–	–	–	–	–	–	–	–	–
Standby Allowance	3	–	–	–	–	–	–	–	–	–
Tools Allowance	3	–	–	–	–	–	–	–	–	–
Uniform/Special/Protective Clothing	3	–	–	–	–	–	–	–	–	–
Leave gratuity		–	–	–	–	–	–	–	–	–
Long Term Service Award		–	–	–	–	–	–	–	–	–
Total Service Related Benefits		**233**	**-**	**239**	**71**	**274**	**274**	**293**	**303**	**312**
Total Salaries and Allowances		**5 072**	**6 834**	**4 824**	**9 821**	**4 932**	**4 932**	**5 299**	**5 474**	**5 649**
Social Contributions										
Bargaining Council		0	–	–	–	–	–	–	–	–
Group Life Insurance		112	153	99	372	80	80	85	88	91
Medical		–	–	–	–	–	–	–	–	–
Pension		–	–	–	–	–	–	–	–	–
Unemployment Insurance		9	13	10	31	11	11	11	12	12
Total Social Contributions		**122**	**165**	**109**	**403**	**91**	**91**	**97**	**100**	**103**
Post-retirement Benefit	6									
Medical		–	–	–	–	–	–	–	–	–
Other Benefits		–	–	–	–	–	–	–	–	–
Pension		–	–	–	–	–	–	–	–	–
Total Post-retirement Benefit		-	-	-	-	-	-	-	-	-
Costs Capitalised to PPE		–	–	–	–	–	–	–	–	–
Sub Total - Senior Managers of Municipality		**5 194**	**7 000**	**4 933**	**10 224**	**5 022**	**5 022**	**5 396**	**5 574**	**5 752**
% increase	4		**34.8%**	**(29.5%)**	**107.2%**	**(50.9%)**	**–**	**7.4%**	**3.3%**	**3.2%**
Other Municipal Staff										
Salaries and Allowances										
Basic Salary		90 257	103 699	103 416	51 124	106 338	106 338	111 015	113 613	118 649
Bonuses		5 871	6 846	7 377	14 780	8 771	8 771	9 385	9 695	10 005
Allowance										
Accommodation, Travel and Incidental		–	–	–	–	–	–	–	–	–
Cellular and Telephone	3	25	22	19	60	13	13	14	15	15
Housing Benefits	3	168	176	194	518	217	217	233	240	248
Non-pensionable		–	–	–	–	–	–	–	–	–
Travel or Motor Vehicle	3	11 040	12 184	13 572	28 608	13 731	13 731	14 692	15 177	15 663
Voluntary Work		–	–	–	–	–	–	–	–	–
Total Allowance		**11 233**	**12 381**	**13 785**	**29 185**	**13 962**	**13 962**	**14 939**	**15 432**	**15 926**
Service Related Benefits										
Acting	3	1 232	1 086	1 054	4 236	342	342	366	378	390
Bonus	3	–	–	–	–	–	–	–	–	–
Danger Allowance	3	–	–	–	–	–	–	–	–	–
Entertainment	3	–	–	–	–	–	–	–	–	–
Fire Brigade		–	–	–	–	–	–	–	–	–
In-kind Benefits	3	–	–	–	–	–	–	–	–	–
Leave Pay	3	1 523	3 481	361	519	6 290	6 290	6 730	6 952	7 175
Lifeguard/Duty Squads		–	–	–	–	–	–	–	–	–
Long Service Award		754	709	838	1 563	629	629	–	–	–
Overtime		3 976	3 910	5 233	10 689	3 969	3 969	4 247	4 387	4 527
Scarcity	3	–	–	–	–	–	–	–	–	–
Standby Allowance	3	2 397	2 698	2 876	7 781	3 026	3 026	3 237	3 344	3 451
Tools Allowance	3	–	–	–	–	–	–	–	–	–
Uniform/Special/Protective Clothing	3	–	–	–	–	–	–	–	–	–
Leave gratuity		–	–	–	–	–	–	–	–	–
Long Term Service Award		–	–	–	–	–	–	–	–	–
Total Service Related Benefits		**9 882**	**11 883**	**10 362**	**24 787**	**14 254**	**14 254**	**14 580**	**15 061**	**15 543**
Total Salaries and Allowances		**117 242**	**134 810**	**134 941**	**119 877**	**143 325**	**143 325**	**149 918**	**153 800**	**160 123**
Social Contributions										
Bargaining Council		39	43	64	175	52	52	56	58	60
Group Life Insurance		2 152	2 561	2 780	8 186	3 005	3 005	3 304	3 413	3 523
Medical		5 883	6 886	7 905	14 863	9 855	9 855	10 545	10 893	9 339
Pension		12 178	13 771	15 808	26 550	16 458	16 458	17 610	18 191	18 773
Unemployment Insurance		763	1 014	1 437	2 126	787	787	859	874	902
Total Social Contributions		**21 015**	**24 274**	**27 994**	**51 900**	**30 157**	**30 157**	**32 375**	**33 429**	**32 597**
Post-retirement Benefit	6									
Medical		–	–	–	–	–	–	–	–	–
Other Benefits		–	–	–	–	–	–	–	–	–
Pension		–	–	–	–	–	–	–	–	–
Total Post-retirement Benefit		-	-	-	-	-	-	-	-	-
Costs Capitalised to PPE		–	–	–	–	–	–	–	–	–
Sub Total - Other Municipal Staff		**138 257**	**159 085**	**162 935**	**171 778**	**173 482**	**173 482**	**182 293**	**187 229**	**192 719**
% increase	4		**15.1%**	**2.4%**	**5.4%**	**1.0%**	**–**	**5.1%**	**2.7%**	**2.9%**
Total Parent Municipality		**160 697**	**185 783**	**187 601**	**204 688**	**197 889**	**197 889**	**207 074**	**212 828**	**219 918**

Monthly Targets for revenue and Expenditure

KZN272 Jozini - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2026/27												Medium Term Revenue and Expenditure Framework		
R thousand		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Revenue																
Exchange Revenue																
Service charges - Electricity		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - Water		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - Waste Water Management		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - Waste Management		378	378	378	378	378	378	378	378	378	378	378	378	4 532	4 681	4 831
Sale of Goods and Rendering of Services		23	23	23	23	23	23	23	23	23	23	23	23	280	289	298
Agency services		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Interest		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Interest earned from Receivables		284	284	284	284	284	284	284	284	284	284	284	284	3 412	3 525	3 638
Interest earned from Current and Non Current Assets		250	250	250	250	250	250	250	250	250	250	250	250	3 000	3 099	3 198
Dividends		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rent on Land		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental from Fixed Assets		333	333	333	333	333	333	333	333	333	333	333	333	4 000	4 132	4 264
Licence and permits		106	106	106	106	106	106	106	106	106	106	106	106	1 270	1 312	1 354
Special rating levies		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Construction Contract Revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Development Charges		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Operational Revenue		54	54	54	54	54	54	54	54	54	54	54	54	645	666	686
Non-Exchange Revenue																
Property rates		4 195	4 195	4 195	4 195	4 195	4 195	4 195	4 195	4 195	4 195	4 195	4 195	50 342	48 227	49 770
Surcharges and Taxes		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		94	94	94	94	94	94	94	94	94	94	94	94	1 130	1 168	1 205
Licences or permits		19	19	19	19	19	19	19	19	19	19	19	19	230	238	245
Transfer and subsidies - Operational		22 072	22 072	22 072	22 072	22 072	22 072	22 072	22 072	22 072	22 072	22 072	22 072	264 860	270 967	279 638
Interest		203	203	203	203	203	203	203	203	203	203	203	203	2 432	2 513	2 593
Fuel Levy		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Operational Revenue		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Gains on disposal of Fixed and Intangible Assets		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other Gains		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Discontinued Operations		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		**28 011**	**28 011**	**28 011**	**28 011**	**28 011**	**28 011**	**28 011**	**28 011**	**28 011**	**28 011**	**28 011**	**28 011**	**336 134**	**340 816**	**351 721**
Expenditure																
Employee related costs		15 641	15 641	15 641	15 641	15 641	15 641	15 641	15 641	15 641	15 641	15 641	15 641	187 689	192 803	198 471
Remuneration of councillors		1 615	1 615	1 615	1 615	1 615	1 615	1 615	1 615	1 615	1 615	1 615	1 615	19 385	20 025	21 447
Bulk purchases - electricity		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Inventory consumed		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Debt impairment		1 199	1 199	1 199	1 199	1 199	1 199	1 199	1 199	1 199	1 199	1 199	1 199	14 394	14 494	15 394
Depreciation, amortisation and impairment		3 035	3 035	3 035	3 035	3 035	3 035	3 035	3 035	3 035	3 035	3 035	3 035	36 415	37 616	38 820
Interest, Dividends and Rent on Land		164	164	164	164	164	164	164	164	164	164	164	164	1 968	1 580	1 140
Contracted services		1 839	1 839	1 839	1 839	1 839	1 839	1 839	1 839	1 839	1 839	1 839	1 839	22 068	22 796	23 525
Transfers and subsidies		423	423	423	423	423	423	423	423	423	423	423	423	5 078	5 230	5 261
Irrecoverable debts written off		238	238	238	238	238	238	238	238	238	238	238	238	2 850	2 910	2 918
Operational costs		3 042	3 042	3 042	3 042	3 042	3 042	3 042	3 042	3 042	3 042	3 042	3 042	36 499	37 703	40 803
Disposal of Fixed and Intangible Assets		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other Losses		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Expenditure		**27 195**	**27 195**	**27 195**	**27 195**	**27 195**	**27 195**	**27 195**	**27 195**	**27 195**	**27 195**	**27 195**	**27 195**	**326 346**	**335 158**	**347 779**
Surplus/(Deficit)		**816**	**816**	**816**	**816**	**816**	**816**	**816**	**816**	**816**	**816**	**816**	**816**	**9 788**	**5 659**	**3 941**

MONTHLY PROJECTIONS FOR CASHFLOW

MONTHLY CASH FLOWS	Budget Year 2026/27												Medium Term Revenue and Expenditure Framework		
R thousand	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2026/27	Budget Year +1 2027/28	Budget Year +2 2028/29
Cash Receipts By Source													1		
Property rates	3 547	3 547	3 547	3 547	3 547	3 547	3 547	3 547	3 547	3 547	3 547	3 547	42 568	52 599	41 902
Service charges - electricity revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - water revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	215	215	215	215	215	215	215	215	215	215	215	215	2 583	4 681	3 167
	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Rental of facilities and equipment	333	333	333	333	333	333	333	333	333	333	333	333	4 000	4 132	4 904
Interest earned - external investments	250	250	250	250	250	250	250	250	250	250	250	250	3 000	3 099	3 198
Interest earned - outstanding debtors	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Dividends received	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits	94	94	94	94	94	94	94	94	94	94	94	94	1 130	1 168	1 205
Licences and permits	106	106	106	106	106	106	106	106	106	106	106	106	1 270	1 312	1 354
Agency services	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and Subsidies - Operational	22 088	22 088	22 088	22 088	22 088	22 088	22 088	22 088	22 088	22 088	22 088	22 088	265 060	271 174	279 883
Other revenue	1 327	1 327	1 327	1 327	1 327	1 327	1 327	1 327	1 327	1 327	1 327	1 327	15 925	16 056	15 880
Cash Receipts by Source	**27 961**	**27 961**	**27 961**	**27 961**	**27 961**	**27 961**	**27 961**	**27 961**	**27 961**	**27 961**	**27 961**	**27 961**	**335 536**	**354 220**	**351 493**
Other Cash Flows by Source															
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	3 859	3 859	3 859	3 859	3 859	3 859	3 859	3 859	3 859	3 859	3 859	3 859	46 304	47 832	49 363
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Proceeds on Disposal of Fixed and Intangible Assets	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Short term loans	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Vat Control (receipts)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current receivables	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Insurance Refund - Capital	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Interest on Short Term Investment (Greater then 90 days) and Long Term Investments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total Cash Receipts by Source	**31 820**	**31 820**	**31 820**	**31 820**	**31 820**	**31 820**	**31 820**	**31 820**	**31 820**	**31 820**	**31 820**	**31 820**	**381 840**	**402 052**	**400 855**
Cash Payments by Type															
Employee related costs	15 696	15 696	15 696	15 696	15 696	15 696	15 696	15 696	15 696	15 696	15 696	15 696	188 348	193 484	200 528
Remuneration of councillors	1 615	1 615	1 615	1 615	1 615	1 615	1 615	1 615	1 615	1 615	1 615	1 615	19 385	20 025	21 447
Finance charges	164	164	164	164	164	164	164	164	164	164	164	164	1 968	1 580	1 140
Bulk purchases - Electricity	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Acquisition inventory - water and other inventory	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Contracted services	2 115	2 115	2 115	2 115	2 115	2 115	2 115	2 115	2 115	2 115	2 115	2 115	25 378	26 215	39 218
Transfers and subsidies - other municipalities	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Transfers and subsidies - other	136	136	136	136	136	136	136	136	136	136	136	136	1 628	1 682	1 335
Other expenditure	3 557	3 557	3 557	3 557	3 557	3 557	3 557	3 557	3 557	3 557	3 557	3 557	42 686	44 100	48 249
Cash Payments by Type	**23 283**	**23 283**	**23 283**	**23 283**	**23 283**	**23 283**	**23 283**	**23 283**	**23 283**	**23 283**	**23 283**	**23 283**	**279 394**	**287 087**	**311 917**
Other Cash Flows/Payments by Type															
Capital assets	3 888	3 888	3 888	3 888	3 888	3 888	3 888	3 888	3 888	3 888	3 888	3 888	46 661	48 201	49 604
Retention (Capital)	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Repayment of borrowing	332	332	332	332	332	332	332	332	332	332	332	332	3 986	4 181	2 973
Other Cash Flows/Payments	–	–	–	–	–	–	–	–	–	–	–	–	–	–	11
Total Cash Payments by Type	**27 503**	**27 503**	**27 503**	**27 503**	**27 503**	**27 503**	**27 503**	**27 503**	**27 503**	**27 503**	**27 503**	**27 503**	**330 041**	**339 469**	**364 505**
NET INCREASE/(DECREASE) IN CASH HELD	**4 317**	**4 317**	**4 317**	**4 317**	**4 317**	**4 317**	**4 317**	**4 317**	**4 317**	**4 317**	**4 317**	**4 317**	**51 800**	**62 583**	**36 351**
Cash/cash equivalents at the month/year begin:	325	4 642	8 958	13 275	17 592	21 908	26 225	30 541	34 858	39 175	43 491	47 808	325	52 125	114 708
Cash/cash equivalents at the month/year end:	4 642	8 958	13 275	17 592	21 908	26 225	30 541	34 858	39 175	43 491	47 808	52 125	52 125	114 708	151 059

2.11 Final Budget and Service Delivery and Budget Implementation internal Departments

See Attached

2.12 Contracts having Future Budgetary Implications

List of contracts with Future budgetary implication

- Financial system support
- Asset Management support
- Valuation roll support
- VIP payroll System
- Server Support system
- Fleet Management
- Telephone System
- Cell phone Contract
- Lease contract
- Security contract

2.13 Capital Expenditure details

The below table illustrate the capital expenditure funded internally and funded by Municipal Infrastructure grant; The Municipality is anticipating to receive **R 44 165 000.00** million for Municipal Infrastructure grant.

Below is the List of all projects funded by Municipal Infrastructure Grants:

NAME OF PROJECT	AMOUNT	FUNDING
Gedleza Community hall	8 000 000.00	MIG
Mlingo Access Road	3 000 000.00	MIG
Nyamane Sportsfield	1 000 000.00	MIG
KwaDelunina Access Road	10 423 763.00	MIG
Manyiseni Sports Activity Hub	8 000 000.00	MIG
Madeya Community Hall	6 000 000.00	MIG
Upgrade of Elangeni Blacktop	9 880 237.00	MIG
TOTAL	**46 304 000.00**	

2.14 Legislation Compliance status

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

1. In year Reporting to National Treasury in electronic format was fully complied with on a monthly basis. Section 71 reporting to the Executive Mayor (within 10 working days) has progressively improved and includes monthly published financial performance on the Municipalities website.

2. **Internship programme**

The Jozini Local Municipality is participating in the Municipal Financial Management Internship programme and has employed 5 interns undergoing training in various divisions of the Financial Services Department. One of the interns is now permanently employed by the Department of Corporative Governance and traditional affairs, four had their contracts renewed for 6 months starting from 1 March 2026

3. **Budget and Treasury Office**:

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

4. Audit Committee: An Audit Committee has been established and is fully functional.

5. **Service Delivery and Implementation Plan**: The detail SDBIP document is at a draft stage and will be finalised after the approval of the 2026/27 MTREF in May 2026 directly aligned and informed by the 2026/27 MTREF.

6. Final Report is compiled in terms of the MFMA and National Treasury requirements.

2.15 Other Supporting Documents

- *See Attached A Schedule*
- *Budget Workings*

2.16 Conclusion.

2.16.1. The Municipality considered Provincial Treasury comments on Adjustment Budget when preparing Draft budget for 2026_2027 financial year.

2.16.2. This report has been prepared in terms of Municipal Budget reporting and regulations. And all reasonable steps have been taken into consideration to ensure that this municipal Draft budget for 2026-27 Financial year is accordingly funded

2.17 Municipal Manager quality Certificate

Attached