KNYSNA
Municipality Munisipaliteit uMasipala

inclusive II innovative II inspired

# Final
# 2026/2027 MTREF
# Budget Report
## (Sections 16, 17 and 21 of the MFMA)

**ANNUAL STATE OF THE TOWN &**
**BUDGET ADDRESS 2026/2027**

Annexure I

**CLLR THANDO MATIKA**
**EXECUTIVE MAYOR**

29 May 2026

**Quality Certificate**

I, **Mr Boy Manqoba Ngubo**, Acting Municipal Manager of Knysna Municipality, hereby certify that the 2026/2027 Annual Budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act, No. 56 of 2003, the regulations made under the Act, and that the Annual Budget and supporting documents are consistent with the Integrated Development Plan of Knysna Municipality.

Print Name: **Boy Manqoba Ngubo**

Municipal Manager of Knysna Municipality (WC048)

Signature……………………………………………

Date…………………………………………………….

Acting Municipal Manager

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## 1. EXECUTIVE SUMMARY

1.1 The Draft 2026/2027 Medium Term Revenue and Expenditure Framework (MTREF) Budget Report addresses the operating budget and tariff proposals, as well as the capital budget and funding source proposals, to ensure that Knysna Municipality renders services to the local community in a financially sustainable manner.

1.2 The process of developing the Municipality's annual budget is mainly guided by the strategic thrusts and operational priorities of Knysna Municipality's Integrated Development Plan (IDP), as well as the MTREF that outlines the projected annual revenue and expenditure for the budget year under consideration and the two outer financial years.

1.3 The 2026/2027 MTREF Budget Report commences with a discussion on the legislative requirements to which the Municipality must comply with; the Budget Circulars containing directives published by the National and Provincial Treasury's; as well as the key budget projections for the next three financial years.

1.4 The 2026/2027 MTREF Budget report is based on these documents, as well as forecasted economic trends. A high-level summary of the operating and capital budgets.

1.5 The municipality has received several directives from five regulatory authorities since 2024, with some matters dating back to earlier periods. These directives highlighted critical compliance requirements and necessitated the prioritisation of wastewater and waste management infrastructure interventions.

1.6 As a result, the municipality was required to develop and implement action plans aimed at addressing the identified compliance matters and strengthening environmental and service delivery outcomes. Through ongoing engagement, negotiations and cooperative efforts between the State and the municipality's legal representatives, progress has been made toward reaching arrangements that will assist in implementing corrective measures.

1.7 Current negotiations are expected to provide the municipality with an opportunity to implement the required interventions over a five-year period rather than the initial three-year period. This extended implementation period significantly improves the municipality's ability to maintain a funded and sustainable budget position while ensuring the required corrective actions are implemented.

1.8 To support these strategic interventions, budget provision was required, including the consideration of borrowing mechanisms to finance critical infrastructure requirements.

1.9 The approved action plans contain both capital and operational expenditure components. Accordingly, sufficient budgetary provision has been incorporated within the Medium-Term Revenue and Expenditure Framework (MTREF) to support implementation and ensure compliance with the directives issued by the relevant authorities.

1.10 This budget therefore seeks to balance regulatory compliance obligations, infrastructure investment requirements and long-term financial sustainability.

## 2. LEGISLATION

2.1 Sections 15 to 24 of the Local Government: Municipal Finance Management Act, No 56 of 2003 (MFMA), read in conjunction with Regulations 9 to 20 of the Municipal Budget and Reporting Regulations (MBRR) legislates the processes for the compilation and approval of the municipal budget. The MFMA determines that:

*"**15. Appropriation of funds for expenditure***

*A municipality may, except where otherwise provided in this Act, incur expenditure only –*

*(a) In terms of an approved budget; and*

*(b) Within the limits of the amounts appropriated for the different votes in an approved budget.*

***16. Annual budgets***

*(1) 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* **[31 March annually]** *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.*

***17. Contents of annual budgets and supporting documents***

*(1) An annual budget of a municipality must be a schedule in the prescribed format –*

*(a) Setting out realistically anticipated revenue for the budget year from each revenue source;*

*(b) Appropriating expenditure for the budget year under the different votes of the municipality;*

*(c) Setting out indicative revenue per revenue source and projected expenditure by vote for the two financial years following the budget year;*

*(d) Setting out –*

*(i) Estimated revenue and expenditure by vote for the current year; and*

*(ii) Actual revenue and expenditure by vote for the financial year preceding the current year; and*

*(e) A statement containing any other information required by section 215(3) of the Constitution or as may be prescribed.*

*(2) An annual budget must generally be divided into a capital and an operating budget in accordance with international best practice, as may be prescribed.*

*(3) When an annual budget is tabled in terms of section 16(2), it must be accompanied by the following documents –*

*(a) Draft resolutions –*

*(i) Approving the budget of the municipality;*

*(ii) Imposing any municipal tax and setting any municipal tariffs as may be required for the budget year; and*

*(iii) Approving any other matter that may be prescribed;*

*(b) Measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the municipality's integrated development plan;*

*(c) A projection of cash flow for the budget year by revenue source, broken down per month;*

*(d) Any proposed amendments to the municipality's integrated development plan following the annual review of the integrated development plan in terms of section 34 of the Municipal Systems Act* **[addressed in a separate item/report]***;*

*(e) Any proposed amendments to the budget-related policies of the municipality;*

*(f) Particulars of the municipality's investments;*

*(g) Any prescribed budget information on municipal entities under the sole or shared control of the municipality* **[not applicable to Knysna Municipality]***;*

*(h) Particulars of all proposed new municipal entities which the municipality intends to establish or in which the municipality intends to participate* **[not applicable to Knysna Municipality]***;*

*(i) Particulars of any proposed service delivery agreements, including material amendments to existing service delivery agreements* **[not applicable to Knysna Municipality as no service providers render services (water, electricity, sanitation, refuse) on behalf of the Municipality]***;*

*(j) Particulars of any proposed allocations or grants by the municipality to –*

*(i) Other municipalities* **[not applicable]***;*

(ii) *Any municipal entities and other external mechanisms assisting the municipality in the exercise of its functions or powers* **[not applicable]**;
(iii) *Any other organs of state* **[not applicable]**;
(iv) *Any organisations or bodies referred to in section 67(1)* **[not applicable]**;

(k) *The proposed cost to the municipality for the budget year of the salary, allowances and benefits of –*
(i) *Each political office-bearer of the municipality;*
(ii) *Councillors of the municipality; and*
(iii) *The municipal manager, the chief financial officer, each senior manager of the municipality and any other official of the municipality having a remuneration package greater than or equal to that of a senior manager;*

(I) *The proposed cost for the budget year to a municipal entity under the sole or shared control of the municipality of the salary, allowances and benefits of* **[not applicable]** –
(i) *Each member of the entity's board of directors; and*
(ii) *The chief executive officer and each senior manager of the entity; and*

(m) *Any other supporting documentation as may be prescribed.*

***22. Publication of annual budgets***

*Immediately after an annual budget is tabled in a municipal council, the accounting officer of the municipality must –*

(a) *In accordance with Chapter 4 of the Municipal Systems Act –*
(i) *Make public the annual budget and the documents referred to in section 17(3); and*
(ii) *Invite the local community to submit representations in connection with the budget; and*

(b) *Submit the annual budget* **[to be executed immediately following the tabling of the annual budget and within 10 working days following Council approval of the annual budget]**–
(i) *In both printed and electronic formats to the National Treasury and the relevant provincial treasury; and*
(ii) *In either format to any prescribed national or provincial organs of state and to other municipalities affected by the budget.*

2.2 Regulations 9 to 20 of the MBRR in essence confirm the contents of Sections 15 to 24 of the MFMA in detail with regards to the Budget process.

2.3 The compilation of the annual budget, in terms of legislation, must also take into consideration the Budget Circulars released by both National and Provincial Treasury.

## 3. BUDGET CIRCULARS

3.1 National Treasury published two budget circulars for the 2026/2027 MTREF. MFMA Municipal Budget Circular No 132 published on December 2025 as well as MFMA Municipal Budget Circular No 134 published on 20 March 2026 as **Annexure E**.

3.2 The National Treasury Circulars address a number key factors to be considered when producing the budget such as

a) Reporting requirement for the Municipality to tap into the Disaster allocations set aside in terms of the DORA allocation.

b) Criteria for the release of the Equitable Share Failure to comply with the criteria will result in the National Treasury invoking section 38 of the MFMA which empowers National Treasury to withhold a municipality's equitable share if the municipality commits a serious or persistent breach of the measures established in terms of Section 216(2) of the Constitution which includes reporting obligations set out in the MFMA and National Treasury requests for information in terms of Section 74 of the MFMA.

c) **Development and adoption of IDPs during the 2026 election year.** Given the fact that the IDP and budget would need to be reviewed and adopted by 30 June 2026, the current council has an obligation to ensure that these stipulations are complied with. In this regard, the current council is expected to continue reviewing the IDP and ensuring that it is adopted within the legislated timeframe.

d) **Revenue Management:**

Every municipality, in anticipation of the annual budget process and its review of critical revenue management related policies, should assess and review its revenue management value chain to identify any gaps, duplications, and / or inefficiencies, aligning with the approved organogram and related delegations

Due to severe losses in the main services and continuous increases in tariffs to consumers, Municipalities are advised to prioritise the following Revenue Protection measures in 2026/27 and future MTREFs:

A dedicated Revenue Protection Unit for Electricity, Water, Wastewater and Refuse services administered by the senior manager responsible for the municipal Electricity Infrastructure Directorate

The municipality to demonstrate in its MTREF submission that a percentage of the revenue from the Energy, Water, Wastewater and Refuse function is ring-fenced to fund the municipal Revenue Protection Programme operational need(s) towards developing the program to fruition

As part of the budget process, the municipality must annually undertake an assessment to determine if the intended and implemented tariffs are **cost reflective** and outcomes must also be reported to and approved by Council as part of the respective tabled and adopted MTREF submissions

e) Budget and other management issues:

Municipalities are reminded to consult the National Treasury Guideline on budgeting for a funded budget issued during the 2018/19 MTREF to assist municipalities in preparing a funded

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

Review of human resource policies, benefits not provided for in collective agreements

**Prohibition on vending system(s) / third party vending solutions without consulting the National Treasury.** Municipalities are advised to consider procuring through TR29-2024 as it is designed to support key municipal priorities:

- Improved service delivery through accurate, timely consumption data, fewer billing disputes, and quicker identification of faults and tampering;
- Financial sustainability through better revenue collection, reduced technical and nontechnical losses, and more reliable cash flow; and
- Transparency and accountability through auditable metering data, consistent reporting, and better information for council, management, and oversight bodies.

f) As previously explained in MFMA Circular no. 129, municipalities are continuing to incur unauthorised, irregular, fruitless and wasteful expenditure (**UIFWE**) year-on-year. Whilst more municipalities are establishing disciplinary boards, such boards are not investigating matters as required, or where such investigations are undertaken, municipal councils are not implementing the disciplinary boards' recommendations.

Municipalities are required to submit an action plan which must address the period from 02 January 2025 to 31 August 2026. The action plan should include monthly calendar actions that will allow for the monitoring of the action plan implementation.

g) **Release of Version 7.1 of the mSCOA Chart and must be used to compile the 2026/27 MTREF.** Critical changes such as capitalisation of conversion of costs to water inventory; alignment of Cash Flow linkages; must be adhered to in the new budget.

The National Treasury will conclude the consultation and preparatory work to regulate the minimum business process and system requirements for *m*SCOA in 2026/27. Once promulgated, the regulations will be applicable to all municipalities

3.3 NERSA issued the Eskom Retail Tariff and Structural Adjustments Application ERSTA letter on March 2026 informing electricity distributors on the Eskom tariff increases.

Municipalities Electricity Tariff application process was challenged, and High court judgement was won in favour of the Afriforum that the Municipalities across the Country, to prepare Cost of Supply Study, thereafter do roadshows in involving the Public on study outcome before tabling the Draft Budget at Council.

Each distributor that does not have Cost of Supply Study will not be allowed to implement any increases as of the 2026-2027 Budget.

On the 5$^{th}$ of March 2026, NERSA approved a tariff increase of 9.01% for Eskom's Retail Tariff and Structural Adjustment (ERTSA) that Eskom will charge from 1 July 2026 to 30 June 2027 towards its customers, which is higher than the CPI inflation forecast.

## 4. BUDGET PROJECTIONS

4.1 Table 1 below presents the actual amounts and percentage increases imposed for the 2026-2027 MTREF period. The draft 2026/2027 MTREF Budget has been compiled based on the financial framework, financial strategies and financial policies of Council.

4.2 Key assumptions relating to the draft MTREF Budget in Table 1 includes the Government grant allocations from 2026/2027 to 2028/2029 financial years, as published in the Division of Revenue Bill (DoRB) and Provincial Grants

**Table 1: High level Summary of Total Grant Gazetted 2025/2026 MTREF Final Budget**

| | | | | 2026-2027 MTREF Draft Budget | | |
|---|---|---|---|---|---|---|
| Row Number | Description | 2025/2026 Tabled | Changes | 2026/2027 Final | 2027/2028 Final | 2028/2029 Final |
| Column Reference | A | D | E | B | C | D |
| 1 | **GROWTH PARAMETERS** | | | | | |
| 2 | Growth (GDP) | 1.8% | | 1.8% | 1.8% | 1.8% |
| 3 | Headline Inflation Rate | 4.3% | | 3.7% | 4.6% | 4.4% |
| 4 | **REVENUE STREAMS** | | | | | |
| 5 | Property Rates | 4.4% | | 5.0% | 3.3% | 3.2% |
| 6 | Service Charges : Electricity | 11.3% | | 11.5% | 11.5% | 3.2% |
| 7 | Service Charges : Water | 4.6% | | 12.0% | 12.0% | 3.2% |
| 8 | Service Charges : Saniatation | 70% of Water Consumption for all Consumers. Maximum consumption will be limited to 35kl. Below Tariff basic charge will apply | | 12.0% | 12.0% | 3.2% |
| 9 | Service Charges : Refuse | 20% | | 25.0% | 20% | 20% |
| 10 | **COST OF REMUNERATION** | | | | | |
| 11 | Estimated Cost of Living Increases | 4.6% | | | 4.6% | 4.4% |
| 12 | Estimated Notch Increases | 2.4% | | | 2.4% | 2.4% |
| 13 | **BULK PURCHASES** | | | | | |
| 14 | Electricity | 11.3% | | | 12.7% | 4.4% |
| 15 | **GRANTS : NATIONAL DEPARTMENTS** | **203 034 000** | **0** | **195 831 000** | **195 151 000** | **200 549 000** |
| 16 | Equitable share | 137 908 000 | | 144 083 000 | 150 573 000 | 154 502 000 |
| 17 | Equitable share % Growth | -5.6% | | | 4.5% | 2.6% |
| 18 | Financial Management Grant | 1 900 000.00 | | 2 000 000 | 2 100 000.00 | 2 200 000.00 |
| 19 | Expanded Publick Works Programme Grant (EPWP) | 1 461 000.00 | | 1 350 000 | 0.00 | 0.00 |
| 20 | Municipal Infrastructure Grant (MIG) | 29 765 000 | | 30 098 000 | 33 071 000 | 34 015 000 |
| 21 | Intergrated National Electrification Programme Grant (INE | 10 000 000 | | 8 300 000 | 9 407 000 | 9 832 000 |
| 22 | Neighbourhood DevelopmenT Partnership(NDPG) | 15 000 000 | | 10 000 000 | - | - |
| 23 | Water Services Infrastructure Grant(WSIG) | 7 000 000 | | - | - | |
| 24 | **GRANTS : PROVINCIAL DEPARTMENTS** | **48 864 000** | **2 289 000** | **38 358 000** | **30 076 000** | **37 314 000** |
| 25 | Financial Management Capacity | 90 000 | | 90 000 | 90 000 | 101 000 |
| 26 | Human Settlement Development Grant | 33 212 000 | | 26 890 000 | 17 992 000 | 25 000 000 |
| 27 | Informal Settlements Upgrading Partnership Grant | - | | - | - | - |
| 28 | Maintanance and Construction of Transport Infrastructure | - | | - | - | - |
| 29 | Community Library Services Grant | 11 353 000 | | 11 378 000 | 11 794 000 | 11 913 000 |
| 30 | Community Development Worker Operational Support Gra | - | | - | - | - |
| 31 | Municipal Interventions Grant | - | | - | - | - |
| 32 | Title Deeds Restoration Grant(TRP) | 637 000 | | | 200 000 | 300 000 |
| 33 | Municipal Energy Resilience Grant | - | | - | - | - |
| 34 | Municipal Water Resilience Grant | 2 500 000 | | | - | - |
| 35 | Municipal Fire Service Capacity Support Grant | 1 072 000 | | | - | - |
| 36 | CHIETA Grant | - | 2 289 000 | | | |
| **37** | **TOTAL** | **251 898 000** | **2 289 000** | **234 189 000** | **225 227 000** | **237 863 000** |

4.2.1 As per MFMA Municipal Budget Circular No 134 issued March 2026, the actual headline inflation rate is presented:
7

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

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

The GDP growth is expected to average 1.8 per cent from 2026 to 2028. Medium-term growth will be underpinned by household consumption on the back of rising purchasing power, moderate employment recovery and wealth gains.

### 4.2.2 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.

National Treasury's MFMA Circular No. 51 deals, inter alia with the implementation of the Municipal Property Rates Act, with the regulations issued by the Department of Co-operative Governance. These regulations came into effect on 1 July 2009 and prescribe the rate ratio for the non-residential categories, public service infrastructure and agricultural properties relative to residential properties to be 0,25:1 and has been implemented during budget process and the Property Rates Policy of the Municipality has been amended accordingly.

The below table depicts total Property Rates per Category as per Municipal Systems Act for the Greater Knysna Municipality and the projected revenue to be raised from levies:

| Row Labels | Grand Total |
|---|---|
| 21-RATES BUSINESS | 51 206 917.01 |
| 22-RATES INDUSTRIAL | 6 424 724.17 |
| 23-RATES MUNICIPAL | 35 295.85 |
| 24-RATES PVT OWNED | 1 477.07 |
| 25-RATES PUBLIC BENEFIT | 249 877.19 |
| 26-RATES PUB INFRASTRUCTURE | 64 334.51 |
| 27-RATES RESIDENTIAL | 283 816 054.98 |
| 28-RATES RESIDENTIAL VACANT | 26 575 048.77 |
| 30-RATES PROV. GOV. | 12 691 270.07 |
| 31-RATES RURAL | 7 358 517.43 |
| 71-HO RATES BUSINESS | 56 145.21 |
| 72-HO RATES INDUSTRIAL | 11 739.24 |
| 73-HO RATES MUNICIPAL | 2 172.13 |
| 74-HO RATES PVT OWNED | - 2 308.46 |
| 75-HO RATES PUBLIC BENEFIT | 921.24 |
| 77-HO RATES RESIDENTIAL DEV | 470 719.65 |
| 78-HO RATES RESIDENTIAL VACANT | 79 483.65 |
| 79-HO RATES AGRICULTURE | 46 322.97 |
| 81-HO RATES RURAL | 29 608.02 |
| **Grand Total** | **389 118 320.70** |

Total revised property value in the Greater Knysna amounts to R41,167,535,170 and the total House Holds in the Municipal Valuation Register amounts to 23,666.

The Property Rates tariffs were increased by 5% in the current years' approved tariffs on the latest General Valuation including rebates that Council will still provide to its rate payers amount to R 389,118,320.

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2026/27 financial year based on a 5 per cent increase from 1 July 2016 is contained in the table below:

| Category | Current Tariff (1 July 2025) | Proposed tariff (from 1 July 2026) |
|---|---|---|
| | C | C |
| Residential properties | 0,823 | 0,864 |
| State owned properties | 0,197 | 0,207 |
| Business & Commercial | 1,664 | 1,747 |
| Agricultural | 0,823 | 0,864 |
| Vacant land (Residential) | 1,646 | 1,728 |
| Municipal rateable | | |
| Industrial | 1,664 | 1,747 |
| Non-permitted use | | |
| Public benefit organisation properties | 0,197 | 0,207 |

The following rebates will continue as provided by Council in the new year with some changes 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)

- Additional R35,000 of the valuation of domestic properties (excluding accommodation establishment and vacant land).

- All property valued above R500,000 will not receive the R35,000 rebate.

- Social rebate between income groups within the different tiers on properties valued at R700,000.

    - The indigent threshold is kept at the Households income group limited to two pensioners salaries -per Households plus CPI.

    - Business Accommodation establishment operating 3-8 rooms rebate kept at 10%.

    - Accommodation Establishment where the number of lettable bedrooms are less than 3 will be classified as Residential.

    - Historical buildings will be kept at a 10% rebate.

    - New Business rebates tariffs

| **New Business** | **Tariff 2023/24** | **Tariff 2024/25** | **Tariff 2025/26** | **Tariff 2026/27** |
|---|---|---|---|---|
| A vacant property with new improvements on it for usage as a new business in the municipal area:<br>(i) Special rebate for Year 1 | **75% Rebate** | **40%Rebate** | **40%Rebate** | **40%Rebate** |
| (ii) Special rebate for Year 2 | **50% Rebate** | **30%Rebate** | **30%Rebate** | **30%Rebate** |
| (iii) Special rebate for Year 3 | **25% Rebate** | **20% Rebate** | **20% Rebate** | **20% Rebate** |
| (iv) Special rebate for Year 4 | **0% Rebate** | **0% Rebate** | **0% Rebate** | **0% Rebate** |

- New business special rebates adjusted downwards 1st year 3rd year as per above table. It should be noted that all businesses qualifying for this rebate registered will be scaled downward on annual basis

- Public Service purpose rebate still remain at 10%.

- Place of worship 100%.

- 100% rebate on Public Open Space non-municipal (Rebate not incorporated in the approved tariff)

4.2.3 **Water Management**:

The National Treasury, in terms of MFMA section 74 requests municipalities to provide certain minimum statistical meter information and in the format of the “**Meter Statistical information –Water.**

The template workbook is designed to help municipalities move from high-level smart metering decisions to concrete MTREF’s, credible schedules, and monthly reporting. It brings together municipal details, meter requirements, trading services information, and budget information in one place so that water smart metering can be planned, costed, and monitored in a consistent way.

The water sheet of the template workbook performs the same function for water services.
It records ward-level water meter data, including existing meters, unmetered connections and new meter requirements. The water requirements sheets define the total scope of metering work that must be funded and implemented, rather than relying on rough estimates.

KM appointed a group of consultants to perform a Cost of Supply study as guided by National Treasury for all four main services in order to determine revenue increases for the MTREF and guide whether municipal tariffs are Cost reflective.

The performed study with all water data taken into consideration, increased the Water tariffs to 12 percent for the 2026-2027 financial year and this was implemented in the 2025-2026 approved tariff structure.

A summary of the proposed tariffs for households (residential) and non-residential are as follows:

| CATEGORY | CURRENT TARIFFS 2025/26 | PROPOSED TARIFFS 2026/27 |
|---|---|---|
| | Rand per kℓ | Rand per kℓ |
| **RESIDENTIAL INDIGENT AND PENSIONERS** | | |
| (i) 0 to 6 kℓ per 30-day period | 0,00 | 0,00 |
| (ii) 6 to 12 kℓ per 30-day period | 18,78 | 21,04 |
| (iii) 12 to 25 kℓ per 30-day period | 31,01 | 34,74 |
| (iv) 25 to 40 kℓ per 30-day period | 46,52 | 52,10 |
| (v) More than 40 kℓ per 30-day period | 69,78 | 78,15 |
| | | |
| **RESIDENTIAL NON-INDIGENT** | | |
| (i) 0 to 12 kℓ per 30-day period | 18,78 | 21,04 |
| (ii) 12 to 25 kℓ per 30-day period | 31,01 | 34,74 |
| (iv) 25 to 40 kℓ per 30-day period | 46,52 | 52,10 |
| (v) More than 40 kℓ per 30-day period | 69,78 | 78,15 |
| | | |
| **COMMERCIAL** | | |
| (i) 0 – 24 kℓ per 30-day period | 26,31 | 29,46 |
| (ii) 24 – 50 kℓ per 30-day period | 34,22 | 38,32 |
| (iii) 50 – 100 kℓ per 30-day period | 44,47 | 49,81 |
| (iv) More than 100 kℓ per 30-day period | 48,92 | 54,79 |
| | | |
| | | |

Water Losses:

| | 2025 | 2024 |
|---|---|---|
| **Water distribution losses** | | |
| Mega litres purified | 5,484 | 5,807 |
| Mega litres lost during distribution | 2,631 | 1,956 |
| | 47.98 % | 33.68 % |
| Water losses during the year (in Rand) | 19,589,476 | 13,822,936 |

The above information is an extract from the 2024-25 audited outcome where it reflects a continued spike increase in the water losses from 33.68% to 47.98% due to free flow, illegal connections and by-passing of meters.

When considering all the secondary support service function not included in the total cost to produce water, this service is running at a loss.

The municipality acquired 1000 conventional water meters that are being installed as a pilot project to properties with faulty meters, who used to buy and currently not buying. Before continuation of rolling the project to some 8,000 faulty meters a report will serve at Council on progress highlighting any areas of concern to be addressed before final rollout.

There has been a sluggish progress on the implementation of the first 1000 water meters acquired and KM immediately tapped into a contract agreement with the consultant that performed the Cost of Supply Studies to fast track the implementation and installation of the meters.

It is therefore anticipated based on contract agreement that the 1000 water meters to be replaced by 30 Jun 2026 that will generate additional income not included in this budget.

It is estimated that further 7000 water meters to be replaced between 1 July 2026 to 31 December 2026 (at average of 1170 meters per month). These revenues were also not included in the budget instead progress will be closely monitored and addressed during main adjustments budget.

Cost reflective tariff was performed for the Water Service and the outcome was that the Water was running at a lot and to be cost reflective water tariffs needed to increase by 72%. Phase approach on the increase was introduced and some expenditures were reduced in order to reduce the increases to affordability.

#### 4.2.4 **Energy Management (Electricity)**

The submission of tariff applications is an obligation enshrined in the Electricity Regulation Act, 2006 ('ERA') (as amended), read with the MFMA and incorporated in the licence conditions of licensees.

Failure to comply with these requirements will result in the municipality being prohibited from making any adjustment to the electricity tariffs for the 2026/27 financial year. NERSA already confirmed to municipalities that only complete municipal applications received before 12 December 2025 will be processed and approved for implementation with effect from 01 July 2026.

Though Electricity tariffs are regulated by NERSA, previously Municipality were strictly guided in what they increase their tariffs they charge their customers, this has however changed for the first time during 2024-25 Budget process where it was expected of the Municipalities to complete and submit the Revenue Requirement Tool designed by NERSA that will guide the projected increases on tariffs.

AfriForum launched a court case against NERSA that they won in June 2024 and that resulted in the Revenue Requirement Tool being null and void, and was expected of all the Municipalities to submit a Cost of Supply Study.

Consultants were appointed to do Cost of Supply Study for Electricity Service Charge and outcome came all 11.5% increase and the impact on current monthly consumption assumptions at tariff versus new tariff to be implemented 1 July 2026 as follows:.

| Monthly consumption kWh | Current amount payable R | Proposed amount payable R | Difference (Increase) R | Percentage change |
|---|---|---|---|---|
| **100** | 264.75 | 295.19 | 30.45 | 11,5% |
| **250** | 708.99 | 790.53 | 81.53 | 11,5% |
| **500** | 1 578.17 | 1 759.66 | 181.49 | 11,5% |
| **750** | 2 452.04 | 2 734.02 | 281.98 | 11,5% |
| **1 000** | 3 868.10 | 4 312.93 | 444.83 | 11,5% |
| **2 000** | 8 588.29 | 9 575.95 | 987.65 | 11,5% |

The above assumptions exclude basic charge as it vary from different Amperage to the other these Costs are purely residential customers consumption charge impact assessment due to tariff increase.

| | 2025 | 2024 |
|---|---|---|
| **Material losses** | | |
| **Electricity distribution losses** | | |
| Units purchased (Mwh) | 163,360 | 158,117 |
| Units Sold (Mwh) | 146,280 | 139,810 |
| Units lost during distribution | 17,079 | 18,307 |
| Percentage lost during distribution | 10.46 % | 11.58 % |

NT advised that in past years' increasing electricity tariffs continue to strain consumers' ability to afford this service. Municipalities (with the electricity function) as a result, at higher risk of non-technical losses, particularly related to theft and illegal by-passing.

And that, many municipalities do not have dedicated Revenue Protection staff in place or have reduced their operational funding for Revenue Protection culminating in reduced collections and a related strain on cash flow and the ability to pay creditors. Municipalities are advised to prioritise the following Revenue Protection measures in 2026/27 and future MTREFs. Council to fast track the appointment of the Loss Control Officer position as it is currently vacant and no official dealing with the losses in the Municipalities to address abnormalities.

Council considered new SSEG tariffs for off- grid customers as well as penalty tariff for customers that are not notifying the Municipality as non-communication may course serve problems should they not be catered for by KM.

### 4.2.4 Waste Management (Refuse)

The court issued a directive on projects that needed immediately remedial action with regards to Waste Management and according to the Action plan submitted by the department R297 million was required to included in the budget to deal with these directions over the 2026-2027 MTREF period

Due to funds availability and continuous internal meetings with the NPA, it was concluded that these activities be spread over a period of five year. This was done and the activity plan is attached as **Annexure N** to the budget.

The municipality continued with the transporting of waste to Petro SA waste disposal site in Mosselbay.

The municipality has entered into the Garden Route Contract with all other municipalities within the District for the dumping of waste to the new landfill site within the Mosselbay municipal area and funds were included in this budget.

A projected tariff increase that would have applied to catch up with the rest of the Garden Route Municipalities would have been 80% in the 2025-2026 budget however the Municipality opted for a phased in approach of 20% over the period of five years in order to relieve rate payers as currently we are under recovering on refuse and far below from the rest of the Municipalities in the District on dumping fee per tonnage.

The 20% was increased by 5% to 25% increase to cater for the Regulatory directive and the impact:

| | **CURRENT TARIFFS 2025/26** | **PROPOSED TARIFFS 2026/27** |
|---|---|---|
| **CATEGORY** | **WASTE REMOVAL** | **WASTE REMOVAL** |
| Tariff per container per month or part of a month:<br>Areas serviced by means of: (Tariff is multiplied by the number of service rounds per week and the number of containers.) | Per month<br>(R) | Per month<br>(R) |
| **RESIDENTIAL** | | |
| 140ℓ wheelie bin or equal to two (2) black bags per unit. Removed once a week | R 204.73 | R 255.91 |
| per additional bin / per bag per week | | R 56.74 |
| **BUSINESS AND OTHER PROPERTIES** | | |
| One removal per week per bin (Mondays to Fridays only) | R 360.51 | R 450.64 |
| Two removals per week per bin (Mondays to Fridays only) | R 865.20 | R 1.081.50 |
| Three removals per week per bin (Mondays to Fridays only) | R 1.298.13 | R 1.622.67 |
| Four removals per week per bin (Mondays to Fridays only) | R 1.730.41 | R 2.163.01 |
| Five removals per week per bin (Mondays to Fridays only) | R 2.163.34 | R 2.704.17 |
| Six removals per week per bin (Mondays to Sundays) | R 2.596.27 | R 3.245.33 |
| Seven removals per week per bin (Mondays to Sundays) | R 3.029.20 | R 3.786.50 |

There is a need by most businesses to reduce their number of bins collected at business premises and this will however have a direct impact on revenue billed and collected on monthly basis going forward.

The 2024-2025 audited outcome recorded a significant increase of R10.1 million compared to R3.8 million recorded for 2023-2024 not billed on Refuse, which is a loss for the Municipality

There are quite a number of properties in the data cleansing that has been picked up not billed and are brought in as well as corrections on the number of bins, this process is on-going and does field revenue as recorded during 2025-2026 adjustments budget.

It was concluded that during Budget workshop that exceptional reports MUST be looked into and identify all those properties that the main services are not linked on a property then determine average charge that can be billed from a customer going forward until all meters are installed and bins captured in all properties.

### 4.2.5 Wastewater Management (Sanitation)

The Municipality has changed its tariff modelling in the current financial year to a combination of both Fixed (basic charge) and Variable charge based on 70 kilolitres of Water consumption per month.

The basic charge is for all residential customers consuming up to15 kl of water per month, flat rate will be charged and between 15-35kl of water per month will be charged 70% of water consumption bill WITH NO added basic charge.

This new approach is difficult for implementation on prepaid customers and remain charged at flat basic charge if no Water Consumption. The installation of the conventional members anticipated completion by End-December 2026 as projected by the Infrastructure Services will get into the municipal billing for reading and material increases will be addressed with the adjustments budget.

The Indigent customers (exempted) and pensioners will still receive the relief based on the income groups.

Infrastructure Services Water Department is addressing the water meter installation that will address losses in both Water and Sewer.

Sewer tariffs are expected to increase by 12% in line with Water increases as per the Cost of Supply Study outcome and the monthly rate provided on table below:

| CATEGORY | CURRENT TARIFFS 2025/26 | PROPOSED TARIFFS 2026/27 |
|---|---|---|
| | TARIFF PER kℓ | TARIFF PER kℓ |
| | R | R |
| **RESIDENTIAL NON-INDIGENT** | | |
| 0 – 15 kℓ per 30-day period | 202,01 | 226.25 |
| 15 – 35 kℓ limit per 30-day period | 70% of Water Consumption Charged | 70% of Water Consumption Charged |
| **RESIDENTIAL INDIGENT AND PENSIONERS** | | |
| 0 – 6 kℓ | 0,00 | 0,00 |
| 6 – 12 kℓ | 13,15 | Phased Out |
| 12 – 25 kℓ | 21,71 | Phased Out |
| 25 – 35 kℓ | 32,56 | Phased Out |
| 6 – 15 kℓ per 30-day period | 0,00 | 123,06 |
| 15 – 35 kℓ limit per 30-day period | 70% of Water Consumption Charged | 70% of Water Consumption Charged |

### 4.2.6 Fines and Penalties:

Council is considering to enter into a contract with Bitou Municipality for the establishment of a Municipal court that will directly deal with the speeding fines.

These discussions are on going to find better solutions going forward that will also address the ARRTO system.

Speeding fines Service provider was appointed February 2026 for period of three years to execute the service of the speeding fines. There are targets set in the SLA eg of the number of fines to be issued per month.

Currently, the Traffic fines continue to be a mission to provide most reasonable projections from one year to the other and the collection rate has been below 50% annually on an overall R100 million speeding fines estimated.

Currently collection rates are estimated at 32% when comparing receipts against issued and that is provisional included as additional cash available to the municipality.

The municipality has strategies in place as the new service providers has been appointed already to Re-instal and maintain the cameras from critical points that are vandalised and in order to continue reduce speeding at hazardous areas for the safety of our road users as well as rent/hire the George Municipality's bus service to do collections.

### 4.2.8 Employee Related Cost

Municipality embarked on a process of updating 2021 Organisational structure with all the municipal staff including funded positions in the 2026-2027 MTREF as well as unfunded position as per latest approved structure and the table below depicts total overall stuff compliment and funding available:

| Department | Number of Employees | 2026-2027 No of FILLED POSITIONS | 2026-2027 Budgeted Amount | 2026-2027 No of Budgeted VACANT posts | 2026-2027 No of Budgeted VACANT posts | UNFUNDED POSTS | VALUE OF UNFUNDED | 2026-2027 Budgeted Amount | Total Structure Cost | ShortFall |
|---|---|---|---|---|---|---|---|---|---|---|
| Vote 1: Executive & Council | 15 | 9 | 9 171 571 | 1 | 605 191 | 5 | 2 730 190 | 9 776 763 | 12 506 952 | - 2 730 190 |
| Vote 2: Corporate Services | 89 | 52 | 30 396 474 | 10 | 5 677 771 | 27 | 11 285 888 | 36 074 246 | 47 360 134 | - 11 285 888 |
| Vote 3: Financial Services | 97 | 77 | 43 422 032 | 9 | 3 468 671 | 11 | 4 017 900 | 46 890 703 | 50 908 603 | - 4 017 900 |
| Vote 4: Planning & Economic Development | 36 | 26 | 22 158 280 | 5 | 3 179 729 | 5 | 2 627 105 | 25 338 009 | 27 965 114 | - 2 627 105 |
| Vote 5: Infrastructure Services | 408 | 208 | 83 191 818 | 40 | 12 895 560 | 160 | 48 224 797 | 96 087 377 | 144 312 174 | - 48 224 797 |
| Vote 6: Community Services | 448 | 260 | 102 110 203 | 29 | 10 947 760 | 159 | 54 210 286 | 113 057 963 | 167 268 248 | - 54 210 286 |
| Vote 7: Integrated Human Settlement | 20 | 12 | 5 527 446 | 5 | 2 110 528 | 3 | 2 260 786 | 7 637 974 | 9 898 760 | - 2 260 786 |
| **TOTAL** | **1 113** | **644** | **295 977 824** | **99** | **38 885 210** | **370** | **125 356 951** | **334 863 034** | **460 219 985** | **- 125 356 951** |

The Salary and Wage Collective Agreement for the period 01 July 2026 to 30 June 2027 was distributed by the SALGA office on 13 March 2025.

the increases in the salary and wages in terms of the collective agreement is 4.75%with effect from 1 July 2026. Any linked benefit or conditions of service shall increase by the same rate.

The minimum wage will as well increase by the same rate from R 11,120.63 effective 1 July 2026.

Therefore, in the absence of any information in this regard from the South African Local Government Bargaining Council (SALGBC), municipalities are advised to consider their financial sustainability when considering salary increases.

The vacancy list emanating from the 2025-2026 critical vacancy list was firstly prioritised in this budget as they are already within the Recruitment and Selection process for filling.

The value of vacant positions sitting across Council Departments amount to R 38.8 million that is included in this final budget:

| Directorate | POST | NAME | OCCUPATION | POST BUDGET SCALE |
|---|---|---|---|---|
| Vote 1 - Executive and Council | 85450007 | VACANT | Intergrated Development Plan officer | BT12 |
| Vote 2 - Corporate Services | 23550008 | VACANT | Snr. Human Resources Officer | BT13 |
| Vote 2 - Corporate Services | 2600092 | VACANT | General Assistant | BT3 |
| Vote 2 - Corporate Services | 29550013 | VACANT | Personal Assistant : Speaker | BT9 |
| Vote 2 - Corporate Services | 32360001 | VACANT | Manager : Legal Services | BT17 |
| Vote 2 - Corporate Services | 408006 | VACANT | Head: Property Management | BT15 |
| Vote 2 - Corporate Services | 408007 | VACANT | Executive Secretary | BT7 |
| Vote 2 - Corporate Services | 408012 | VACANT | Human Resources Officer | BT12 |
| Vote 2 - Corporate Services | 56650002 | VACANT | IT Technician | BT11 |
| Vote 2 - Corporate Services | 56650003 | VACANT | GIS Administrator | BT11 |
| Vote 2 - Corporate Services | 29550014 | VACANT | Personal Assistant : Executive Mayor | BT12 |
| Vote 3 - Financial Services | 202013 | VACANT | Senior Cashier | BT7 |

| Directorate | POST | NAME | OCCUPATION | POST BUDGET SCAL |
|---|---|---|---|---|
| Vote 3 - Financial Services | 202015 | VACANT | Senior Clerk : Sundry Debtors | BT6 |
| Vote 3 - Financial Services | 202023 | VACANT | Cashier | BT5 |
| Vote 3 - Financial Services | 202043 | VACANT | Clerk | BT5 |
| Vote 3 - Financial Services | 2202003 | VACANT | Accountant : Services | BT12 |
| Vote 3 - Financial Services | 302010 | VACANT | Meter Reader | BT5 |
| Vote 3 - Financial Services | 502008 | VACANT | Senior Clerk : Creditors | BT7 |
| Vote 3 - Financial Services | 56750033 | VACANT | Chief Accountant | BT15 |
| Vote 3 - Financial Services | 57050030 | VACANT | Assistant Accountant: Budget and Reportin | BT10 |
| Vote 4 - Planning and Developmen | 35830002 | VACANT | Senior Environmental Officer | BT12 |
| Vote 4 - Planning and Developmen | 503017 | VACANT | Secretary : Planning  Development Servi | BT9 |
| Vote 4 - Planning and Developmen | 88450002 | VACANT | Project Coordinator : Trade and Investmen | BT12 |
| Vote 4 - Planning and Developmen | 88550022 | VACANT | Spatial Planner: Land Use | BT10 |
| Vote 4 - Planning and Developmen | 88550023 | VACANT | GIS:Officer | BT12 |
| Vote 5 - Infrastructure Services | 103017 | VACANT | General Assistant : Sanitation | BT3 |
| Vote 5 - Infrastructure Services | 107002 | VACANT | Senior Technician : Water and Sewer | BT13 |
| Vote 5 - Infrastructure Services | 2504001 | VACANT | Superintendent : Public Works | BT12 |
| Vote 5 - Infrastructure Services | 2506004 | VACANT | Plant Operator : Sewer Purification | BT7 |
| Vote 5 - Infrastructure Services | 2509005 | VACANT | Plant Operator : Water Purification | BT6 |
| Vote 5 - Infrastructure Services | 2600107 | VACANT | Handyman Assistant : Electrical | BT4 |
| Vote 5 - Infrastructure Services | 302004 | VACANT | Artisan : Electrician | BT10 |
| Vote 5 - Infrastructure Services | 302005 | VACANT | Artisan : Electrician | BT10 |
| Vote 5 - Infrastructure Services | 302020 | VACANT | Storeman | BT5 |
| Vote 5 - Infrastructure Services | 302025 | VACANT | General Worker (Level 2) Electro-Technic | BT4 |
| Vote 5 - Infrastructure Services | 302029 | VACANT | General Worker (Level 2) Electro-Technic | BT2 |
| Vote 5 - Infrastructure Services | 303003 | VACANT | Handyman : Workshops | BT6 |
| Vote 5 - Infrastructure Services | 35870014 | VACANT | General Assistant | BT3 |
| Vote 5 - Infrastructure Services | 35920018 | VACANT | General Assistant : Technical Services | BT3 |
| Vote 5 - Infrastructure Services | 35920019 | VACANT | Driver Operator | BT6 |
| Vote 5 - Infrastructure Services | 35932001 | VACANT | Foreman : Water  Sewerage | BT11 |
| Vote 5 - Infrastructure Services | 501009 | VACANT | Technician : Water  Sewer | BT11 |
| Vote 5 - Infrastructure Services | 503007 | VACANT | Geographic Information System Technicia | BT9 |
| Vote 5 - Infrastructure Services | 504007 | VACANT | Driver Operator | BT6 |
| Vote 5 - Infrastructure Services | 504008 | VACANT | Driver Operator | BT6 |
| Vote 5 - Infrastructure Services | 504042 | VACANT | General Assistant : Roads | BT4 |
| Vote 5 - Infrastructure Services | 504044 | VACANT | General Assistant : Roads | BT3 |
| Vote 5 - Infrastructure Services | 504047 | VACANT | Plant Operator : Water Purification | BT7 |
| Vote 5 - Infrastructure Services | 504049 | VACANT | General Assistant : Roads | BT4 |
| Vote 5 - Infrastructure Services | 505002 | VACANT | General Assistant : Roads | BT3 |
| Vote 5 - Infrastructure Services | 505010 | VACANT | General Assistant : Brushcutter | BT3 |
| Vote 5 - Infrastructure Services | 509004 | VACANT | Superintendent : Water  Sewer (Retic) | BT12 |
| Vote 5 - Infrastructure Services | 509013 | VACANT | General Assistant : Technical Services | BT3 |
| Vote 5 - Infrastructure Services | 59350063 | VACANT | Storeman | BT5 |
| Vote 5 - Infrastructure Services | 59350064 | VACANT | Artisan : Electrician | BT10 |
| Vote 5 - Infrastructure Services | 600036 | VACANT | Plant Operator : Water Purification | BT7 |
| Vote 5 - Infrastructure Services | 64050015 | VACANT | Storeman | BT5 |
| Vote 5 - Infrastructure Services | 68050016 | VACANT | Senior Superintendent : Public Works | BT13 |
| Vote 5 - Infrastructure Services | 68850029 | VACANT | Senior Superintendent : Gravel roads | BT13 |
| Vote 5 - Infrastructure Services | 6890021 | VACANT | General Assistant | BT3 |
| Vote 5 - Infrastructure Services | 68950012 | VACANT | Supervisor : Sewerage Purification | BT7 |
| Vote 5 - Infrastructure Services | 68950015 | VACANT | General Assistant : Sewerage Purificatio | BT4 |
| Vote 5 - Infrastructure Services | 68951001 | VACANT | General Assistant : Sewerage Purificatio | BT4 |
| Vote 5 - Infrastructure Services | 69350048 | VACANT | Artisan Plumber | BT10 |
| Vote 5 - Infrastructure Services | 69350060 | VACANT | Artisan : Millwright | BT9 |
| Vote 6 - Community Services | 102014 | VACANT | General worker (Level 2) Cleansing | BT4 |
| Vote 6 - Community Services | 102020 | VACANT | General Assistant : Waste Dispossal Site | BT3 |
| Vote 6 - Community Services | 102035 | VACANT | General Worker (Level 2) Cleansing | BT3 |
| Vote 6 - Community Services | 103019 | VACANT | Supervisor : Cleansing | BT7 |
| Vote 6 - Community Services | 105002 | VACANT | Manager : Solid Waste | BT16 |
| Vote 6 - Community Services | 105003 | VACANT | Manager : Protection Services | BT15 |
| Vote 6 - Community Services | 107109 | VACANT | General Assistant : Parks | BT3 |
| Vote 6 - Community Services | 2600088 | VACANT | General Assistant : Waste Dispossal Site | BT3 |
| Vote 6 - Community Services | 35150025 | VACANT | Cleaner : Library | BT4 |
| Vote 6 - Community Services | 35150026 | VACANT | Cleaner : Library | BT2 |
| Vote 6 - Community Services | 35650035 | VACANT | Junior Firefighter | BT6 |
| Vote 6 - Community Services | 35650037 | VACANT | Junior Firefighter | BT6 |
| Vote 6 - Community Services | 35750025 | VACANT | Law Enforcement Officer | BT9 |
| Vote 6 - Community Services | 35750026 | VACANT | Law Enforcement Officer | BT9 |
| Vote 6 - Community Services | 35750027 | VACANT | Law Enforcement Officer | BT9 |
| Vote 6 - Community Services | 35950007 | VACANT | Traffic Officer | BT10 |
| Vote 6 - Community Services | 35950008 | VACANT | Traffic Officer | BT10 |
| Vote 6 - Community Services | 401006 | VACANT | Junior Firefighter | BT6 |
| Vote 6 - Community Services | 35650026 | VACANT | Junior Firefighter | |
| Vote 6 - Community Services | 406003 | VACANT | Chief Clerk : Licensing | BT8 |
| Vote 6 - Community Services | 406011 | VACANT | Superintendent : Safety  Security | BT13 |
| Vote 6 - Community Services | 502027 | VACANT | Tractor Driver | BT5 |
| Vote 6 - Community Services | 502037 | VACANT | Small Plant Operator | BT4 |
| Vote 6 - Community Services | 502039 | VACANT | Senior Supervisor : Parks | BT13 |
| Vote 6 - Community Services | 502042 | VACANT | General Worker (Level 2) Cleansing | BT4 |
| Vote 6 - Community Services | 502049 | VACANT | General Assistant : Parks | BT3 |
| Vote 6 - Community Services | 502070 | VACANT | Executive Secretary | BT9 |
| Vote 6 - Community Services | 65550002 | VACANT | Senior Disaster Management | BT12 |
| Vote 6 - Community Services | 406008 | VACANT | Chief Traffic | BT13 |
| Vote 7 - Housing Services | 104004 | VACANT | Senior Administration Officer | BT12 |
| Vote 7 - Housing Services | 104011 | VACANT | Housing Liason Officer | BT7 |
| Vote 7 - Housing Services | 84850017 | VACANT | Executive Secretary | BT9 |
| Vote 7 - Housing Services | 84850021 | VACANT | Human Settlement Officer Rheenendal | BT7 |
| Vote 7 - Housing Services | New 1 | VACANT | Senior Human Settlement Officer | BT12 |

## 5. HIGH LEVEL OPERATING BUDGET

**The Municipality's operating budget,** lists the planned operating expenditure and income, for the delivery of all core services to its community.

### 5.1 Operating Revenue per Category

5.1.1 The high-level operating revenue budget per category for the 2026/2027 MTREF is presented in **Table 2 High Level Summary Operating Revenue** per Category below:

**2026-2027 MTREF COUNCIL OPERATING BUDGET**

| | A | B | C | D | E | F | G | H | I | J | K | L | M |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Row Number | Row Labels | A1 schedule Code description | Sum of 2025-2026 Adjusted Bdget | Sum of Budget Movements | Sum of 2026-2027 TABLED BUDGET | Sum of 2026-2027 ADJUSTMENTS | Sum of 2026-2027 FINAL BUDGET | Sum of 2027-2028 TABLED BUDGET | Sum of 2027-2028 ADJUSTMENTS | Sum of 2027-2028 FINAL BUDGET | Sum of 2028-2029 TABLED BUDGET | Sum of 2028-2029 ADJUSTMENTS | Sum of 2028-2029 FINAL BUDGET |
| 1 | ⊟I | Exchange Revenue / Service charges - Electricity | - 463 597 394 | - 36 680 042 | - 500 277 436 | - | - 500 277 436 | - 557 809 341 | - | - 557 809 341 | - 621 957 413 | - | - 621 957 413 |
| 2 | | Exchange Revenue / Service charges - Water | - 112 835 618 | - 23 361 459 | - 136 197 077 | - | - 136 197 077 | - 141 236 369 | - | - 141 236 369 | - 146 462 113 | - | - 146 462 113 |
| 3 | | Exchange Revenue / Service charges - Waste Water Management | - 67 110 246 | 15 405 991 | - 75 163 475 | 23 459 220 | - 51 704 255 | - 77 944 522 | 26 274 326 | - 51 670 196 | - 80 828 470 | 29 427 246 | - 51 401 224 |
| 4 | | Exchange Revenue / Service charges - Waste Management | - 55 690 848 | - 14 716 129 | - 70 406 977 | - | - 70 406 977 | - 73 012 035 | - | - 73 012 035 | - 75 713 480 | - | - 75 713 480 |
| 5 | | Exchange Revenue / Sale of Goods and Rendering of Services | - 8 096 999 | 93 054 | - 8 003 945 | - | - 8 003 945 | - 8 300 090 | - | - 8 300 090 | - 8 607 196 | - | - 8 607 196 |
| 6 | | Exchange Revenue / Agency services | - 4 179 896 | - 154 656 | - 4 334 552 | - | - 4 334 552 | - 4 494 930 | - | - 4 494 930 | - 4 661 242 | - | - 4 661 242 |
| 7 | | Exchange Revenue / Interest earned from Receivables | - 33 039 625 | 18 458 699 | - 14 580 926 | - | - 14 580 926 | - 12 685 405 | - | - 12 685 405 | - 11 416 865 | - | - 11 416 865 |
| 8 | | Exchange Revenue / Interest earned from Current and Non Current Assets | - 8 428 808 | - 2 811 866 | - 11 240 674 | - | - 11 240 674 | - 11 656 579 | - | - 11 656 579 | - 12 087 872 | - | - 12 087 872 |
| 9 | | Exchange Revenue / Rental from Fixed Assets | - 7 405 209 | - 252 101 | - 7 657 310 | - | - 7 657 310 | - 7 940 630 | - | - 7 940 630 | - 8 234 434 | - | - 8 234 434 |
| 10 | | Exchange Revenue / Licence or permits | - 239 219 | - 8 851 | - 248 070 | - | - 248 070 | - 257 249 | - | - 257 249 | - 266 767 | - | - 266 767 |
| 11 | | Exchange Revenue / Construction Contract Revenue | - 26 232 000 | - 658 000 | - 26 890 000 | - | - 26 890 000 | - 17 992 000 | - | - 17 992 000 | - 25 000 000 | - | - 25 000 000 |
| 12 | | Exchange Revenue / Development Charges | - 1 525 315 | - 56 437 | - 1 581 752 | - | - 1 581 752 | - 1 640 277 | - | - 1 640 277 | - 1 700 967 | - | - 1 700 967 |
| 13 | | Exchange Revenue / Operational Revenue | - 3 296 258 | 1 448 093 | - 1 848 165 | - | - 1 848 165 | - 1 916 547 | - | - 1 916 547 | - 1 987 458 | - | - 1 987 458 |
| 14 | | Non-Exchange Revenue / Property rates | - 362 723 469 | - 26 394 851 | - 389 118 320 | 0 | - 389 118 320 | - 403 515 695 | - | - 403 515 695 | - 418 445 776 | - | - 418 445 776 |
| 15 | | Non-Exchange Revenue / Fines, penalties and forfeits | - 103 208 532 | 5 191 140 | - 98 017 392 | - | - 98 017 392 | - 101 644 036 | - | - 101 644 036 | - 105 404 865 | - | - 105 404 865 |
| 16 | | Non-Exchange Revenue / Licences or permits | - 1 214 431 | - 44 934 | - 1 259 365 | - | - 1 259 365 | - 1 305 961 | - | - 1 305 961 | - 1 354 280 | - | - 1 354 280 |
| 17 | | Non-Exchange Revenue / Transfer and subsidies - Operational | - 177 053 083 | 5 827 260 | - 166 581 392 | - 4 644 431 | - 171 225 823 | - 171 808 477 | - | - 171 808 477 | - 176 276 087 | - | - 176 276 087 |
| 18 | | Non-Exchange Revenue / Interest Receivables | - 11 341 484 | 2 541 484 | - 8 800 000 | - | - 8 800 000 | - 9 125 600 | - | - 9 125 600 | - 9 463 247 | - | - 9 463 247 |
| 19 | | Non-Exchange Revenue / Gains on Disposal of Fixed and Intangible Assets | - 1 000 000 | - 11 730 000 | - 2 000 000 | - 10 730 000 | - 12 730 000 | - 3 000 000 | - | - 3 000 000 | - 5 000 000 | - | - 5 000 000 |
| 20 | | Non-Exchange Revenue / Other Gains | - 440 798 | 440 798 | - | - | - | - | - | - | - | - | - |
| 21 | | Transfers and subsidies - capital (monetary allocations) | - 64 523 344 | 10 976 736 | - 53 546 608 | - | - 53 546 608 | - 45 499 522 | - | - 45 499 522 | - 46 648 913 | - | - 46 648 913 |
| 22 | | Transfers and subsidies - capital (in-kind) | - | - | - | - | - | - | - | - | - | - | - |
| 23 | **I Total** | | **- 1 513 182 576** | **- 56 486 071** | **- 1 577 753 436** | **8 084 789** | **- 1 569 668 647** | **- 1 652 785 265** | **26 274 326** | **- 1 626 510 939** | **- 1 761 517 445** | **29 427 246** | **- 1 732 090 199** |

5.1.2 The operating revenue budget (Column G23) equates to R 1,569 billion for the 2026/2027 draft MTREF budget.

5.1.3 An overall increase of R 56.4 million when comparing 2026-2027 final budget to adjusted budget of 2025-2026 mainly as a result of the following:

- R 36 million increase in Electricity Service Charges of 11.5% in line with the Cost of Supply study outcome.

- R23.3 million projected increase in Water from the adjusted budget mainly from the enrolment of the new smart meter program on the current default meters of customers that used to buy water as well as the 12% increase as per the Cost of Supply study outcome.

- R14.7 million projected as an additional revenue from the Refuse. Currently Knysna is the lowest in the Garden Route on Waste tariffs and study also was performed by Re-Solve and reflected an increase of 20% in line with the 20% phased in approach for 5 years that was implemented from 1 July 2025. Refuse will increase by 25% to fund emergency directives.

- R26.3 million projected on property rates due to an estimated 5% increase implemented on tariffs and various categories.

- R11.7 million on gains on disposal of properties, on specific properties of which proceeds are in the trust account. On conclusion of transfer funds expected in the new financial year.

- R 15.4 million reduction on Wastewater mainly as a result of delays experienced on the installation and implementation of the conventional water meters. Project projected completion date end December 2026, additional proceeds will be addressed in the adjustments budget.

- Year-on no budget provision is made on the Augmentation Fees and Insurance claims. These items are rather kept at Zero based budgeting and adjusted upward with the adjustments budget. The reasons for this is to algin with the asset disposal policy and these funds to be ringfenced in order to fund CRR capital projects within main services.

## 5.2 Operating Expenditure per Category

5.2.1 The high-level operating expenditure budget per category for the 2025/2026 MTREF is presented in **<u>Table 3 High Level Summary of Operating Expenditure per Category</u>** below:

**2026-2027 MTREF COUNCIL OPERATING BUDGET**

| | A | B | C | D | E | F | G | H | I | J | K | L | M |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Row Number | Row Labe | A1 schedule Code description | Sum of 2025-2026 Adjusted Bdget | Sum of Budget Movements | Sum of 2026-2027 TABLED BUDGET | Sum of 2026-2027 ADJUSTMENTS | Sum of 2026-2027 FINAL BUDGET | Sum of 2027-2028 TABLED BUDGET | Sum of 2027-2028 ADJUSTMENTS | Sum of 2027-2028 FINAL BUDGET | Sum of 2028-2029 TABLED BUDGET | Sum of 2028-2029 ADJUSTMENTS | Sum of 2028-2029 FINAL BUDGET |
| 1 | E | Expenditure / Employee related costs | 379 152 843 | 28 826 058 | 405 620 250 | 2 358 651 | 407 978 901 | 426 464 170 | - | 426 464 170 | 440 133 060 | - | 440 133 060 |
| 2 | | Expenditure / Remuneration of councillors | 10 925 784 | 546 289 | 11 472 073 | - | 11 472 073 | 11 896 539 | - | 11 896 539 | 12 303 127 | - | 12 303 127 |
| 3 | | Expenditure / Bulk purchases - electricity | 366 229 524 | 39 840 377 | 406 069 901 | - | 406 069 901 | 433 482 112 | - | 433 482 112 | 447 353 540 | - | 447 353 540 |
| 4 | | Expenditure / Inventory consumed | 48 104 402 | 1 064 525 | 49 961 249 | - 792 322 | 49 168 927 | 60 474 338 | - | 60 474 338 | 64 012 384 | - | 64 012 384 |
| 5 | | Expenditure / Debt impairment | 121 243 707 | 1 755 537 | 94 423 665 | 28 575 579 | 122 999 244 | 87 331 962 | - | 87 331 962 | 92 344 338 | - | 92 344 338 |
| 6 | | Expenditure / Depreciation, Amortisation and Impairment | 237 443 613 | - 85 047 043 | 189 053 753 | - 36 657 183 | 152 396 570 | 186 905 606 | - | 186 905 606 | 155 169 455 | - | 155 169 455 |
| 7 | | Expenditure / Interest, Dividends and Rent on Land | 28 230 699 | 6 534 270 | 22 992 071 | 11 772 898 | 34 764 969 | 18 062 387 | 18 016 289 | 36 078 676 | 13 283 715 | 23 754 731 | 37 038 446 |
| 8 | | Expenditure / Contracted services | 179 089 750 | 41 891 336 | 224 048 672 | - 3 067 586 | 220 981 086 | 245 201 148 | - 130 823 | 245 070 325 | 259 727 293 | - 122 153 | 259 605 140 |
| 9 | | Expenditure / Transfers and subsidies | 14 907 193 | - 7 984 602 | 3 278 160 | 3 644 431 | 6 922 591 | 3 117 500 | - | 3 117 500 | 3 240 522 | - | 3 240 522 |
| 10 | | Expenditure / Irrecoverable debts written off | 8 548 498 | - 225 825 | 8 322 673 | - | 8 322 673 | 21 024 082 | - | 21 024 082 | 22 036 893 | - | 22 036 893 |
| 11 | | Expenditure / Operational Cost and Other Cost | 104 814 023 | 1 674 306 | 114 278 016 | - 7 789 687 | 106 488 329 | 67 683 335 | 7 500 000 | 75 183 335 | 55 200 600 | 5 500 000 | 60 700 600 |
| 12 | | Expenditure / Disposal of Fixed and Intangible Assets | - | - | - | - | - | - | - | - | - | - | - |
| 13 | | Expenditure / Other Losses | - | - | - | - | - | - | - | - | - | - | - |
| 14 | E Total | | **1 498 690 036** | **28 875 227** | **1 529 520 483** | **- 1 955 220** | **1 527 565 263** | **1 561 643 179** | **25 385 466** | **1 587 028 645** | **1 564 804 927** | **29 132 578** | **1 593 937 505** |

5.2.2 The operating expenditure budget (Column G14) equates to R 1,527 billion for the 2026/2027 financial year.

5.2.3 An overall increase of R 28.8 million when comparing R 1,498 billion February 2025-2026 adjusted budget to 2026-2027 final budget mainly as a result of the following expenditure items:

- R 28.8 million to cover the budgeted 4.75% salary wage bill increase as well as budgeted vacant posts.

R 38 million worth of vacant critical positions across Council.

- Bulk purchases increase of R39.8 million as guided by the NERSA circular that Municipalities to increase Eskom charges in line with the guidelines by 9.01%.

- R41.8 million increase in Contracted Services across Departments as per their critical departmental requirements.

- Dept impairment provisions were provided for at 10% non-collection rate on Rates and Services rates as well as 32% for Fines.

- Asset impairment was decreased on other asset categories in order to reduce the tariff increases.

- Tabled budget was further adjusted by an overall reduction of R1.9 million to cater for further increase in the Infrastructure Services staff compliment; interest on annuity loans for the anticipated borrowings to be taken-up in the new financial year as well as the SETA transfers under Planning and Development LED department..

## 5.3 Operating Revenue and Expenditure Summary

5.3.1 The high-level draft operating budget summary for the 2025/2026 MTREF is presented in **Table 4 High Level Summary of Operating Budget** below:

**2026-2027 MTREF COUNCIL OPERATING BUDGET**

| | A | B | C | D | E | F | G | H | I | J | K | L | M |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Row Number | Row Labels | A1 schedule Code description | Sum of 2025-2026 Adjusted Bdget | Sum of Budget Movements | Sum of 2026-2027 TABLED BUDGET | Sum of 2026-2027 ADJUSTMENTS | Sum of 2026-2027 FINAL BUDGET | Sum of 2027-2028 TABLED BUDGET | Sum of 2027-2028 ADJUSTMENTS | Sum of 2027-2028 FINAL BUDGET | Sum of 2028-2029 TABLED BUDGET | Sum of 2028-2029 ADJUSTMENTS | Sum of 2028-2029 FINAL BUDGET |
| 1 | I Total | Total Revenue (Excluding Capital Transfers and Contributions) | - 1 513 182 576 | - 56 456 071 | - 1 577 753 436 | 8 114 789 | - 1 569 638 647 | - 1 652 785 265 | 26 274 326 | - 1 626 510 939 | - 1 761 517 445 | 29 427 246 | - 1 732 090 199 |
| 2 | E Total | Total Operating Expenditure | 1 498 690 036 | 28 875 227 | 1 529 520 483 | - 1 955 220 | 1 527 565 263 | 1 561 643 179 | 25 385 466 | 1 587 028 645 | 1 564 804 927 | 29 132 578 | 1 593 937 505 |
| **3** | **IE** | **Accumulated surplus/(deficit)** | **- 14 492 540** | **- 27 580 844** | **- 48 232 953** | **6 159 569** | **- 42 073 384** | **- 91 142 086** | **51 659 792** | **- 39 482 294** | **- 196 712 518** | **58 559 823** | **- 138 152 695** |

5.3.2 The operating budgeted deficit excluding capital grants (Column H2) equates to R 11.4 million for the 2026/2027 compared to R50.0 million of the February 2025-2026 adjusted budget.

This has declined compared to the operating surplus of R171.0 million budgeted during 2025-2026 original budget. This was mainly due to the increase in non-cash item of asset impairment based on audited outcome as well as R55 million that had to be increased in the budget during adjustments budget to address section 154.

5.3.3 The operating budgeted surplus (Column H5) equates to R 42.0 million for the 2026/2027 financial year this takes into account all capital projects funded through grants.

## 5.4 Summary Operating Budget per Council Directorates

### 5.4.1 The below table depicts <u>Table 4.1: Vote 1 Executive and Council operating budget</u>:

| Row Labels | A1 schedule Code description | Sum of 2025-2026 Adjusted Bdget | Sum of Budget Movements | Sum of 2026-2027 TABLED BUDGET | Sum of 2026-2027 ADJUSTMENTS | Sum of 2026-2027 FINAL BUDGET | Sum of 2027-2028 TABLED BUDGET | Sum of 2027-2028 ADJUSTMENTS | Sum of 2027-2028 FINAL BUDGET | Sum of 2028-2029 TABLED BUDGET | Sum of 2028-2029 ADJUSTMENTS | Sum of 2028-2029 FINAL BUDGET |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **I** | | **- 6 031 000** | **- 11 707 000** | **- 7 208 000** | **- 10 530 000** | **- 17 738 000** | **- 8 388 000** | **-** | **- 8 388 000** | **- 10 556 000** | **-** | **- 10 556 000** |
| **1600** | Exchange Revenue / Operational Revenue | - | - | - | - | - | - | - | - | - | - | - |
| **2000** | Non-Exchange Revenue / Fines, penalties and forfeits | - | - | - | - | - | - | - | - | - | - | - |
| **2200** | Non-Exchange Revenue / Transfer and subsidies - Opera | - 5 031 000 | - 177 000 | - 5 208 000 | - | - 5 208 000 | - 5 388 000 | - | - 5 388 000 | - 5 556 000 | - | - 5 556 000 |
| **2600** | Non-Exchange Revenue / Gains on Disposal of Fixed and | - 1 000 000 | - 11 530 000 | - 2 000 000 | - 10 530 000 | - 12 530 000 | - 3 000 000 | - | - 3 000 000 | - 5 000 000 | - | - 5 000 000 |
| **2700** | Non-Exchange Revenue / Other Gains | - | - | - | - | - | - | - | - | - | - | - |
| **E** | | **47 614 384** | **9 364 945** | **57 840 706** | **- 861 377** | **56 979 329** | **52 104 297** | **-** | **52 104 297** | **54 050 351** | **-** | **54 050 351** |
| **3100** | Expenditure / Employee related costs | 28 378 282 | 9 767 748 | 38 146 030 | - | 38 146 030 | 27 147 516 | - | 27 147 516 | 28 126 437 | - | 28 126 437 |
| **3200** | Expenditure / Remuneration of councillors | 10 925 784 | 546 289 | 11 472 073 | - | 11 472 073 | 11 896 539 | - | 11 896 539 | 12 303 127 | - | 12 303 127 |
| **3400** | Expenditure / Inventory consumed | 132 568 | 39 569 | 167 137 | 5 000 | 172 137 | 198 748 | - | 198 748 | 206 878 | - | 206 878 |
| **3500** | Expenditure / Debt impairment | - | - | - | - | - | - | - | - | - | - | - |
| **3600** | Expenditure / Depreciation, Amortisation and Impairmer | 400 907 | - 333 218 | 335 899 | - 268 210 | 67 689 | 286 152 | - | 286 152 | 272 404 | - | 272 404 |
| **3700** | Expenditure / Interest, Dividends and Rent on Land | 92 959 | - 21 145 | 71 814 | - | 71 814 | 49 241 | - | 49 241 | 27 913 | - | 27 913 |
| **3800** | Expenditure / Contracted services | 1 880 000 | 815 523 | 2 615 523 | 80 000 | 2 695 523 | 7 569 991 | - | 7 569 991 | 7 945 252 | - | 7 945 252 |
| **3900** | Expenditure / Transfers and subsidies | 1 095 823 | 1 182 337 | 3 278 160 | - 1 000 000 | 2 278 160 | 3 117 500 | - | 3 117 500 | 3 240 522 | - | 3 240 522 |
| **4000** | Expenditure / Irrecoverable debts written off | 2 845 800 | - 2 845 800 | - | - | - | - | - | - | - | - | - |
| **4100** | Expenditure / Operational Cost and Other Cost | 1 862 261 | 213 642 | 1 754 070 | 321 833 | 2 075 903 | 1 838 610 | - | 1 838 610 | 1 927 818 | - | 1 927 818 |
| **4200** | Expenditure / Disposal of Fixed and Intangible Assets | - | - | - | - | - | - | - | - | - | - | - |
| **4300** | Expenditure / Other Losses | - | - | - | - | - | - | - | - | - | - | - |
| **IE** | | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| 0460 | Accumulated surplus/(deficit) | - | - | - | - | - | - | - | - | - | - | - |
| **Grand Total** | | **41 583 384** | **- 2 342 055** | **50 632 706** | **- 11 391 377** | **39 241 329** | **43 716 297** | **-** | **43 716 297** | **43 494 351** | **-** | **43 494 351** |

The above table depicts an overview of Vote 1 Executive and Council Directorate financial performance.

This directorate comprises of four main service Department: The Council, Municipal Managers Office, IDP, Communication as well as Internal Audit.

An overall revenue increase of R 11.7 million to cater for the auction of disposal of assets currently under way as well as gains on property disposal.

The expenditure increase of R 9.3 million mainly on employee related cost. This is contributed to the annual increase, councillors remuneration and the filling of critical vacancies as well as actuarial costs.

Transfers and Subsidies increased by R1.1 million on Grant in Aid Donations to Non-Profit organisations as well as Mayoral projects program.

### 5.4.2 The below table depicts <u>Table 4.2: Vote 2 Corporate Services operating budget</u>:

| Row Labels | A1 schedule Code description | Sum of 2025-2026 Adjusted Bdget | Sum of Budget Movements | Sum of 2026-2027 TABLED BUDGET | Sum of 2026-2027 ADJUSTMENTS | Sum of 2026-2027 FINAL BUDGET | Sum of 2027-2028 TABLED BUDGET | Sum of 2027-2028 ADJUSTMENTS | Sum of 2027-2028 FINAL BUDGET | Sum of 2028-2029 TABLED BUDGET | Sum of 2028-2029 ADJUSTMENTS | Sum of 2028-2029 FINAL BUDGET |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **I** | | **- 19 140 020** | **6 966 463** | **- 7 529 126** | **- 4 644 431** | **- 12 173 557** | **- 8 017 356** | **-** | **- 8 017 356** | **- 8 389 434** | **-** | **- 8 389 434** |
| **0500** | Exchange Revenue / Service charges - Waste Water Management | - | - | - | - | - | - | - | - | - | - | - |
| **0700** | Exchange Revenue / Sale of Goods and Rendering of Services | - 287 315 | - 10 631 | - 297 946 | - | - 297 946 | - 308 970 | - | - 308 970 | - 320 402 | - | - 320 402 |
| **1400** | Exchange Revenue / Rental from Fixed Assets | - 4 223 440 | - 156 267 | - 4 379 707 | - | - 4 379 707 | - 4 541 756 | - | - 4 541 756 | - 4 709 801 | - | - 4 709 801 |
| **1500** | Exchange Revenue / Licence or permits | - | - | - | - | - | - | - | - | - | - | - |
| **1600** | Exchange Revenue / Operational Revenue | - 360 906 | - 1 072 120 | - 1 433 026 | - | - 1 433 026 | - 1 486 048 | - | - 1 486 048 | - 1 541 032 | - | - 1 541 032 |
| **2200** | Non-Exchange Revenue / Transfer and subsidies - Operational | - 14 268 359 | 8 205 481 | - 1 418 447 | - 4 644 431 | - 6 062 878 | - 1 680 582 | - | - 1 680 582 | - 1 818 199 | - | - 1 818 199 |
| **2600** | Non-Exchange Revenue / Gains on Disposal of Fixed and Intangible Assets | - | - | - | - | - | - | - | - | - | - | - |
| **E** | | **78 539 515** | **10 983 649** | **95 056 196** | **- 5 533 032** | **89 523 164** | **89 681 799** | **-** | **89 681 799** | **75 791 478** | **-** | **75 791 478** |
| 3100 | Expenditure / Employee related costs | 32 213 321 | 1 650 224 | 33 863 545 | - | 33 863 545 | 39 679 566 | - | 39 679 566 | 40 235 312 | - | 40 235 312 |
| 3400 | Expenditure / Inventory consumed | 263 889 | - 8 920 | 252 969 | 2 000 | 254 969 | 301 824 | - | 301 824 | 196 264 | - | 196 264 |
| 3600 | Expenditure / Depreciation, Amortisation and Impairment | 2 780 836 | - 2 033 211 | 6 121 159 | - 5 373 534 | 747 625 | 4 941 613 | - | 4 941 613 | 3 964 046 | - | 3 964 046 |
| 3700 | Expenditure / Interest, Dividends and Rent on Land | 283 907 | - 35 267 | 248 640 | - | 248 640 | 213 546 | - | 213 546 | 175 673 | - | 175 673 |
| 3800 | Expenditure / Contracted services | 12 086 356 | - 123 160 | 11 963 196 | - | 11 963 196 | 14 315 764 | - | 14 315 764 | 15 018 160 | - | 15 018 160 |
| 3900 | Expenditure / Transfers and subsidies | 2 555 471 | - 2 555 471 | - | - | - | - | - | - | - | - | - |
| 4100 | Expenditure / Operational Cost and Other Cost | 28 355 735 | 14 089 454 | 42 606 687 | - 161 498 | 42 445 189 | 30 229 486 | - | 30 229 486 | 16 202 023 | - | 16 202 023 |
| 4200 | Expenditure / Disposal of Fixed and Intangible Assets | - | - | - | - | - | - | - | - | - | - | - |
| **Grand Total** | | **59 399 495** | **17 950 112** | **87 527 070** | **- 10 177 463** | **77 349 607** | **81 664 443** | **-** | **81 664 443** | **67 402 044** | **-** | **67 402 044** |

The above table depicts an overview of Corporate Services Directorate which is vote 2 financial performance. This directorate comprises of the following seven main service Department: The office of the Director; Council Support, Human Resource Management, Public Participation, Legal Services, MPAC as well as Property Management.

An overall revenue decrease of R 6.9 million mainly on the Transfers and Subsidies - Operational.

The expenditure increase of R 10.9 million mainly on Employee Cost to cover the critical vacant posts identified by the department, senior positions request such as legal service manager.

R14.0 million increase in Operational Cost to cover for the Office Accommodation and the litigation provision.

### 5.4.3 The below table depicts Table 4.3: Vote 3 Financial Services operating budget:

| Row Labels | A1 schedule Code description | Sum of 2025-2026 Adjusted Bdget | Sum of Budget Movements | Sum of 2026-2027 TABLED BUDGET | Sum of 2026-2027 ADJUSTMENTS | Sum of 2026-2027 FINAL BUDGET | Sum of 2027-2028 TABLED BUDGET | Sum of 2027-2028 ADJUSTMENTS | Sum of 2027-2028 FINAL BUDGET | Sum of 2028-2029 TABLED BUDGET | Sum of 2028-2029 ADJUSTMENTS | Sum of 2028-2029 FINAL BUDGET |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **I** | | **- 386 975 093** | **- 25 508 049** | **- 412 283 142** | **- 200 000** | **- 412 483 142** | **- 427 461 540** | **-** | **- 427 461 540** | **- 443 227 064** | **-** | **- 443 227 064** |
| **0700** | Exchange Revenue / Sale of Goods and Rendering of Services | - 221 934 | - 8 211 | - 230 145 | - | - 230 145 | - 238 660 | - | - 238 660 | - 247 491 | - | - 247 491 |
| **1000** | Exchange Revenue / Interest earned from Receivables | - 743 110 | - 131 877 | - 611 233 | - | - 611 233 | - 531 773 | - | - 531 773 | - 478 596 | - | - 478 596 |
| **1100** | Exchange Revenue / Interest earned from Current and Non Curr | - 8 428 808 | - 2 811 866 | - 11 240 674 | - | - 11 240 674 | - 11 656 579 | - | - 11 656 579 | - 12 087 872 | - | - 12 087 872 |
| **1600** | Exchange Revenue / Operational Revenue | - 272 163 | - 10 070 | - 282 233 | - | - 282 233 | - 292 676 | - | - 292 676 | - 303 504 | - | - 303 504 |
| **1800** | Non-Exchange Revenue / Property rates | - 362 723 457 | - 26 394 851 | - 389 118 308 | 0 | - 389 118 308 | - 403 515 683 | - | - 403 515 683 | - 418 445 764 | - | - 418 445 764 |
| **2000** | Non-Exchange Revenue / Fines, penalties and forfeits | - | - 549 | - 549 | - | - 549 | - 569 | - | - 569 | - 590 | - | - 590 |
| **2200** | Non-Exchange Revenue / Transfer and subsidies - Operational | - 2 803 339 | 803 339 | - 2 000 000 | - | - 2 000 000 | - 2 100 000 | - | - 2 100 000 | - 2 200 000 | - | - 2 200 000 |
| **2300** | Non-Exchange Revenue / Interest Receivables | - 11 341 484 | 2 541 484 | - 8 800 000 | - | - 8 800 000 | - 9 125 600 | - | - 9 125 600 | - 9 463 247 | - | - 9 463 247 |
| **2600** | Non-Exchange Revenue / Gains on Disposal of Fixed and Intang | - | - 200 000 | - | - 200 000 | - 200 000 | - | - | - | - | - | - |
| **2700** | Non-Exchange Revenue / Other Gains | - 440 798 | 440 798 | - | - | - | - | - | - | - | - | - |
| **E** | | **95 510 666** | **- 27 540 500** | **51 279 495** | **16 690 671** | **67 970 166** | **58 627 586** | **-** | **58 627 586** | **60 345 442** | **-** | **60 345 442** |
| 3100 | Expenditure / Employee related costs | 45 004 016 | 2 109 656 | 47 113 672 | - | 47 113 672 | 54 761 370 | - | 54 761 370 | 56 604 371 | - | 56 604 371 |
| 3400 | Expenditure / Inventory consumed | 460 572 | - 155 816 | 299 989 | 4 767 | 304 756 | 370 768 | - | 370 768 | 406 170 | - | 406 170 |
| 3500 | Expenditure / Debt impairment | 28 682 062 | - 12 246 633 | - 813 521 | 17 248 950 | 16 435 429 | - 3 149 649 | - | - 3 149 649 | - 3 261 658 | - | - 3 261 658 |
| 3600 | Expenditure / Depreciation, Amortisation and Impairment | 583 619 | - 330 867 | 781 125 | - 528 373 | 252 752 | 577 675 | - | 577 675 | 474 492 | - | 474 492 |
| 3700 | Expenditure / Interest, Dividends and Rent on Land | 121 128 | - 31 101 | 90 027 | - | 90 027 | 60 049 | - | 60 049 | 37 767 | - | 37 767 |
| 3800 | Expenditure / Contracted services | 5 023 000 | - 2 869 886 | 2 153 114 | - | 2 153 114 | 1 964 312 | - | 1 964 312 | 1 840 280 | - | 1 840 280 |
| 3900 | Expenditure / Transfers and subsidies | 903 339 | - 903 339 | - | - | - | - | - | - | - | - | - |
| 4000 | Expenditure / Irrecoverable debts written off | - | 813 521 | 813 521 | - | 813 521 | 3 149 649 | - | 3 149 649 | 3 261 658 | - | 3 261 658 |
| 4100 | Expenditure / Operational Cost and Other Cost | 14 732 930 | - 13 926 035 | 841 568 | - 34 673 | 806 895 | 893 412 | - | 893 412 | 982 362 | - | 982 362 |
| 4200 | Expenditure / Disposal of Fixed and Intangible Assets | - | - | - | - | - | - | - | - | - | - | - |
| 4300 | Expenditure / Other Losses | - | - | - | - | - | - | - | - | - | - | - |
| **Grand Total** | | **- 291 464 427** | **- 53 048 549** | **- 361 003 647** | **16 490 671** | **- 344 512 976** | **- 368 833 954** | **-** | **- 368 833 954** | **- 382 881 622** | **-** | **- 382 881 622** |

The above table depicts an overview of Financial Services Directorate which is vote 3 financial performance. This directorate comprises of four main service Department: The office of the CFO; Financial Management Service, Revenue Management, Supply Chain Management, as well as Expenditure Management.

An overall revenue increase of R 25.5 million during tabled budget mainly on property rates which is purely as a result of the 5 % increase projected.

The expenditure decreased with R 27.5 million mainly on Dept Impairment as well as Operational Cost.

### 5.4.4 The below table depicts Table 4.4: Vote 5 Planning and Development operating budget:

| Row Labels | A1 schedule Code description | Sum of 2025-2026 Adjusted Bdget | Sum of Budget Movements | Sum of 2026-2027 TABLED BUDGET | Sum of 2026-2027 ADJUSTMENTS | Sum of 2026-2027 FINAL BUDGET | Sum of 2027-2028 TABLED BUDGET | Sum of 2027-2028 ADJUSTMENTS | Sum of 2027-2028 FINAL BUDGET | Sum of 2028-2029 TABLED BUDGET | Sum of 2028-2029 ADJUSTMENTS | Sum of 2028-2029 FINAL BUDGET |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **I** | | **- 8 485 482** | **82 033** | **- 8 403 449** | **-** | **- 8 403 449** | **- 7 314 426** | **-** | **- 7 314 426** | **- 7 585 059** | **-** | **- 7 585 059** |
| **0700** | Exchange Revenue / Sale of Goods and Rendering of Services | - 6 590 846 | 148 782 | - 6 442 064 | - | - 6 442 064 | - 6 680 420 | - | - 6 680 420 | - 6 927 595 | - | - 6 927 595 |
| **1600** | Exchange Revenue / Operational Revenue | - 95 474 | - 3 533 | - 99 007 | - | - 99 007 | - 102 670 | - | - 102 670 | - 106 469 | - | - 106 469 |
| **2000** | Non-Exchange Revenue / Fines, penalties and forfeits | - 6 162 | - 506 216 | - 512 378 | - | - 512 378 | - 531 336 | - | - 531 336 | - 550 995 | - | - 550 995 |
| **2200** | Non-Exchange Revenue / Transfer and subsidies - Operational | - 1 504 304 | 154 304 | - 1 350 000 | - | - 1 350 000 | - | - | - | - | - | - |
| **4600** | Transfers and subsidies - capital (monetary allocations) | - 288 696 | 288 696 | - | - | - | - | - | - | - | - | - |
| **E** | | **43 898 502** | **927 930** | **42 321 112** | **2 505 320** | **44 826 432** | **41 470 898** | **-** | **41 470 898** | **42 859 586** | **-** | **42 859 586** |
| 3100 | Expenditure / Employee related costs | 25 767 303 | 3 597 156 | 29 664 459 | - 300 000 | 29 364 459 | 28 390 451 | - | 28 390 451 | 29 328 363 | - | 29 328 363 |
| 3400 | Expenditure / Inventory consumed | 238 500 | 42 688 | 281 188 | - | 281 188 | 333 304 | - | 333 304 | 345 553 | - | 345 553 |
| 3600 | Expenditure / Depreciation, Amortisation and Impairment | 279 029 | - 152 321 | 232 048 | - 105 340 | 126 708 | 179 340 | - | 179 340 | 155 677 | - | 155 677 |
| 3700 | Expenditure / Interest, Dividends and Rent on Land | 39 686 | - 5 273 | 34 413 | - | 34 413 | 29 328 | - | 29 328 | 24 087 | - | 24 087 |
| 3800 | Expenditure / Contracted services | 5 506 668 | 2 289 407 | 9 220 493 | - 1 424 418 | 7 796 075 | 10 929 472 | - | 10 929 472 | 11 331 176 | - | 11 331 176 |
| 3900 | Expenditure / Transfers and subsidies | 10 352 560 | - 5 708 129 | - | 4 644 431 | 4 644 431 | - | - | - | - | - | - |
| 4100 | Expenditure / Operational Cost and Other Cost | 1 714 756 | 864 402 | 2 888 511 | - 309 353 | 2 579 158 | 1 609 003 | - | 1 609 003 | 1 674 730 | - | 1 674 730 |
| 4200 | Expenditure / Disposal of Fixed and Intangible Assets | - | - | - | - | - | - | - | - | - | - | - |
| **Grand Total** | | **35 413 020** | **1 009 963** | **33 917 663** | **2 505 320** | **36 422 983** | **34 156 472** | **-** | **34 156 472** | **35 274 527** | **-** | **35 274 527** |

The above table depicts an overview of Planning and Development Directorate which is vote 5 budget. This directorate comprises of five main service Department: The Environmental Management, Local Economic Development, Town planning/ Land Use Management, as well as Building Control.

An overall revenue decrease of R 82 thousand mainly on transfers and subsidies both capital and operating. Building control fines and penalties.

Overall planning tariffs will have increased by 3.7% in line with the CPI and National growth during 2025-2026.

The expenditure increase of R 927 thousand mainly on contracted services, Employee Related Costs and operational costs.

### 5.4.5 The below table depicts Table 4.5: Vote 6 Community Services operating budget:

| Row Labels | A1 schedule Code description | Sum of 2025-2026 Adjusted Bdget | Sum of Budget Movements | Sum of 2026-2027 TABLED BUDGET | Sum of 2026-2027 ADJUSTMENTS | Sum of 2026-2027 FINAL BUDGET | Sum of 2027-2028 TABLED BUDGET | Sum of 2027-2028 ADJUSTMENTS | Sum of 2027-2028 FINAL BUDGET | Sum of 2028-2029 TABLED BUDGET | Sum of 2028-2029 ADJUSTMENTS | Sum of 2028-2029 FINAL BUDGET |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| I | | - 223 431 517 | - 4 307 187 | - 227 738 704 | - | - 227 738 704 | - 236 207 474 | - | - 236 207 474 | - 244 195 215 | - | - 244 195 215 |
| 0600 | Exchange Revenue / Service charges - Waste Management | - 55 690 848 | - 14 716 129 | - 70 406 977 | - | - 70 406 977 | - 73 012 035 | - | - 73 012 035 | - 75 713 480 | - | - 75 713 480 |
| 0700 | Exchange Revenue / Sale of Goods and Rendering of Services | - 914 926 | - 33 852 | - 948 778 | - | - 948 778 | - 983 883 | - | - 983 883 | - 1 020 288 | - | - 1 020 288 |
| 0800 | Exchange Revenue / Agency services | - 4 179 896 | - 154 656 | - 4 334 552 | - | - 4 334 552 | - 4 494 930 | - | - 4 494 930 | - 4 661 242 | - | - 4 661 242 |
| 1000 | Exchange Revenue / Interest earned from Receivables | - 5 876 319 | 5 876 322 | 3 | - | 3 | 3 | - | 3 | 3 | - | 3 |
| 1400 | Exchange Revenue / Rental from Fixed Assets | - 3 181 769 | - 95 834 | - 3 277 603 | - | - 3 277 603 | - 3 398 874 | - | - 3 398 874 | - 3 524 633 | - | - 3 524 633 |
| 1500 | Exchange Revenue / Licence or permits | - 239 219 | - 8 851 | - 248 070 | - | - 248 070 | - 257 249 | - | - 257 249 | - 266 767 | - | - 266 767 |
| 1600 | Exchange Revenue / Operational Revenue | - 13 680 | - 506 | - 14 186 | - | - 14 186 | - 14 711 | - | - 14 711 | 15 255 | - | - 15 255 |
| 2000 | Non-Exchange Revenue / Fines, penalties and forfeits | - 103 202 370 | 5 708 275 | - 97 494 095 | - | - 97 494 095 | - 101 101 377 | - | - 101 101 377 | - 104 842 128 | - | - 104 842 128 |
| 2100 | Non-Exchange Revenue / Licences or permits | - 1 214 431 | - 44 934 | - 1 259 365 | - | - 1 259 365 | - 1 305 961 | - | - 1 305 961 | - 1 354 280 | - | - 1 354 280 |
| 2200 | Non-Exchange Revenue / Transfer and subsidies - Operational | - 47 846 059 | - 1 659 022 | - 49 505 081 | - | - 49 505 081 | - 51 638 457 | - | - 51 638 457 | - 52 797 145 | - | - 52 797 145 |
| 2600 | Non-Exchange Revenue / Gains on Disposal of Fixed and Intangible Assets | - | - | - | - | - | - | - | - | - | - | - |
| 4600 | Transfers and subsidies - capital (monetary allocations) | - 1 072 000 | 822 000 | - 250 000 | - | - 250 000 | - | - | - | - | - | - |
| 4700 | Transfers and subsidies - capital (in-kind) | - | - | - | - | - | - | - | - | - | - | - |
| E | | 294 068 742 | 30 574 039 | 342 433 909 | - 17 791 128 | 324 642 781 | 322 266 066 | 6 455 559 | 328 721 625 | 330 844 863 | 4 485 654 | 335 330 517 |
| 3100 | Expenditure / Employee related costs | 123 523 888 | 6 763 730 | 130 287 618 | - | 130 287 618 | 133 481 985 | - | 133 481 985 | 137 888 419 | - | 137 888 419 |
| 3400 | Expenditure / Inventory consumed | 9 284 260 | 1 445 352 | 10 906 878 | - 177 266 | 10 729 612 | 12 709 009 | - | 12 709 009 | 13 197 218 | - | 13 197 218 |
| 3500 | Expenditure / Debt impairment | 59 282 460 | - 5 830 379 | 53 452 081 | - | 53 452 081 | 50 294 612 | - | 50 294 612 | 52 165 592 | - | 52 165 592 |
| 3600 | Expenditure / Depreciation, Amortisation and Impairment | 13 050 824 | - 6 194 974 | 18 330 289 | - 11 474 439 | 6 855 850 | 13 828 023 | - | 13 828 023 | 12 089 412 | - | 12 089 412 |
| 3700 | Expenditure / Interest, Dividends and Rent on Land | 1 735 144 | - 548 594 | 1 186 550 | - | 1 186 550 | 784 816 | - | 784 816 | 514 252 | - | 514 252 |
| 3800 | Expenditure / Contracted services | 54 870 108 | 22 420 974 | 76 229 259 | 1 061 823 | 77 291 082 | 89 394 054 | 455 559 | 89 849 613 | 92 783 313 | 485 654 | 93 268 967 |
| 3900 | Expenditure / Transfers and subsidies | - | - | - | - | - | - | - | - | - | - | - |
| 4000 | Expenditure / Irrecoverable debts written off | 854 737 | 4 298 794 | 5 153 531 | - | 5 153 531 | 10 479 410 | - | 10 479 410 | 10 857 064 | - | 10 857 064 |
| 4100 | Expenditure / Operational Cost and Other Cost | 31 467 321 | 8 219 136 | 46 887 703 | - 7 201 246 | 39 686 457 | 11 294 157 | 6 000 000 | 17 294 157 | 11 349 593 | 4 000 000 | 15 349 593 |
| 4200 | Expenditure / Disposal of Fixed and Intangible Assets | - | - | - | - | - | - | - | - | - | - | - |
| Grand Total | | 70 637 225 | 26 266 852 | 114 695 205 | - 17 791 128 | 96 904 077 | 86 058 592 | 6 455 559 | 92 514 151 | 86 649 648 | 4 485 654 | 91 135 302 |

The above table depicts an overview of Community Services Directorate which is vote 6 financial performance. This directorate comprises of five main service Department: The Library and Museum Services, Public Safety, Fire, Refuse Management, Parks and Recreation.

An overall revenue increase of R 4.3 million mainly on service charges waste management which with the overall increase of 25 % for the refuse services over the period of five years in order to catch up with the tariffs charged by other municipalities within the district as well as to cater for the court directives.

An overall R 30.5 million increase in the operating expenditure mainly on Contracted Services; Operating expenditure and Employee Related Costs; to fund the directives as per the Waste Management Action Plan as well as appointment of additional stuff.

## 5.4.6 The below table depicts <u>Table 4.6: Vote 7 Electrical Services operating budget</u>:

| Row Labels | A1 schedule Code description | Sum of 2025-2026 Adjusted Bdget | Sum of Budget Movements | Sum of 2026-2027 TABLED BUDGET | Sum of 2026-2027 ADJUSTMENTS | Sum of 2026-2027 FINAL BUDGET | Sum of 2027-2028 TABLED BUDGET | Sum of 2027-2028 ADJUSTMENTS | Sum of 2027-2028 FINAL BUDGET | Sum of 2028-2029 TABLED BUDGET | Sum of 2028-2029 ADJUSTMENTS | Sum of 2028-2029 FINAL BUDGET |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **I** | | **- 520 085 143** | **- 34 256 879** | **- 554 342 022** | **-** | **- 554 342 022** | **- 613 613 149** | **-** | **- 613 613 149** | **- 678 507 287** | **-** | **- 678 507 287** |
| 0300 | Exchange Revenue / Service charges - Electricity | - 463 597 394 | - 36 680 042 | - 500 277 436 | - | - 500 277 436 | - 557 809 341 | - | - 557 809 341 | - 621 957 413 | - | - 621 957 413 |
| 1000 | Exchange Revenue / Interest earned from Receivables | - 9 905 479 | 1 757 890 | - 8 147 589 | - | - 8 147 589 | - 7 088 402 | - | - 7 088 402 | - 6 379 562 | - | - 6 379 562 |
| 1590 | Exchange Revenue / Development Charges | - 358 651 | - 13 270 | - 371 921 | - | - 371 921 | - 385 682 | - | - 385 682 | - 399 952 | - | - 399 952 |
| 1600 | Exchange Revenue / Operational Revenue | - | - | - | - | - | - | - | - | - | - | - |
| 2000 | Non-Exchange Revenue / Fines, penalties and forfeits | - | - | - | - | - | - | - | - | - | - | - |
| 2200 | Non-Exchange Revenue / Transfer and subsidies - Operational | - 37 527 967 | - 799 718 | - 38 327 685 | - | - 38 327 685 | - 40 149 724 | - | - 40 149 724 | - 41 220 795 | - | - 41 220 795 |
| 2600 | Non-Exchange Revenue / Gains on Disposal of Fixed and Intangible Assets | - | - | - | - | - | - | - | - | - | - | - |
| 2700 | Non-Exchange Revenue / Other Gains | - | - | - | - | - | - | - | - | - | - | - |
| 4600 | Transfers and subsidies - capital (monetary allocations) | - 8 695 652 | 1 478 261 | - 7 217 391 | - | - 7 217 391 | - 8 180 000 | - | - 8 180 000 | - 8 549 565 | - | - 8 549 565 |
| **E** | | **471 404 995** | **80 245 910** | **538 230 740** | **13 420 165** | **551 650 905** | **564 767 909** | **-** | **564 767 909** | **576 723 148** | **-** | **576 723 148** |
| 3100 | Expenditure / Employee related costs | 23 113 861 | - 2 230 912 | 20 882 949 | - | 20 882 949 | 24 734 865 | - | 24 734 865 | 25 547 341 | - | 25 547 341 |
| 3300 | Expenditure / Bulk purchases - electricity | 366 229 524 | 39 840 377 | 406 069 901 | - | 406 069 901 | 433 482 112 | - | 433 482 112 | 447 353 540 | - | 447 353 540 |
| 3400 | Expenditure / Inventory consumed | 2 695 587 | 130 885 | 2 875 353 | - 48 881 | 2 826 472 | 3 395 949 | - | 3 395 949 | 3 504 829 | - | 3 504 829 |
| 3500 | Expenditure / Debt impairment | 22 047 585 | 14 531 859 | 22 406 893 | 14 172 551 | 36 579 444 | 20 326 455 | - | 20 326 455 | 22 844 560 | - | 22 844 560 |
| 3600 | Expenditure / Depreciation, Amortisation and Impairment | 14 276 600 | 27 179 229 | 41 455 829 | - | 41 455 829 | 31 121 069 | - | 31 121 069 | 24 652 579 | - | 24 652 579 |
| 3700 | Expenditure / Interest, Dividends and Rent on Land | 4 329 822 | - 85 967 | 4 243 855 | - | 4 243 855 | 3 248 953 | - | 3 248 953 | 2 341 606 | - | 2 341 606 |
| 3800 | Expenditure / Contracted services | 29 813 180 | 6 696 289 | 37 140 864 | - 631 395 | 36 509 469 | 41 367 689 | - | 41 367 689 | 42 804 082 | - | 42 804 082 |
| 4000 | Expenditure / Irrecoverable debts written off | 1 522 500 | - 748 746 | 773 754 | - | 773 754 | 5 519 966 | - | 5 519 966 | 5 974 198 | - | 5 974 198 |
| 4100 | Expenditure / Operational Cost and Other Cost | 7 376 336 | - 5 067 104 | 2 381 342 | - 72 110 | 2 309 232 | 1 570 851 | - | 1 570 851 | 1 700 413 | - | 1 700 413 |
| 4200 | Expenditure / Disposal of Fixed and Intangible Assets | - | - | - | - | - | - | - | - | - | - | - |
| **#N/A** | | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| #N/A | #N/A | - | - | - | - | - | - | - | - | - | - | - |
| **Grand Total** | | **- 48 680 148** | **45 989 031** | **- 16 111 282** | **13 420 165** | **- 2 691 117** | **- 48 845 240** | **-** | **- 48 845 240** | **- 101 784 139** | **-** | **- 101 784 139** |

The above table depicts an overview of Electrical Services Department which is vote 7 budget. This directorate comprises of two sub Department: The Electrical Administration as well as Distribution and Fleet Services.

An overall revenue increase of R 34.2 million mainly on service charges electricity due to the 11.5% tariff increase implementation based on COS outcome. NERSA has approved the 11.5% tariff increase in Municipal Electricity tariff increase for its consumers based on application. All supporting documents has been submitted as part of the annexures to substantiate the increases proposed and implemented.

The expenditure increase of R 80.2 million mainly on bulk purchases will increased by 9.01% or R39 million in the new budget in line with the National guidelines.

Impairment of assets increased by R 27.1 million due to municipal aging infrastructure; Contracted Services increased by R 6.6million mainly on Electrical maintenance projects.

## 5.4.7 The below table depicts <u>Table 4.7: Vote 8 Technical Services operating budget</u>:

| Row Labels | A1 schedule Code description | Sum of 2025-2026 Adjusted Bdget | Sum of Budget Movements | Sum of 2026-2027 TABLED BUDGET | Sum of 2026-2027 ADJUSTMENTS | Sum of 2026-2027 FINAL BUDGET | Sum of 2027-2028 TABLED BUDGET | Sum of 2027-2028 ADJUSTMENTS | Sum of 2027-2028 FINAL BUDGET | Sum of 2028-2029 TABLED BUDGET | Sum of 2028-2029 ADJUSTMENTS | Sum of 2028-2029 FINAL BUDGET |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **I** | | **- 322 765 750** | **23 658 847** | **- 322 566 123** | **23 459 220** | **- 299 106 903** | **- 323 741 951** | **26 274 326** | **- 297 467 625** | **- 334 006 383** | **29 427 246** | **- 304 579 137** |
| 0400 | Exchange Revenue / Service charges - Water | - 112 835 618 | - 23 361 459 | - 136 197 077 | - | - 136 197 077 | - 141 236 369 | - | - 141 236 369 | - 146 462 113 | - | - 146 462 113 |
| 0500 | Exchange Revenue / Service charges - Waste Water Management | - 67 110 246 | 15 405 991 | - 75 163 475 | 23 459 220 | - 51 704 255 | - 77 944 522 | 26 274 326 | - 51 670 196 | - 80 828 470 | 29 427 246 | - 51 401 224 |
| 0700 | Exchange Revenue / Sale of Goods and Rendering of Services | - 47 395 | - 1 754 | - 49 149 | - | - 49 149 | - 50 968 | - | - 50 968 | - 52 854 | - | - 52 854 |
| 1000 | Exchange Revenue / Interest earned from Receivables | - 16 512 741 | 10 692 259 | - 5 820 482 | - | - 5 820 482 | - 5 063 819 | - | - 5 063 819 | - 4 557 437 | - | - 4 557 437 |
| 1590 | Exchange Revenue / Development Charges | - 1 166 664 | - 43 167 | - 1 209 831 | - | - 1 209 831 | - 1 254 595 | - | - 1 254 595 | - 1 301 015 | - | - 1 301 015 |
| 1600 | Exchange Revenue / Operational Revenue | - 2 554 035 | 2 534 322 | - 19 713 | - | - 19 713 | - 20 442 | - | - 20 442 | - 21 198 | - | - 21 198 |
| 2000 | Non-Exchange Revenue / Fines, penalties and forfeits | - | - | - | - | - | - | - | - | - | - | - |
| 2200 | Non-Exchange Revenue / Transfer and subsidies - Operational | - 68 072 055 | - 700 124 | - 68 772 179 | - | - 68 772 179 | - 70 851 714 | - | - 70 851 714 | - 72 683 948 | - | - 72 683 948 |
| 2600 | Non-Exchange Revenue / Gains on Disposal of Fixed and Intangible Assets | - | - | - | - | - | - | - | - | - | - | - |
| 2700 | Non-Exchange Revenue / Other Gains | - | - | - | - | - | - | - | - | - | - | - |
| 4600 | Transfers and subsidies - capital (monetary allocations) | - 54 466 996 | 19 132 779 | - 35 334 217 | - | - 35 334 217 | - 27 319 522 | - | - 27 319 522 | - 28 099 348 | - | - 28 099 348 |
| 4700 | Transfers and subsidies - capital (in-kind) | - | - | - | - | - | - | - | - | - | - | - |
| **E** | | **420 151 591** | **- 79 470 800** | **352 620 343** | **- 11 939 552** | **340 680 791** | **393 379 327** | **18 016 289** | **411 395 616** | **377 157 992** | **23 754 731** | **400 912 723** |
| 3100 | Expenditure / Employee related costs | 92 096 981 | 7 787 950 | 97 226 280 | 2 658 651 | 99 884 931 | 110 084 564 | - | 110 084 564 | 113 948 288 | - | 113 948 288 |
| 3400 | Expenditure / Inventory consumed | 34 874 026 | - 278 894 | 35 173 074 | - 577 942 | 34 595 132 | 43 164 397 | - | 43 164 397 | 46 155 122 | - | 46 155 122 |
| 3500 | Expenditure / Debt impairment | 14 077 400 | 2 454 890 | 19 378 212 | - 2 845 922 | 16 532 290 | 19 860 544 | - | 19 860 544 | 20 595 844 | - | 20 595 844 |
| 3600 | Expenditure / Depreciation, Amortisation and Impairment | 205 825 738 | - 103 726 920 | 121 006 105 | - 18 907 287 | 102 098 818 | 135 258 631 | - | 135 258 631 | 112 910 086 | - | 112 910 086 |
| 3700 | Expenditure / Interest, Dividends and Rent on Land | 21 436 785 | 7 307 383 | 16 971 270 | 11 772 898 | 28 744 168 | 13 554 790 | 18 016 289 | 31 571 079 | 10 065 001 | 23 754 731 | 33 819 732 |
| 3800 | Expenditure / Contracted services | 31 604 738 | 11 059 771 | 44 926 388 | - 2 261 879 | 42 664 509 | 49 891 051 | - | 49 891 051 | 50 796 234 | - | 50 796 234 |
| 4000 | Expenditure / Irrecoverable debts written off | 3 325 461 | - 1 743 594 | 1 581 867 | - | 1 581 867 | 1 875 057 | - | 1 875 057 | 1 943 973 | - | 1 943 973 |
| 4100 | Expenditure / Operational Cost and Other Cost | 16 910 462 | - 2 331 386 | 16 357 147 | - 1 778 071 | 14 579 076 | 19 690 293 | - | 19 690 293 | 20 743 444 | - | 20 743 444 |
| 4200 | Expenditure / Disposal of Fixed and Intangible Assets | - | - | - | - | - | - | - | - | - | - | - |
| **Grand Total** | | **97 385 841** | **- 55 811 953** | **30 054 220** | **11 519 668** | **41 573 888** | **69 637 376** | **44 290 615** | **113 927 991** | **43 151 609** | **53 181 976** | **96 333 585** |

The above table depicts an overview of Technical Services Directorate which is vote 8 budget. This directorate comprises of three main Department: The Roads and Stormwater; Water and Sewer as well as PMU.

An overall revenue reduction of R 23.6 million mainly on Capital Grants; Interest Earned from Receivables as well as Operational Revenue as well as Service Charges Waste Water due to delays in the implementation of the water installation project.

Service charges Water depicts revenue increase of R23.3 million as a result of the COS outcome of 12% increases implemented in water tariffs structure and customers.

The expenditure decrease by R 79.4 million mainly on Waste Water Asset Impairment that increased excessively during February 2026 adjustments budget and declined in the new year.

### 5.4.8 The below table depicts Table 4.8: Vote 9 Housing Services operating budget:

| Row Labels | A1 schedule Code description | Sum of 2025-2026 Adjusted Bdget | Sum of Budget Movements | Sum of 2026-2027 TABLED BUDGET | Sum of 2026-2027 ADJUSTMENTS | Sum of 2026-2027 FINAL BUDGET | Sum of 2027-2028 TABLED BUDGET | Sum of 2027-2028 ADJUSTMENTS | Sum of 2027-2028 FINAL BUDGET | Sum of 2028-2029 TABLED BUDGET | Sum of 2028-2029 ADJUSTMENTS | Sum of 2028-2029 FINAL BUDGET |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **I** | | **- 26 268 571** | **- 11 414 299** | **- 37 682 870** | **-** | **- 37 682 870** | **- 28 041 369** | **-** | **- 28 041 369** | **- 35 051 003** | **-** | **- 35 051 003** |
| **0700** | Exchange Revenue / Sale of Goods and Rendering of Services | - 34 583 | - 1 280 | - 35 863 | - | - 35 863 | - 37 189 | - | - 37 189 | - 38 566 | - | - 38 566 |
| **1000** | Exchange Revenue / Interest earned from Receivables | - 1 976 | 351 | - 1 625 | - | - 1 625 | - 1 414 | - | - 1 414 | - 1 273 | - | - 1 273 |
| **1570** | Exchange Revenue / Construction Contract Revenue | - 26 232 000 | - 658 000 | - 26 890 000 | - | - 26 890 000 | - 17 992 000 | - | - 17 992 000 | - 25 000 000 | - | - 25 000 000 |
| **1600** | Exchange Revenue / Operational Revenue | - | - | - | - | - | - | - | - | - | - | - |
| **1800** | Non-Exchange Revenue / Property rates | - 12 | - | - 12 | - | - 12 | - 12 | - | - 12 | - 12 | - | - 12 |
| **2000** | Non-Exchange Revenue / Fines, penalties and forfeits | - | - 10 370 | - 10 370 | - | - 10 370 | - 10 754 | - | - 10 754 | - 11 152 | - | - 11 152 |
| **2200** | Non-Exchange Revenue / Transfer and subsidies - Operational | - | - | - | - | - | - | - | - | - | - | - |
| **2600** | Non-Exchange Revenue / Gains on Disposal of Fixed and Intangible Assets | - | - | - | - | - | - | - | - | - | - | - |
| **4600** | Transfers and subsidies - capital (monetary allocations) | - | - 10 745 000 | - 10 745 000 | - | - 10 745 000 | - 10 000 000 | - | - 10 000 000 | - 10 000 000 | - | - 10 000 000 |
| **E** | | **47 501 641** | **3 616 253** | **49 509 612** | **1 608 282** | **51 117 894** | **39 328 667** | **913 618** | **40 242 285** | **47 014 889** | **892 193** | **47 907 082** |
| **3100** | Expenditure / Employee related costs | 9 055 191 | - 619 494 | 8 435 697 | - | 8 435 697 | 8 183 853 | - | 8 183 853 | 8 454 529 | - | 8 454 529 |
| **3400** | Expenditure / Inventory consumed | 155 000 | - 155 000 | - | - | - | - | - | - | - | - | - |
| **3500** | Expenditure / Debt impairment | - 2 845 800 | 2 845 800 | - | - | - | - | - | - | - | - | - |
| **3600** | Expenditure / Depreciation, Amortisation and Impairment | 246 060 | 545 239 | 791 299 | - | 791 299 | 713 103 | - | 713 103 | 650 759 | - | 650 759 |
| **3700** | Expenditure / Interest, Dividends and Rent on Land | 191 268 | - 45 766 | 145 502 | - | 145 502 | 121 664 | - | 121 664 | 97 416 | - | 97 416 |
| **3800** | Expenditure / Contracted services | 38 305 700 | 1 509 205 | 39 706 623 | 108 282 | 39 814 905 | 29 762 027 | - 586 382 | 29 175 645 | 37 201 784 | - 607 807 | 36 593 977 |
| **4100** | Expenditure / Operational Cost and Other Cost | 2 394 222 | - 463 731 | 430 491 | 1 500 000 | 1 930 491 | 548 020 | 1 500 000 | 2 048 020 | 610 401 | 1 500 000 | 2 110 401 |
| **4200** | Expenditure / Disposal of Fixed and Intangible Assets | - | - | - | - | - | - | - | - | - | - | - |
| **Grand Total** | | **21 233 070** | **- 7 798 046** | **11 826 742** | **1 608 282** | **13 435 024** | **11 287 298** | **913 618** | **12 200 916** | **11 963 886** | **892 193** | **12 856 079** |

The above table depicts an overview of Housing Services Department which is vote 9 budget. This directorate comprises of two sub-Department: The Housing Administration as well as Informal Settlement.

An overall revenue increase of R 11.4 million on the Housing Grant operating and an increase on Capital grant for the Sedgefield infill capital project.

The expenditure increased by of R 3.6 million mainly on Debt impairment and contracted services.

## 5.5 Other Disclosures

Section 17(3)(k) of the MFMA determines that as part of the budget documents, the proposed cost to the Municipality for the budget year of the salary, allowances and benefits of each political office bearer, Municipal Manager, Chief Financial Officer, Senior Manager and any other official with a remuneration package greater than or equal to that of a Senior Manager, must be disclosed:

### 5.5.1. Staff Employee Related Cost Table 5.5.1. High Level Summary of Employee Related Costs: item breakdown

| Row Labels | Sum of 2025-2026 Adjusted Bdget | Sum of 2026-2027 TABLED BUDGET | Sum of 2026-2027 ADJUSTMENTS | Sum of 2026-2027 FINAL BUDGET | Sum of 2027-2028 TABLED BUDGET | Sum of 2027-2028 ADJUSTMENTS | Sum of 2027-2028 FINAL BUDGET | Sum of 2028-2029 TABLED BUDGET | Sum of 2028-2029 ADJUSTMENTS | Sum of 2028-2029 FINAL BUDGET |
|---|---|---|---|---|---|---|---|---|---|---|
| Acting and Post Related Allowances | 2 642 108 | 1 161 520 | - | 1 161 520 | 630 663 | - | 630 663 | 470 994 | - | 470 994 |
| Bargaining Council | 105 763 | 100 943 | - | 100 943 | 119 652 | - | 119 652 | 123 601 | - | 123 601 |
| Basic Salary | 12 215 667 | 11 955 764 | - | 11 955 764 | 8 551 384 | - | 8 551 384 | 8 833 581 | - | 8 833 581 |
| Basic Salary and Wages | 205 216 977 | 219 167 961 | 2 358 651 | 221 526 612 | 248 394 668 | - | 248 394 668 | 256 284 380 | - | 256 284 380 |
| Bonus | 15 884 848 | 16 840 665 | - | 16 840 665 | 19 823 737 | - | 19 823 737 | 20 477 918 | - | 20 477 918 |
| Bonuses | 489 730 | 482 879 | - | 482 879 | 572 376 | - | 572 376 | 591 264 | - | 591 264 |
| Cellular and Telephone | 4 436 | - | - | - | - | - | - | - | - | - |
| Current Service Cost | 3 841 000 | 11 759 278 | - | 11 759 278 | - 3 543 955 | - | - 3 543 955 | - 3 644 177 | - | - 3 644 177 |
| Fire Brigade | 1 530 519 | 1 668 542 | - | 1 668 542 | 1 977 800 | - | 1 977 800 | 2 043 068 | - | 2 043 068 |
| Group Life Insurance | 6 188 151 | 6 224 358 | - | 6 224 358 | 7 337 640 | - | 7 337 640 | 7 579 786 | - | 7 579 786 |
| Housing Benefits | 962 466 | 2 829 781 | - | 2 829 781 | 3 349 908 | - | 3 349 908 | 3 460 443 | - | 3 460 443 |
| Interest Cost | 7 000 | 14 020 918 | - | 14 020 918 | 16 619 340 | - | 16 619 340 | 17 229 876 | - | 17 229 876 |
| Leave Pay | 5 564 795 | 5 377 152 | - | 5 377 152 | 6 373 782 | - | 6 373 782 | 6 608 042 | - | 6 608 042 |
| Medical | 16 028 371 | 18 511 740 | - | 18 511 740 | 21 791 704 | - | 21 791 704 | 22 509 423 | - | 22 509 423 |
| Night Shift | 1 604 983 | 4 652 904 | - | 4 652 904 | 5 538 705 | - | 5 538 705 | 5 759 579 | - | 5 759 579 |
| Non Structured | 24 739 799 | 12 430 932 | - | 12 430 932 | 9 350 442 | - | 9 350 442 | 9 699 752 | - | 9 699 752 |
| Pension | 36 091 172 | 37 705 934 | - | 37 705 934 | 44 230 908 | - | 44 230 908 | 45 686 869 | - | 45 686 869 |
| Rental Subsidy | 2 698 023 | 2 150 172 | - | 2 150 172 | 2 530 069 | - | 2 530 069 | 2 613 556 | - | 2 613 556 |
| Scarcity Allowance | 2 210 787 | 2 238 299 | - | 2 238 299 | 2 639 300 | - | 2 639 300 | 2 726 398 | - | 2 726 398 |
| Shift Additional Remuneration | 6 394 738 | 3 968 586 | - | 3 968 586 | 1 800 580 | - | 1 800 580 | 1 860 052 | - | 1 860 052 |
| Standby Allowance | 8 969 256 | 7 883 090 | - | 7 883 090 | 7 642 741 | - | 7 642 741 | 7 772 598 | - | 7 772 598 |
| Structured | 14 476 129 | 13 221 049 | - | 13 221 049 | 7 490 895 | - | 7 490 895 | 7 748 670 | - | 7 748 670 |
| Travel or Motor Vehicle | 9 438 442 | 8 347 138 | - | 8 347 138 | 9 841 716 | - | 9 841 716 | 10 166 494 | - | 10 166 494 |
| Unemployment Insurance | 1 847 115 | 2 920 154 | - | 2 920 154 | 3 399 529 | - | 3 399 529 | 3 530 291 | - | 3 530 291 |
| Uniform/Special/Protective Clothing | 568 | 491 | - | 491 | 586 | - | 586 | 602 | - | 602 |
| **Grand Total** | **379 152 843** | **405 620 250** | **2 358 651** | **407 978 901** | **426 464 170** | **-** | **426 464 170** | **440 133 060** | **-** | **440 133 060** |

The above table depicts Council total salary budget complement breakdown per sub-item.

Overall increase on salaries relates to the filling of critical position as well as the increase of the general annual salary increase of 4.75% as per the SALGA circular on the Salary and Wage increase for the period 1 July 2026 to June 20267.

## 6. HIGH LEVEL CAPITAL BUDGET

### 6.1 Capital Budget per Directorate

6.1.1 The high-level capital expenditure budget per directorate for the 2026/2027 MTREF is presented in **Table 6.1 2026-2027 MTREF Council Capital Budget per Directorate** below:

| | A | B | C | D | E | F | G | H | I | J | K |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Ref Column | Row Labels | Sum of 2025-2026 Adjusted Bdget | Sum of 2026-2027 TABLED BUDGET | Sum of 2026-2027 ADJUSTMENTS | Sum of 2026-2027 FINAL BUDGET | Sum of 2027-2028 TABLED BUDGET | Sum of 2027-2028 ADJUSTMENTS | Sum of 2027-2028 FINAL BUDGET | Sum of 2028-2029 TABLED BUDGET | Sum of 2028-2029 ADJUSTMENTS | Sum of 2028-2029 FINAL BUDGET |
| 1 | Vote 1 - Executive and Council | 66 240 | 353 111 | - 353 111 | - | - | - | - | - | - | - |
| 2 | Vote 2 - Corporate Services | 1 999 343 | 786 635 | 910 539 | 1 697 174 | 280 000 | - | 280 000 | 280 000 | - | 280 000 |
| 3 | Vote 3 - Financial Services | 28 105 | - | 200 000 | 200 000 | - | - | - | - | - | - |
| 4 | Vote 5 - Planning and Development | 374 696 | - | 1 000 000 | 1 000 000 | - | - | - | - | - | - |
| 5 | Vote 6 - Community Services | 19 986 264 | 41 382 092 | - 9 544 136 | 31 837 956 | 36 640 000 | 5 056 250 | 41 696 250 | 28 784 000 | - 2 166 938 | 26 617 063 |
| 6 | Vote 7 - Electrical Services | 19 445 028 | 33 439 034 | 5 386 091 | 38 825 125 | 26 180 000 | - | 26 180 000 | 30 849 565 | - | 30 849 565 |
| 7 | Vote 8 - Technical Services | 93 450 152 | 192 385 575 | - 30 430 045 | 161 955 530 | 170 107 082 | - 73 633 560 | 96 473 522 | 174 475 374 | - 78 469 226 | 96 006 148 |
| 8 | Vote 9 - Housing Services | 1 700 000 | 14 063 050 | - 269 204 | 13 793 846 | 10 000 000 | - | 10 000 000 | 10 000 000 | - | 10 000 000 |
| 9 | **Grand Total** | **137 049 828** | **282 409 497** | **- 33 099 866** | **249 309 631** | **243 207 082** | **- 68 577 310** | **174 629 772** | **244 388 939** | **- 80 636 164** | **163 752 776** |

6.1.2 The total capital expenditure budget (Row E9) increased from R 137.0 million to R 249.3 million for the 2026/2027 financial year.

This is a good indication of prioritising capital programs as they are directly impacting on service delivery.

The priority was once more within Infrastructure Services to address Section 154 Support plan projects as well as Court Directives.

The detail of the final changes per project/ per ward are accommodated on **Annexure C**.

INCA has presented different approach towards funding capital projects for the new financial year and projected a **Severe liquidity pressures** expected over the **short to medium term** with an **overdraft position** forecast until FY2032/33. This is largely due to **overly aggressive own cash utilisation to fund capex** in FY2025/26 & FY2026/27

INCA recommendations was to increase the borrowings from the R181 million projected over the 2026-2027 MTREF period to R239.4 million for the same period. They have modelled two different scenarios that will be presented to Council for decision which is:

**Scenario 1**

- Reducing capital investments and increase borrowings to R157m 2026/2027 period, R45.8m 2027/2028 and R35,9m 2028/2029.
- Based on their analysis the municipality will experience severe liquidity pressure as per MTREF budget with a possible overdraft forecast until from 2026/2027 to 2032/33. With this scenario 1 the municipality will still experience liquidity pressure however might experience cash shortfall only from 2029/2030 period and not 2026/2027.

**<u>Scenario 2</u>**

- Reducing capital investments and increase borrowings to R133m 2026/2027 period, R57.7m 2027/2028 period, R48.3m 2028/2029
- Based on their analysis the municipality will experience severe liquidity pressure as per MTREF budget with a possible overdraft forecast until from 2026/2027 to 2032/33. With this scenario 1 the municipality will still experience liquidity pressure however might experience cash shortfall only from 2029/2030 period and not 2026/2027

## 6.2 Capital Budget per Funding Source

6.2.1 The high level capital expenditure budget per funding source for the 2025/2026 MTREF is presented in Table 6 below:

| Ref Column | Row Labels | Sum of 2025-2026 Adjusted Bdget | Sum of 2026-2027 TABLED BUDGET | Sum of 2026-2027 ADJUSTMENTS | Sum of 2026-2027 FINAL BUDGET | Sum of 2027-2028 TABLED BUDGET | Sum of 2027-2028 ADJUSTMENTS | Sum of 2027-2028 FINAL BUDGET | Sum of 2028-2029 TABLED BUDGET | Sum of 2028-2029 ADJUSTMENTS | Sum of 2028-2029 FINAL BUDGET |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Operational Revenue | 57 190 116 | 79 094 411 | 16 378 005 | 95 472 416 | 79 754 000 | 3 556 250 | 83 310 250 | 81 366 800 | - 166 938 | 81 199 863 |
| 2 | Borrowing | 16 285 073 | 150 000 000 | - 50 560 480 | 99 439 520 | 117 953 560 | - 72 133 560 | 45 820 000 | 116 373 226 | - 80 469 226 | 35 904 000 |
| 3 | National Government | 56 177 989 | 40 776 608 | 1 082 609 | 41 859 217 | 35 499 522 | - | 35 499 522 | 36 648 913 | - | 36 648 913 |
| 4 | Provincial Government | 7 396 650 | 12 538 478 | - | 12 538 478 | 10 000 000 | - | 10 000 000 | 10 000 000 | - | 10 000 000 |
| 5 | **Grand Total** | **137 049 828** | **282 409 497** | **- 33 099 866** | **249 309 631** | **243 207 082** | **- 68 577 310** | **174 629 772** | **244 388 939** | **- 80 636 164** | **163 752 776** |

6.2.2 The proposed borrowings for the 2026/27 budget amounts to R 99.4million which makes provision for the Sewer related Capital projects that are that regulatory directive.

6.2.3 National grants decreased from R15.4 million which could be attributed to the slow spending. The Municipality needs to ensure that grant funding is fully spent to increase grant allocations.

6.2.4 internal funds have drastically increased to R79.0 million in this tabled budget to attend mainly service delivery projects across Council.

## 6.3 Capital Budget Summary

6.3.1 In consideration of the limited availability of financial resources, and to render acceptable levels of service delivery, the Municipality capital projects has increased to R 249 million for the 2026/2027.

Funding for capital is limited, however the Municipality needs to ensure that grant funds are fully spent at the end of the financial year in order to apply for addition funding for the outer years.

## 7. OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH THE INTEGRATED DEVELOPMENT PLAN (IDP)

7.1 The Constitution mandates local government with the responsibility to exercise local developmental and co-operative governance functions. The eradication of imbalances in the South African society can only be realised through a credible participative integrated development planning process.

7.2 Municipalities in South Africa are required to utilise integrated development planning as an approach to plan future development in their respective municipal areas, and accordingly determine the best solutions to achieve sound long-term development goals. A municipal IDP provides a five-year strategic programme of action aimed at establishing short, medium and long term strategic and budget priorities to create a developmental platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and capabilities of the Municipality to the overall development aims, which guide the municipal budget. The IDP further enables municipalities to make the best use of scarce resources to accelerate service delivery goals. An IDP is therefore a key instrument utilised by municipalities to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area.

7.3 The Constitution requires local government to ensure that management, budgeting and planning functions comply with the objectives of the Constitution. This provides a clear indication of the intended purposes of municipal integrated development planning. Legislation further stipulates that a municipality must not only give effect to the IDP, but must also conduct the affairs in a manner that is consistent with the IDP.

7.4 Senior Management has attended a strategic session between management and Political Office Bearers with the aim to get Strength, Weaknesses, Opportunities and Threats (SWOT) analysis with Key Performance Focus of each Directorate in order to formulate revised Municipal Strategic Objectives. This input will be incorporate in the final budget to be approved by Council by end May 2026.

This budget is based on the following six strategic objectives however, the budget might be revised during the adjustment period in February 2025 to address changes to the new strategic objectives where applicable.

(a) <u>Strategic Objective 1</u>: To improve and maintain current basic service delivery through specific infrastructural development projects;

(b) <u>Strategic Objective 2</u>: To create an enabling environment for social development and economic growth;

(c) <u>Strategic Objective 3</u>: To promote a safe and healthy environment through the protection of our natural resources;

(d) Strategic Objective 4: To grow the revenue base of the municipality;

(e) Strategic Objective 5: To structure and manage the municipal administration to ensure efficient service delivery; and

(f) Strategic Objective 6: To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication.

7.5 NT cautioned Municipalities to adhere to the guidance provided in paragraph 3 (pages 4 and 5) of the Budget Circular No. 107 as the outgoing council may be tempted to prepare budget with unrealistically low tariff increases, additional absorption of unskilled staff, writing off debtors which can still be pursued and an over-ambitious capital expenditure programme.

The outcome of this approach will undoubtedly be an unfunded municipal budget that threatens the municipality's financial sustainability and service delivery for the incoming Council after the elections".

7.6 The IDP was tabled at Council 26 March 2026, The respective SA4, SA5 and SA6 schedules are included in Annexure A, provide a reconciliation between the IDP strategic objectives and the operating revenue, operating expenditure and capital expenditure.

## 8. MEASURABLE PERFORMANCE OBJECTIVES AND INDICATORS

8.1 Performance Management is a system intended to manage and monitor progress against the identified strategic objectives and priorities of Council. In accordance with legislative requirements and good business practices, as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system, which is amended regularly as the integrated planning process progresses. The Municipality monitors assesses and reviews organisational performance, which is linked directly to individual employee's performance of the Senior Managers.

8.2 Knysna Municipality continuously ensures that a culture of performance management is institutionalised. Performance agreements are therefore concluded with senior management.
The Human Resources Department is in process of implementing Performance Management and cascading to the Supervisor Level and this is an ongoing process.

## 9. OVERVIEW OF BUDGET FUNDING INCLUDING FUNDING COMPLIANCE

9.1 National Treasury requires that the Municipality assess the financial sustainability against fourteen different funding measures, which monitor various aspects of the financial health of the municipality. These measures are contained in SA10 of **Annexure A**.

The respective information is extracted directly from the annual budgeted statements of financial performance, financial position and cash flow. The funding compliance measurement table in essence measures the degree to which the proposed budget complies with the funding requirements of Section 18 of the MFMA.

## 10. EXPENDITURE ON GRANT ALLOCATIONS MADE TO THE MUNICIPALITY

### Financing of the Grant Funded Projects

The below table depicts total grants gazetted for the Municipality for the 2026-27 MTREF

| Description | 2022/23 | 2023/24 | 2024/25 | Current Year 2025/26 | | | 2026/27 Medium Term Revenue & Expenditure Framework | | |
|---|---|---|---|---|---|---|---|---|---|
| R thousand | Audited Outcome | Audited Outcome | Audited Outcome | Original Budget | Adjusted Budget | Full Year Forecast | Budget Year 2026/27 | Budget Year +1 2027/28 | Budget Year +2 2028/29 |
| RECEIPTS: | | | | | | | | | |
| | | | | | | | | | |
| Operating Transfers and Grants | | | | | | | | | |
| National Government: | 120 371 | 136 461 | 140 972 | 150 647 | 151 184 | 151 184 | 155 054 | 159 651 | 163 900 |
| Equitable Share | 111 172 | 122 358 | 130 575 | 137 908 | 137 908 | 137 908 | 144 083 | 150 573 | 154 502 |
| Expanded Public Works Programme Integrated Grant | 1 044 | 1 264 | 1 279 | 1 461 | 1 461 | 1 461 | 1 350 | – | – |
| Integrated National Electrification Programme Grant | 1 400 | 5 217 | 141 | 1 304 | 1 304 | 1 304 | 1 083 | 1 227 | 1 282 |
| Local Government Financial Management Grant | 1 721 | 1 771 | 1 800 | 1 900 | 1 900 | 1 900 | 2 000 | 2 100 | 2 200 |
| Municipal Disaster Response Grant | – | – | 311 | – | 43 | 43 | – | – | – |
| Municipal Infrastructure Grant | 4 655 | 4 382 | 3 784 | 5 204 | 5 698 | 5 698 | 5 234 | 5 751 | 5 916 |
| Neighbourhood Development Partnership Grant | 379 | 1 092 | 1 922 | 1 957 | 1 957 | 1 957 | 1 304 | – | – |
| Water Services Infrastructure Grant | – | 376 | 1 160 | 913 | 913 | 913 | – | – | – |
| Other transfers/grants [insert description] | | | | | | | | | |
| Provincial Government: | 676 | 32 | 317 | 37 658 | 40 142 | 40 142 | 38 949 | 30 149 | 37 376 |
| (S)Capital Grant - Load-Shedding Relief(WCPA) | 313 | – | – | – | – | – | – | – | – |
| (S)Grant Income - WCPA(FMCBG) | 363 | 32 | 317 | – | 903 | 903 | – | – | – |
| Grant Income - W C P A | | | | 40 | 40 | 40 | 39 | 39 | 39 |
| Grant Income - W C P A HOUSING BENEFICIARIES | | | | 25 212 | 26 232 | 26 232 | 26 890 | 17 992 | 25 000 |
| Grant Income - W C P A (LIBRARY) | | | | 11 353 | 11 353 | 11 353 | 11 678 | 11 794 | 11 913 |
| Grant Income - W C P A (TRANSPORT INFRA) | | | | 90 | 90 | 90 | 110 | 124 | 124 |
| Grant - W C P A (TRG) | | | | 637 | – | – | – | 200 | 300 |
| Vat Grant Capex: MWRG | | | | 326 | 949 | 949 | 232 | – | – |
| Other transfers/grants [insert description] | | | | | | | | | |
| Grant Income - W C P A (Municipal Energy Resilience Grant) | | | | – | 575 | 575 | | | |
| Grant Income - WCPA(FSCSG) | | | | – | – | – | | | |
| District Municipality: | 1 904 | – | 2 | – | – | – | – | – | – |
| *(S)Grant - W C P A* | 10 | – | 2 | – | – | – | – | – | – |
| *(S)Grant Income - EDEN District(Food security)* | 1 000 | – | – | – | – | – | – | – | – |
| *(S)Grant Income - WCPA (Public Employment Support Grant )* | 893 | – | – | – | – | – | – | – | – |
| Other grant providers: | 214 | 10 | 574 | 2 289 | 12 908 | 12 908 | – | – | – |
| *Chemical Industry Seta* | – | – | 574 | 2 289 | 2 555 | 2 555 | – | – | – |
| *Construction; Education and Training SETA* | – | – | – | – | 10 353 | 10 353 | – | – | – |
| *Product* | 214 | – | – | – | – | – | – | – | – |
| *South Africa National Biodiversity Institute (SANBI)* | – | 10 | – | – | – | – | – | – | – |
| Total Operating Transfers and Grants | 123 165 | 136 503 | 141 864 | 190 594 | 204 234 | 204 234 | 194 003 | 189 800 | 201 276 |
| | | | | | | | | | |
| Capital Transfers and Grants | | | | | | | | | |
| National Government: | 34 996 | 64 859 | 39 417 | 52 387 | 56 178 | 56 178 | 40 777 | 35 500 | 36 649 |
| Integrated National Electrification Programme Grant | 9 330 | 34 783 | 937 | 8 696 | 8 696 | 8 696 | 7 217 | 8 180 | 8 550 |
| Municipal Disaster Response Grant | – | – | 2 072 | – | 289 | 289 | – | – | – |
| Municipal Infrastructure Grant | 23 140 | 19 817 | 15 858 | 24 561 | 28 063 | 28 063 | 24 864 | 27 320 | 28 099 |
| Neighbourhood Development Partnership Grant | 2 526 | 7 305 | 12 815 | 13 043 | 13 043 | 13 043 | 8 696 | – | – |
| Water Services Infrastructure Grant | – | 2 954 | 7 735 | 6 087 | 6 087 | 6 087 | – | – | – |
| Other capital transfers/grants [insert desc] | | | | | | | | | |
| Provincial Government: | 3 784 | 35 | 6 978 | 11 246 | 7 397 | 7 397 | 12 538 | 10 000 | 10 000 |
| (S)Capital Grant - Load-Shedding Relief(WCPA) | – | – | – | – | – | – | – | – | – |
| (S)Capital Grant PT (MWRG) | – | – | 3 794 | 2 174 | 6 325 | 6 325 | 1 543 | – | – |
| (S)Capital Grant WCPA | 1 698 | 35 | 3 015 | 8 000 | – | – | 10 745 | 10 000 | 10 000 |
| (S)Revenue: Revenue Allocation - GRDM Grant | – | – | 170 | – | – | – | – | – | – |
| (S)VAT Capital Grant - Load-Shedding Relief(WCPA) | 2 087 | – | – | – | – | – | – | – | – |
| Grant Income - WCPA(FSCSG) | | | | 1 072 | 1 072 | 1 072 | 250 | – | – |
| District Municipality: | 120 | – | – | – | – | – | – | – | – |
| *(S)Grant Income - EDEN District(Safety Initiative (CCTV))* | 120 | – | – | – | – | – | – | – | – |
| Other grant providers: | – | – | 850 | – | – | – | – | – | – |
| *Unspecified* | – | – | 850 | – | – | – | – | – | – |
| Total Capital Transfers and Grants | 38 901 | 64 894 | 47 246 | 63 633 | 63 575 | 63 575 | 53 315 | 45 500 | 46 649 |
| TOTAL RECEIPTS OF TRANSFERS & GRANTS | 162 065 | 201 397 | 189 110 | 254 227 | 267 808 | 267 808 | 247 318 | 235 300 | 247 925 |

There is a decline in grant funding from R239 million in the 2025-2026 financial year to R219 million in the 2026-2027 financial year.

This is as a result of various factors such as low spending and non-approval of roll-overs as well as compressed grants of three to one.

It is promoted that the service departments to consider Grant spending 1st then other revenue sources.

## 11. ALLOCATION OF GRANTS MADE BY THE MUNICIPALITY

11.1 Schedule SA21, included in **Annexure A**, provides a breakdown of all grants paid by the municipality.

Grants-in-Aid Donations has increased from R 200 thousand to R 500 thousand and the Animal Welfare as well as the Mayoral Bursary Fund kept at R500,000.

| 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 |
| Monetary Transfers to other Organs of State | | – | 215 | 483 | 2 289 | 12 908 | 12 908 | 5 399 | – | – | – |
| *Departmental Agencies and Accounts* | 3 | | | | | | | | | | |
| Provincial Government | | | | | | | | | | | |
| Total Monetary Transfers To Other Organs Of State: | | – | – | – | – | – | – | – | – | – | – |
| Monetary Transfers to Organisations | | 221 | – | – | – | – | – | – | – | – | – |
| *Foreign Government and International Organisations* | | | | | | | | | | | |
| *Higher Educational Institutions* | | | | | | | | | | | |
| *Non-Profit Institutions* | | | | | | | | | | | |
| Private Enterprises | | 1 712 | 903 | 1 178 | 1 346 | 2 249 | 1 999 | 680 | 1 778 | 3 118 | 3 241 |
| Public Corporations | | | | | | | | | | | |
| Total Monetary Transfers To Organisations | | 1 712 | 903 | 1 178 | 1 346 | 2 249 | 1 999 | 680 | 1 778 | 3 118 | 3 241 |
| Monetary Transfers to Groups of Individuals | | | | | | | | | | | |
| *Households* | | | | | | | | | | | |
| Total Monetary Transfers To Groups Of Individuals: | | – | – | – | – | – | – | – | – | – | – |
| TOTAL Monetary TRANSFERS AND GRANTS | 6 | 1 712 | 903 | 1 178 | 1 346 | 2 249 | 1 999 | 680 | 1 778 | 3 118 | 3 241 |
| TOTAL TRANSFERS AND GRANTS | 6 | 1 712 | 903 | 1 178 | 1 346 | 2 249 | 1 999 | 680 | 1 778 | 3 118 | 3 241 |

## 12. MONTHLY TARGETS FOR REVENUE, EXPENDITURE AND CASH FLOW

12.1 The Municipality closely monitors the debtor collection rates, which equated to 88% in the 2024/2025 audited outcome.

The supporting tables provided from SA25-SA30 that provides detail on different formatting on monthly cash flows.

Collection rate of the municipality is progressively growing over the period and with the hope of achieving the National guideline of 95%.

## 13. CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS

13.1 The Municipality's Supply Chain Management Policy stipulates specific processes to be complied with for contracts that will impose financial obligations beyond the three years in the annual budget for that financial year, and will require approval by Council.

## 14. LONG-TERM FINANCIAL SUSTAINABILITY

14.1 Financial sustainability over the long-term entails the management of high priority expenditure projects, both operating and capital, to ensure project sustainability; a reasonable degree of stability and predictability in the overall property rates and service charges imposed to ensure affordability and sustainability; and to promote a fair allocation in the distribution of resources and the attendant taxation between the current and future ratepayers to ensure intergenerational sustainability.

14.2 A Long-Term Financial Model (LTFM) assessment was undertaken to evaluate the long-term financial sustainability of Knysna Local Municipality through two financial scenarios, namely the MTREF Case and the Base Case.

14.3 The Long-Term Financial Model assessment for Knysna Local Municipality indicates that the municipality remains financially sustainable over the long term, provided that key financial and operational interventions are successfully implemented. The MTREF Case reflects strong projected operating surpluses, positive cash generation, and improved liquidity over the planning period. However, the assessment identified several critical risks that could undermine long-term sustainability if left unaddressed, including short-term liquidity pressures, increasing creditor balances, insufficient repairs and maintenance expenditure, excessive water losses, and pressure on cash resources to fund the capital programme.

## 15. MSCOA PROGRESS TO DATE

15.1 The Municipal Regulations on the Standard Chart of Accounts (*m*SCOA), promulgated on 22 April 2014, required all municipalities to be *m*SCOA compliant with effect from 1 July 2017. The relevant *m*SCOA segments, as prescribed by the regulations, were implemented on the financial reporting system by Knysna Municipality on 01 July 2017. National Treasury has since the inception of *m*SCOA released several *m*SCOA version updates consequently resulting in continuous account code re-mapping functions and amendments to the system-generated financial statement reporting tools.

15.2 As per MFMA Budget Circular, Version 7.1 of the mSCOA chart was uploaded onto the Financial system and the 2026-27 budget will be transacted on this new version released.

Despite the significant changes by NT from version 6.9 to 7.1 Knysna Municipality is ready to continue to run the budget directly from the system with no manual intervention on running of data strings to the NT portal.

Updated roadmap is submitted together with this budget document that outlines progress and status to date with regards to the mSCOA implementation of Business process.

## 16. SERVICE LEVEL STANDARDS

The Service Level Standards is a turnaround plan that provides timeframes in which the Service Delivery Departments should adhered to.

This plan is not necessarily approved with the budget but may be approved as and when required.
Currently there was no update on the milestone compared. This is attached as **Annexure G**.

## 17. LEGISLATIVE COMPLIANCE STATUS

The MFMA implementation requirements have been satisfactorily complied with through the following activities:

### 17.1 In-Year Reporting

Monthly, Quarterly and Bi-annual reporting to National Treasury and Provincial Treasury, in electronic format, is fully complied with. reports, submitted to the Executive Mayor, has progressively improved, and is published timeously on Knysna Municipality's website.

### 17.2 Internship Programme

The Municipality has participated in the Municipal Financial Management Internship programme since 2014. Currently six interns appointed through the FMG program to give exposure to young graduates.

Also the municipality is participating through the other external sources such SETA and CHIETA for the development of the youth in various program.

### 17.3 Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with Chapter 9 section 80-83 of the MFMA.

### 17.4 Audit Committee

The Municipality has an Audit Committee, which is fully capacitated and functional. Audit committee meetings is scheduled on a regular basis and fully capacitated to fulfil their roles in overseeing internal audit.

### 17.5 Service Delivery and Budget Implementation Plan

The Service Delivery and Budget Implementation Plan (SDBIP) will be finalised following approval of the 2026/2027 MTREF budget by End May 2026.

## 17.6 Policies

Various budget-related policies were reviewed and workshopped during the budget consultations with relevant stakeholders. All budget-related policies are contained in **Annexure F**..

## 17.7 Procurement Plan

Municipal Budget Circular No 94 highlights the slow spending of capital budgets by most municipalities, and the associated negative impact on service delivery. It therefore became necessary to compile a draft procurement plan to address a weak planning process. The procurement plan will be included in the final budget as **Annexure K**. The timeframes and other relevant information will be finalised when Final budget is approved by end May 2026.

## 18. RECOMMENDATIONS

18.1 It is recommended that:

[a] Council to approve of the draft 2026/2027 Medium Term Revenue and Expenditure Framework (MTREF) Report.

[b] Council to approve of the draft revenue budget of R 1,569 638 647 for the 2026/2027 financial year as set out in **Table 2** of the MTREF Report.

[c] Council to approve of the draft operating expenditure budget of R 1,527,565,263 for the 2026/2027 financial year as set out in **Table 3** of the MTREF Report

[d] Council to approve of the draft budget surplus of R42,103,384 for the 2026/2027 financial year as set out in **Table 4** of the MTREF Report.

[e] Council to approve of the draft capital expenditure budget of R 249,309,631 for the 2026/2027 financial year as set out in **Table 5** of the MTREF Report.

[f] Council to approve of the Draft capital expenditure budget funding sources of R 249,309,631 for the 2026/2027 financial year as set out in **Table 6** of the MTREF Report.

[g] Council approve the borrowings of R 99,439,520 million for the approved projects in the 2026-2027 financial period based on the positive liquidity position of the draft annual financial statements for the year end 30 June 2026.

[h] Council approve the borrowings of R 45,820,000 million for their approved projects in the 2027-2028 financial period.

[i] Council approve the borrowings of R 35,904,5000 million for their approved projects in the 2028-2029 financial period.

[j] Council note the following revenue increases for the main five revenue sources with effect from 1 July 2026 –

| Main Service Increase | 2025-2026 | 2026-2027 |
|---|---|---|
| Rates | 4.40% | 5.00% |
| Water | 4.60% | 12.00% |
| Waste Water | 70% of Water | 12.00% |
| Electricity | 13.00% | 11.50% |
| Refuse | 20.00% | 25.00% |
| All Other CPI Increase | 4.40% | 3.70% |

[k] Council take note of the Draft Annual Budget of Knysna Municipality for the 2026/2027 financial year as well as the indicative budgets for the two outer financial years, as presented in the new mSCOA version 7.1 Schedules A1 to A10 and Supporting Schedules SA1 to SA38, attached as **Annexure A**.

[l] Council approve revenue increases for property rates, service charges and other fees contained in the Tariff Book, attached as **Annexure B**

[m] Council takes note of the draft Line-Item Capital Budget per Directorate and funding source. **Annexure C.**

[n] Council takes note of the draft Line Item Operating Budget per Directorate. **Annexure D.**

[o] Council takes note of the proposed total cost-to-municipality expenses for the salary, contained in **Tabled 5.5.1** of the 2026/2027 MTREF Budget Report.

[p] Council takes note of the draft Directorate budget performance provided in **Table 4.1-4.8** of the report.

[q] Council approve the following budget-related policies of Knysna Municipality for the 2025/2026 financial year, attached as **Annexure F**:

| Part -2 of MBRR Requirements REVIEW OF BUDGET POLICIES | | | | |
|---|---|---|---|---|
| **NUMBER** | **POLICIES** | **ACT** | **ADOPTED** | **RESPONSIBLE** |
| (a) | Tariffs policy | As per Section 74 of the Municipal Systems Act | | Manager Income |
| (b) | Rates policy | As per section 3 of the Municipal Property Rates Act | | Manager Income |
| (c ) | Customer Care, Credit control, Debt collection, Indigent and Temparing policy | Section 96 of the Municipal System Act | | Manager Income |
| (d) | Cash management and investment policy | Section 13 (2) of the Act | | Manager Financial Statement, compliance and reporting |
| (e ) | Borrowing policy | Chapter 6 of the Act | | Manager Financial Statement, compliance and reporting |
| (f) | Funding and reserves policy | Regulation 8 | | Manager Financial Statement, compliance and reporting |
| (g) | Long-term financial policy | | | Senior Manager Financial Management Services |
| (h) | Supply chain management policy | Section 111 of the Act | | Manager Supply Chain Management |
| (i) | Disposal of assets policy | | | Manager Financial Statement, compliance and reporting |
| (j) | Infrastructure investment and capital projects policy | | NO POLICY YET | Director Technical Services |
| (i) | Policy governing the planning and approval of capital projects | | NO POLICY YET | Senior Manager Financial Management Services |
| (ii) | Developer contributions for property development policy | | NO POLICY YET | Director Technical Services |
| (k) | Petty cash policy | | | Manager Expenditure |
| (l) | Free basic services policy | | NO POLICY YET | Manager Income |
| (m) (i) | Shifting of funds policy (Virement policy) | | | Manager Budget and Reporting |
| (ii) | Introduction of adjustment budgets policy Part of the Budget policy) | | | Manager Budget and Reporting |
| (ii) | Unforeseen and unavoidable expenditure policy | S29 of the MFMA what happens in the case of Emergency | | Manager Budget and Reporting |
| (iii) | Management and oversight policy | | NO POLICY YET | Manager Administration |
| (n) | Managing electricity and water policy | | NO POLICY YET | Manager Income |
| (i) | Management of of losses policy | | NO POLICY YET | Manager Income |
| (ii) | Policy to promote conservation and efficiency | Environmental Management | NO POLICY YET | Environmental Manager |
| (o) | Policies relating to personnel including policies on overtime, | | | Manager Human resources |
| | Insurance Management Policy | | | Manager Assets and Liabilities |
| | Cost Constrainment Policy | | | Manager SCM |
| | Inventory Management Policy | | | Manager SCM |
| | Special Rating Area Policy | | | Manager Income |
| | vacancies and temporary staff | | | Manager Human resources |
| (p) | Ward Allocation Policy | | | Administration manager |

[r] Council to note draft Service Level Standards **Annexure G**.

[s] Council to note the Cost reflective tariff performed on the NT Tool for all services that reflects under recovery on all services **Annexure H**.

[t] Council to note the latest 2026 updated Long Term Financial Plan **Annexure J**

[u] Council approve final Procurement Plan **Annexure K**

[v] Council to note the latest update of the mSCOA road map submitted to National Treasury **Annexure L**

[w] Council to note the Budget Comments Annexure **M**

[x} Council to note Waste Management Action Plan Annexure **N**

[y] Council to note Electricity Cost of Study Supply **Annexure O**

[z] Council to note Water Cost of Study Supply **Annexure P**

[aa] Council to note Sewer Cost of Study Supply **Annexure Q**

[ab] Council to note Refuse Cost of Study Supply **Annexure R**

[ac] Council approved the re-alignment of the budget for the implementation of following projects:

| Final projects adjustments Projects | 2026-2027 Final Budget | Adjustments | 2026-2027 Final Revised Budget | Ward |
|---|---|---|---|---|
| Mayoral Projects | 500,000 | 500,000 | 1,000,000 | All |
| Housing Rectification | 175,000 | 75,000 | 250,000 | Ward 2 |
| Housing Rectification | 175,000 | 75,000 | 250,000 | Ward 1 |
| Housing Rectification | 175,000 | 75,000 | 250,000 | Ward 3 |
| Housing Rectification | 175,000 | 75,000 | 250,000 | Ward 4 |
| Housing Rectification | 175,000 | 75,000 | 250,000 | Ward 5 |
| Housing Rectification | 175,000 | 75,000 | 250,000 | Ward 6 |
| Housing Rectification | 175,000 | 75,000 | 250,000 | Ward 7 |
| Housing Rectification | 175,000 | 75,000 | 250,000 | Ward 8 |
| Housing Rectification | 175,000 | 75,000 | 250,000 | Ward 11 |
| EPWP | - | 1,000,000 | 1,000,000 | All |
| Office Accommodation | 18,146,903 | **- 2,175,000** | 15,971,903 | Administration |
| **TOTAL** | **20,221,903** | **-** | **20,221,903** | |

[ad] That Council approve reduction of 0.05% budget allocation in various line items summarized below to fund senior positions within Infrastructure Services :

| Category | Reduced | Increased |
|---|---|---|
| Expenditure / Contracted Services | - 2761 284 | - |
| Expenditure / Employee related costs<br>Overtime; Stand-by and other allowance | - 1159 905 | - |
| Expenditure / Inventory consumed | - 648 548 | - |
| Expenditure / Operational Cost and Other Cost | - 686 434 | - |
| Expenditure / Employee related costs<br>Appointment of Senior posts within Infrastructure Services | - | 5 256 171 |
| | **- 5 256 171** | **5 256 171** |

## 19. ANNEXURES:

- Medium Term Revenue and Expenditure Framework (MTREF) 2025/2026–2026/2027 Budget Report
- Annexure A: Main budget tables and Supporting tables
- Annexure B: Tariffs, charges, and fees for 2025/2026 MTREF
- Annexure C: Capital Budget per department and per funding source
- Annexure D: Operating Budget per Directorate
- Annexure E: Budget Circulars
- Annexure F: Policies
- Annexure G: Service Level Standards
- Annexure H: NT Cost reflective Tariff Tool outcome
- Annexure I: Mayor Speech
- Annexure J: Long Term Financial Plan
- Annexure K: Procurement Plan
- Annexure L: mSCOA Road Map
- Annexure M: Budget Comments
- Annexure N: Waste Management Plan
- Annexure O: Electricity Cost of Study Supply
- Annexure P: Water Cost of Study Supply
- Annexure Q: Sewer Cost of Study Supply
- Annexure R: Refuse Cost of Study Supply

## 20. TABLES

Table 5.4: High level Summary of Senior Managers not S56
Table 6.1: Final 2025/2026 MTREF: Capital Budget per Directorate; and
Table 6.2: Final 2025/2026 MTREF: Capital Budget per Funding Source.
Table 7: High level Summary of Total Grants Gazetted.

File Number: 9/1/2/10
Execution: Municipal Manager
Director: Financial Services